

**NORTH DORSET LOCAL PLAN 2011 – 2026 PART 1
EXAMINATION**

**RESPONSE TO
INSPECTOR'S QUESTION 3 TO THE COUNCIL**

January 2015

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1. Introduction

1.1 This statement is in response to a question asked by the Inspector on 13th January 2015.

1.2 The Inspector's question was:

A letter from Brandon Lewis MP to Simon Ridley has been circulated concerning Strategic Housing Market Assessments. It clarifies the existing policy position.

Could the Council comment on whether or not the content of the letter has any implications for the Local Plan of which I should be aware.

1.3 As requested by the inspector, a copy of the letter from Brandon Lewis MP has been added to the Examination library. This letter seeks to “ensure our existing policy position on emerging evidence in the form of Strategic Housing Market Assessments is clear” and references the Planning Practice Guidance¹. The letter clarifies the relationship between the Strategic Housing Market Assessment (SHMA) and Local Plan housing requirement.

1.4 The letter confirms that “a Strategic Housing Market Assessment is just the first stage in developing a Local Plan and councils can take account of constraints which indicate that development should be restricted”.

1.5 The letter highlights the importance of producing the SHMA stating that “The publication of a locally agreed assessment provides important new evidence and where appropriate will prompt councils to consider revising their housing requirements in their Local Plans”. However it also places importance on councils taking “adequate time to consider whether there are environmental and policy constraints, such as Green Belt, which will impact on their overall final housing requirement”.

1.6 A key point in the letter is that the results of a SHMA are “untested and should not automatically be seen as a proxy for a final housing requirement in Local Plans”.

¹ Planning Practice Guidance Paragraph: 045 Reference ID: 3-045-20141006.

2. The Council's Response

- 2.1 Sub-national population projections are produced by ONS to give an estimate of the future population of an area. Derived from these population estimates, household projections are produced by DCLG. These household projections are the starting point for the derivation of an objectively assessed housing need as set out in the Planning Practice Guidance (PPG)².
- 2.2 Once an objectively assessed housing need figure is established across a Housing Market Area (HMA), it is the role of the Local Authority, having due regard to the constraints in an area and the duty to cooperate, to arrive at a Local Plan housing requirement figure. It is this housing requirement figure which is tested through the examination of the Local Plan.

Strategic Housing Market Assessment

- 2.3 In 2008 the Local Authorities in Dorset jointly produced a SHMA for the whole of Dorset, including Bournemouth and Poole. This SHMA defined HMAs within the County and concluded that North Dorset lies entirely within the Bournemouth and Poole HMA.
- 2.4 In 2012 the Local Authorities within the Bournemouth and Poole HMA reviewed this 2008 SHMA re-evaluating the housing requirement for each area. This 2012 SHMA Update formed part of the evidence base to support the East Dorset and Christchurch Local Plan. This Local Plan was found sound in an Inspector's report, as recently as 21 March 2014, making the figures in the 2012 SHMA Update currently the most up-to-date, robust and tested evidence available for North Dorset or any other local authority in the Bournemouth and Poole HMA.
- 2.5 The 2012 SHMA Update reviewed the available evidence and concluded that the housing need figure for North Dorset should be 280 dwellings per annum.
- 2.6 Subsequent to the publication of the SHMA, the 2011 household projections were produced. There has been widespread concern that these projections are unreliable as they were too heavily influenced by recessionary factors. This was certainly the view of the Inspector of the Christchurch and East Dorset Local Plan. Paragraph 51 of her report states *"Paragraph 4.18 of the Plan refers to the Dorset County Council (DCC) household projections based on 2011 census data. These identify a need for 7500 new market and affordable homes in Christchurch and East Dorset between 2013 and 2028. However these projections should be treated with caution as they are lower than predicted due to short term factors and do not take account of suppressed demand. They represent a snapshot after a period of severe*

² Planning Practice Guidance Paragraph: 015 Reference ID: 2a-015-20140306.

housing market volatility. For clarity and consistency this reference should be removed through modification MM5(A)".

- 2.7 The 2011 interim household projections are the latest available official household projection covering the 10-year period to 2021. The projections show households in North Dorset rising from 28,848 in 2011 to 30,596 in 2021. That's an increase of 1,748 households in total or about 175 dwellings per annum. This fall in the projected need for new homes is largely attributable to a lower household formation rate. However, the 2011 household projections are based on pre-2011 Census estimates of migration and household formation rates over the decade when affordability was declining. Both of these factors are thought to underestimate the total number of households projected over the 10-year period.
- 2.8 The figure of 280 dwellings per annum, derived from the 2008-based household projections rebased to 2011 using Council Tax data, therefore represents the most robust annualised average housing provision figure available for North Dorset. The Council considers this figure to be the most appropriate to use as the objectively assessed need for housing in the North Dorset Area. It has chosen not to amend its emerging Local Plan housing requirement to reflect the lower figures coming from the 2011 household projections as they are not considered to represent a sound basis for assessing longer term housing needs at the local authority level.
- 2.9 Having had full regard to the constraints that exist within the North Dorset area, the Council has identified sufficient land within its Local Plan to accommodate this housing requirement.

