

EXAMINATION OF THE NORTH DORSET LOCAL PLAN 2011-2026, PART 1

Statement by Pegasus Planning Group on Behalf of Lightwood Strategic Ltd: Participant ID: 3055
Meeting Housing Needs, including affordable housing, etc. Issue 4

1. This statement follows representations on the Pre-Submission Draft of the Local Plan by Pegasus Planning Group on behalf of Lightwood Strategic Ltd (ID: 3055; Representations 4077, 4081, 4082 and 4084) and similar representations submitted by Lightwood Strategic Ltd (ID: 3059; Representations 4154 to 4163) which also included as an Appendix details of suggested site allocations at Barrow Hill and Thornhill Road, Stalbridge. It is also to be read in conjunction with our pre-hearing statement on Issue 1.
2. In answer to Question 4.1 to 4.4: CLG's 2012-based household projections should be available in time for the Examination Hearings; it is likely that they will be subject to some of the reservations expressed in relation to the 2011-based CLG household projections, owing to the influence of the economic recession on past trends that feed into the projections, affecting migration, employment growth, household formation and even demographic change.
3. It is important to interpret the SHMA forecasts and subsequent household projections in the light of considerations listed in Planning Practice Guidance (PPG), including Reference ID: 2a-015-20140306:

'The household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends. For example, formation rates may have been suppressed historically by under-supply and worsening affordability of housing. The assessment will therefore need to reflect the consequences of past under delivery of housing. As household projections do not reflect unmet housing need, local planning authorities should take a view based on available evidence of the extent to which household formation rates are or have been constrained by supply.'
4. PPG advises that other factors to be considered in a full objective assessment of housing needs (OAN) are employment growth and market signals, including land and house prices, rents, affordability, past rates of development, overcrowding and homelessness. In particular, assessments of future housing requirements for planning purposes should consider the implications of planning for a recovery from the current crisis of housing supply and affordability. It is not clear that these considerations have been explicitly taken into consideration in the SHMA and its update.

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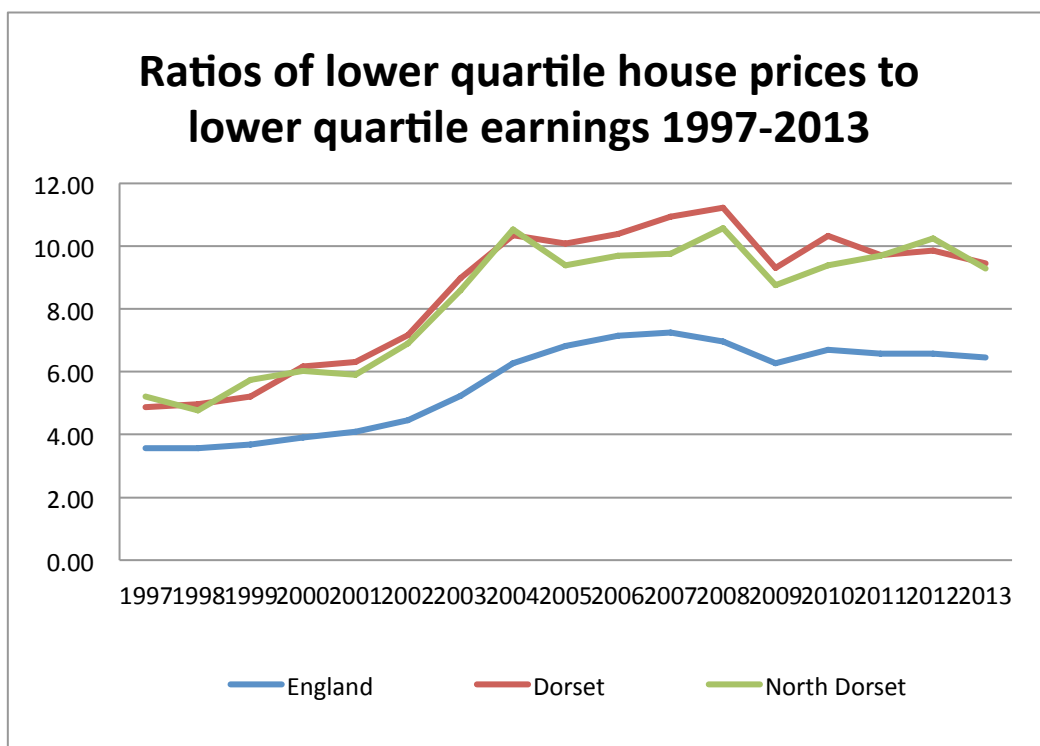
5. One concern is the apparent reliance in the SHMA Update of January 2012 by JG Consulting (MHN004) on the continuing major role of the private rental sector required to bridge the gap between the assessed need for affordable housing of 387 dwellings per annum (dpa) and the projected delivery of 112 dpa based on 40% the overall delivery target of 280 dpa.
6. The SHMA Update says, in paragraph 5.9: *'We would not however suggest that use of the PRS is the solution to the clear need and affordability problem in the District (and across the HMA); generally the PRS does not provide the same level of security as affordable housing (shorter tenancies) whilst typically the physical condition of properties in this sector is worse. In addition, a large proportion of households claiming LHA in the PRS are seeking a permanent move to affordable housing.'*
7. This point was picked up by the Inspector who is examining the Eastleigh Borough Local Plan in his Preliminary Conclusions relating to housing needs and supply (Post-Hearing Note 2 – ID/4) which includes the following observations (in paragraphs 29 and 30) on the relevance of private rented housing (PRS) funded by housing benefit (LHA) to the need for affordable housing:

'there is no justification in the Framework or Guidance for reducing the identified need for affordable housing by the assumed continued role of the PRS with LHA. This category of housing does not come within the definition of affordable housing in the Framework. There is not the same security of tenure as with affordable housing and at the lower-priced end of the PRS the standard of accommodation may well be poor (see for example: Can't complain: why poor conditions prevail in the private rented sector, Shelter March 2014, provided by Tetlow King on behalf of Landhold Capitol).

The Framework requires planning authorities to meet the housing needs of its area including affordable housing needs. The availability of accommodation within the PRS where households are in receipt of the LHA is outside the control of the Council, being determined by the willingness of private landlords to let to tenants in receipt of the LHA. The operation of the LHA is determined by the government. I recognise that I and other Inspectors elsewhere have previously accepted an on-going role for the PRS with LHA to discount the assessment of affordable housing needs, but I am no longer persuaded that this approach is justified. I have no doubt that households in need of affordable housing readily perceive a

substantial difference between these two types of housing for the reasons already given.'

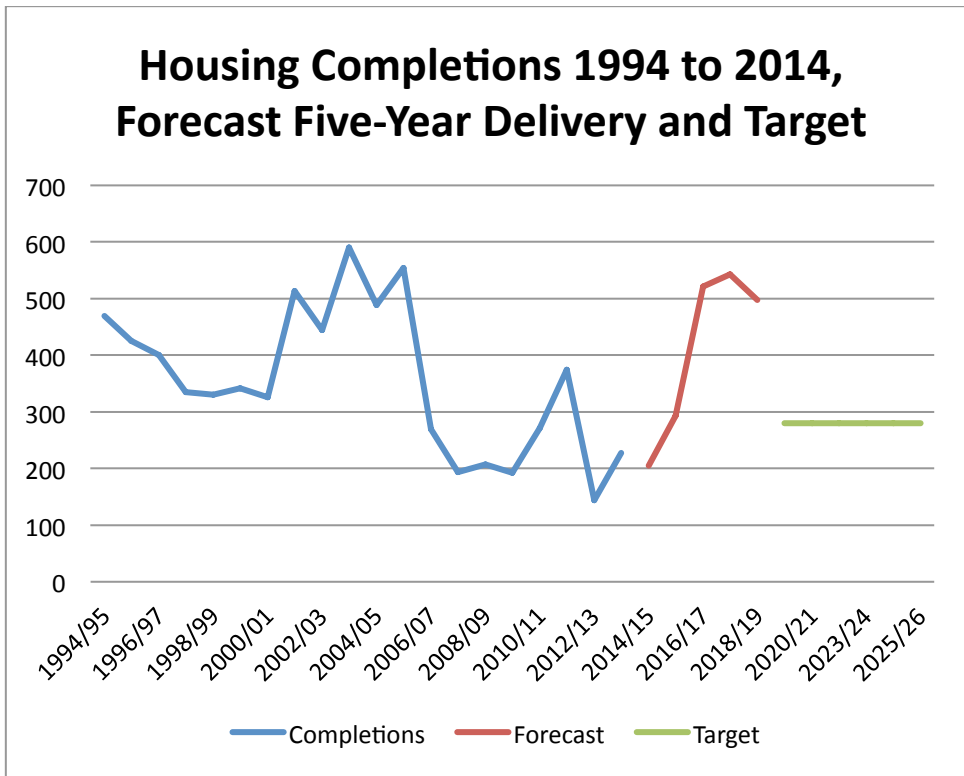
8. It is important to consider the consequences of a potential under-delivery of housing not just for affordable housing and the private rented sector, but also for the affordability of sale housing. The following graph shows the ratio of lower quartile house prices to lower quartile income (a significant measure of affordability for first-time buyers) for North Dorset, compared with the County as a whole and England.