Implications of the Letter

- 2.10 The estimates of housing need in the 2012 SHMA Update for each local authority area have all been successfully tested at examination with the exception of North Dorset. The most recent examination being the examination of the East and Christchurch Local Plan. To this extent the North Dorset Local Plan is the 'last piece in the jigsaw' of the HMA wide housing need target as established in the 2012 SHMA Update. The housing requirement in the North Dorset Local Plan can be fully accommodated having regard to the constraints that exist within North Dorset.
- 2.11 Figure 2.1 summarises the figures for projected household growth in the local authorities across the HMA on the basis of the 2008 and 2011 DCLG household projections. It also sets out the figures from the 2012 SHMA Update. Comparing these figures with the annualised housing provision figures in the current round of Local Plans (including the submitted North Dorset Local Plan) shows that the overall level of provision exceeds both sets of projections and the most up-to-date, robust and tested figures from the 2012 SHMA Update.
- 2.12 As stated Brandon Lewis's letter the SHMA "*is just the first stage in developing a Local Plan*". The 2012 SHMA Update, being the most up to date, robust and tested

piece of evidence is therefore considered to be the most appropriate assessment of housing need upon which to base the housing requirement in the Local Plan. Figure 2.1 shows that local authorities across the HMA, having taken time to consider the environmental and policy constraints in the area, have been able to make adequate provision to meet (and exceed) the objectively assessed need for the HMA as a whole.

Figure 2.1: Estimated household change comparison

Local Authority area	CLG 2008-based annual household growth 2011-21	CLG 2011-based annual household growth 2011-21	2012 SHMA Update annual household change 2011-31	Local Plan targets ³
Bournemouth	408	629	511	730
Christchurch	199	224	219	566 ⁴
East Dorset	330	292	336	
North Dorset	252	175	273	(280)
Poole	488	597	467	500
Purbeck	171	130	170	120
HMA Total	1848	2047	1976	(2196)

Strategic Housing Market Assessment Review

- 2.13 With our partners across Eastern Dorset a SHMA review is underway. This is waiting on 2012-based household projections from DCLG and these will be taken into account before the final Eastern Dorset SHMA report is published in accordance with the Planning Practice Guidance⁵. The DCLG 2012-based household projections were due to be released in late 2014 however they are now not expected until late February 2015.
- 2.14 At the time of writing, the most up to date published household projections are the 2011-based household projections. It is however recognised that household formation rates in the 2011-based projections have been suppressed due to the lack of available finance that resulted from the recession.
- 2.15 Early work on the Eastern Dorset SHMA has looked at the 2012-based sub-national population projections to estimate what the housing need would be for the local authorities within the HMA. This early work has applied the 2011-based household

³ Figures in brackets have not yet been tested through a Local Plan examination.

⁴ Christchurch and East Dorset Councils have produced a joint Core Strategy covering the two local authority areas.

⁵ Planning Practice Guidance Paragraph: 015 Reference ID: 2a-015-20140306.

projection assumptions allowing for a 'part return to trend' in household formation rates. The 2011-based household projections gave a housing need figure of 175 dwellings per annum whilst the 'part return to trend' scenario gave a housing need figure of 234 dwellings per annum (including an allowance for vacant dwellings). This figure is clearly significantly below the level of provision sought in the Submitted Local Plan.

- 2.16 Whilst the demographic projections suggest a housing need figure of 234 dwellings per annum in North Dorset, the consideration of economic growth projections suggest that across the HMA housing provision may need to exceed the HMA-wide demographic projection to support economic growth. The level of housing provision in the Submitted Local Plan provides some 'headroom' above the demographic projection for North Dorset to support economic growth across the HMA.
- 2.17 Work on economic projections is on-going and will be concluded alongside the consideration of the 2012-based household projections once published by DCLG. These two additional projections will be used to arrive at a figure for housing needs for the Bournemouth and Poole HMA local authorities and the finalisation of the Eastern Dorset SHMA.
- 2.18 Looking forward, it is the Council's view that once the Local Plan Part 1 2011 to 2026 is adopted, the final assessment of housing need arising out of the Eastern Dorset SHMA will be considered on an HMA wide basis. This review will include all local authorities within the HMA considering how the sustainable distribution of growth will best be achieved in line with the Duty to Cooperate. It will be undertaken alongside full consideration of constraints including Green Belt, AONB and international wildlife designations and will be reflected in a review of Local Plans.
- 2.19 The letter helps in this respect as it clarifies that the Local Plan target is the one that has been tested as being deliverable, rather than the OAN. Once the Eastern Dorset SHMA is finalised and published, the council will consider the implications of the new evidence, in line with the position in the letter including through consultation with local authority partners to resolve any strategic issues that arise in accordance with the Duty to Cooperate.

3. Conclusion

- 3.1 The letter sent by Brandon Lewis to Simon Ridley offers clarification as to the status of the SHMA in relation to the setting of Local Plan housing requirements. It sets out that the publishing of a locally agreed SHMA should prompt councils to consider the need for a review of the housing requirements in Local Plans. When a SHMA is published, the letter states that it does not immediately invalidate the housing numbers in existing Local Plans as these have been tested through the examination process.
- 3.2 When the Eastern Dorset SHMA review is finalised, the Council will consider the implications of this and whether there is a need to undertake a review of the Local Plan housing requirement. Any review will be undertaken within an appropriate timeframe and with full consideration of the constraints that exist within the HMA area.