Source: CLG Housing Live Tables No. 576

9. The Housing Background Paper (MHN001) and the SHMA Update (MHN004) identified the affordability of housing as an important issue in North Dorset, where house price to income ratios are among the highest in the country. The above graph shows the upward trend in the ratio of lower quartile house prices to lower quartile earnings in North Dorset from 1997: outpacing the national trend and rising above the Dorset County average in recent years.

10. There is a striking difference between past rates of housing completion in the District, the five-year forecast of future delivery and the proposed housing target of 280 dpa in the Local Plan Part 1, as shown in the following graph.



Source: North Dorset District Council, AMR and Local Plan

11. The average rate of housing completions from 1994 to 2014 was 355 dpa. The Council is now forecasting a five-year recovery in housing completions from a low point of 144 completions in 2012/13; averaging 412 dpa over the next five years and rising to a peak of 543 in 2017/18. The target of 280 dpa implies a 40% drop in completions from this peak for the remainder of the plan period. A rate of 280 dpa was exceeded in 13 of the 20 years from 1994 and is forecast to be exceeded in 4 of the 5 years from 2014.
12. This trajectory is not consistent with the Government’s aim, as stated in paragraph 47 of the NPPF: ‘to boost significantly the supply of housing.’ Such a drop in housing supply is bound to have negative impacts on the affordability of housing and on the supply of affordable housing, whatever the household projections say, in view of the level of pent-up demand that is evidenced by the housing affordability ratio.
13. We have no detailed comments to make on Questions 4.5 to 4.11 except to say that the Strategic Housing Land Availability Assessment (SHLAA) clearly demonstrates that more capacity can be found than the supply of housing proposed in the Local

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Plan Part 2 and it is therefore a more accurate reflection of past trends in housing delivery.

14. In answer to Questions 4.12 and 4.13, we have commented earlier in this statement on the gap between the SHMA's assessment of affordable housing need (387 dpa) and the projected supply of 112 dpa, based on a policy target of 40% affordable housing and the overall housing target of 280 dpa. In practice, the target of 40% is likely to be difficult to achieve, based on experience in North Dorset and elsewhere. The 2014 AMR (IMP006) says that '*North Dorset continues to be the strongest performing local authority in Dorset, building more affordable homes than any other authority*'. However, the delivery of affordable housing has been variable; ranging between 13% and 57% annually between 2003 and 2014, with an overall average of 26%, as shown in the following table:

Year	Total Housing Completions	Affordable Housing Completions	% Affordable Completions
2003/04	590	80	14%
2004/05	489	72	15%
2005/06	554	118	21%
2006/07	269	36	13%
2007/08	194	25	13%
2008/09	207	71	34%
2009/10	192	56	29%
2010/11	272	154	57%
2011/12	375	128	34%
2012/13	144	62	43%
2013/14	227	120	53%
Total	3513	922	26%

Source: North Dorset AMR 2014 (IMP006)

15. It is unlikely to be possible to achieve a higher affordability ratio or a lower site threshold in the light of viability considerations and against the background of current Government policies, which seek to ensure that affordable housing requirements do not obstruct the supply of housing, especially on small sites and redevelopment sites. The only realistic way to increase the supply of affordable housing will therefore be to increase the overall supply of housing.

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16. Policy 9 (Rural Exception Schemes for Affordable Housing may be difficult to implement '*within or adjoining the built-up area of Stalbridge or the District's villages*' in the absence of settlement boundaries for Stalbridge or the villages.

17. We have no comments in response to Questions 4.14 to 4.20.

18. We explained in our representations why we believe that the Local Plan Part 1 is unsound and suggested some changes that would help to make it sound. As we maintain those views, they are summarised below for the Inspector's convenience and in response to the Guidance Notes for these Hearings.

19. Our representations do not challenge the legal compliance of the plan, but do challenge its soundness, on the following grounds:

- The plan has not been positively prepared as it fails to meet objectively assessed needs for housing in the District overall or in specific settlements including Stalbridge;
- The plan is not adequately justified because of shortcomings in the Strategic Housing Market Assessment and in the settlement strategy;
- The effectiveness of the Plan is undermined by its relatively short timescale (to 2026) which means that it will not have a 15-year time horizon at adoption); its settlement strategy, which places significant settlements such as Stalbridge within the countryside where various restrictive development management policies apply, with no settlement boundaries; and its reliance on neighbourhood plans and local communities to 'sign up' to provide new housing development through Part 2 of the Local Plan (a site allocations document);
- The plan does not comply with national policy (the NPPF) because of these shortcomings. In particular, it fails to comply with the following paragraphs of the NPPF:

14: seeking opportunities to meet the objectively assessed development needs of the area with sufficient flexibility to adapt to rapid change;

17: supporting thriving rural communities;

47: boosting significantly the supply of housing and ensuring that the Local Plan meets the full objectively assessed needs for market and

affordable housing in the housing market area, consistent with other policies;

55: promoting sustainable development in rural areas, with housing located to enhance or maintain the vitality of rural communities;

151: consistency of Local Plans with the objective of contributing to sustainable development and other policies of the Framework;

153: relying on additional development plan documents only where clearly justified;

157: drawing up plans for an appropriate timescale, preferably a 15-year time horizon, and taking account of longer term requirements; and

158/9: having an adequate, up-to-date and relevant evidence base, including a Strategic Housing Market Assessment that assesses the full housing needs of the area.

20. To make the plan sound, the following modifications are proposed:

- Modifications to Policy 2 to include Stalbridge as a fifth 'main town' and one of the District's service centres; to delete Stalbridge from references that include it with the District's villages and countryside in policy terms; and to include a commitment to define a revised settlement boundary in Part 2 of the Local Plan.
- Modifications to Policy 6 to include Stalbridge with an allocation for about 240 homes.
- Modifications to Policy 20 to exclude Stalbridge from the countryside and to include reference to a defined settlement boundary for Stalbridge.
- A new policy and inset diagram for Stalbridge; similar in form to Policies 16 to 19 including policy commitments to define a revised settlement boundary in Part 2 of the Local Plan and to review the Conservation Area boundary (under Section 69(2) of the Planning (Listed Building and Conservation Areas) Act 1990).
- The new policy should state (inter alia) that:

'Stalbridge will continue to function as an important service centre, in conjunction with other settlements in the north west of the District through:

- a. development and redevelopment within the existing built-up area;*

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- b. greenfield extensions to the south and west of the town as defined in Part 2 of the Local Plan; and*
- c. other opportunities identified by neighbourhood planning*

About 240 new homes will be provided at Stalbridge during the period 2011-2026. Housing needs will be met through... (the above locations).

Employment needs will be met at the Station Road employment area and the Gibbs Marsh Trading Estate.

The vitality and viability of Stalbridge as a local shopping centre will be maintained and promoted. Additional retail and service uses (A1, A2 and A3) will be permitted and changes of use of existing retail and service uses will not be permitted unless there is evidence that the existing uses are no longer viable.'

- Consequential modifications to Policies 2, 6, 9, 20 and other text in the Plan to add references to Stalbridge as a settlement with a defined boundary and to delete references that associate Stalbridge in policy terms with the District's villages and countryside.
- Overall housing requirements should be re-assessed with the aim of improving access to housing and affordability.
- The plan period should be extended to 2031.

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