



MATTER STATEMENT

in respect of
Matter 2 – Local housing need and the need for
employment land

on behalf of
Seven Homes Ltd – Representor ID: 1192551

26 November 2020
Client Reference: RCA716b

QMS

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1. INTRODUCTION

- 1.1. This Matter Statement has been prepared in response to the Inspector's Matters Issues and Questions in relation to local housing need and the need for employment land. This Statement has been prepared on behalf of Seven Homes by RCA Regeneration Ltd.
- 1.2. I can confirm that RCA Regeneration Ltd would wish to speak at the Hearing sessions in connection with Matter 2 on behalf of their client Seven Homes.
- 1.3. The following section sets out our responses to the Inspector's questions.

2. MATTER 2 – LOCAL HOUSING NEED AND THE NEED FOR EMPLOYMENT LAND

2.1. This section aims to respond to the Inspectors questions in regard to the above Matter.

Q2.1 Is the local housing need figure of 5,520 dwellings for the period 2016-2036 (276 dwellings per year (dpa)) a sound basis for the Plan?

- 2.2. No, and it is clear that the Council have not taken account of the 2018 household projections, other than to accept the following: *'If the 2018 projections were used, even more homes would be needed.'* (ibid.)
- 2.3. We consider that this matter should be dealt with now and not effectively kicked down the road to an early review. The difference between the current plan housing need figure and one underpinned by the 2018 household projections is significant enough to potentially render the plan unsound if ignored. We also firmly consider that this approach is not aligned to the Government's drive to boost significantly the supply of housing as set out clearly in the NPPF.
- 2.4. The Council argue in their topic paper that the 276dpa figure (which is higher than the Local Housing Need of 248dpa, intended to reflect demographic factors) helps address affordability, but it is only a generalised point that they make. In our view, a requirement of 276dpa does not address any specific affordable housing needs and clearly does not address the 158dpa identified in the Housing Needs Assessment paper.
- 2.5. In terms of affordability – Wyre Forest is one of the least affordable authorities in the area¹ with a median house price to earnings ratio of 7.12 (less affordable than neighbouring Birmingham and the Black Country authorities) and with arguably a poorer access to higher paid employment than those areas. We consider that the 25% affordable housing requirement is too low, particularly for unencumbered green field sites. We consider that the increase in the LHN target will subsequently lead to an increase in the delivery of affordable housing within the District, particularly on unencumbered greenfield sites, and brownfield sites where viability will clearly be a material consideration in the determination of planning applications for redevelopment.

Q2.1a Particularly, is the figure adequately informed by the implications of the population and household projections in the past decade (including the 2018-based projections published in 2020) and alternative trend scenarios for population growth, household formation rates, net migration and economic factors?

- 2.6. The NPPG clearly states that the standard methodology is the minimum starting point in determining the number of homes needed (ID 2a-010-20190220). If the Council feels that "circumstances" warrant an alternative approach, the use of the standard methodology is not mandatory, but this will be scrutinised more closely at examination (ID 2a-003-20190220). The NPPG also differentiates between "circumstances" where the alternative approach produces a higher or lower figure than the standard methodology.
- 2.7. The NPPG explains that "circumstances" must exist to justify a figure higher than the minimum LHN (ID 2a-010-20190220). The listed "circumstances" within the NPPG include, but are not limited to, situations where increases in housing need are likely to exceed past trends because of

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<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/ratioofhousepricetoworkplaceseearningslowerquartileandmedian>

growth strategies, strategic infrastructure improvements, agreeing to meet unmet need from neighbouring authorities or previous levels of housing delivery/assessments of need are significantly greater than the outcome from the standard methodology (ID 2a-010-20190220). We consider that the circumstances listed within the NPPG are applicable to Wyre Forest, in particular that increases to housing need are likely to exceed past trends and that the previous levels of housing delivery are going to be significantly greater than the outcome from the standard methodology (not taking into account the revised standard methodology most recently consulted on).

- 2.8. We agree with Wyre Forest District Council in their consideration that demographic data published post 2014-based SNHP is a “circumstance” to justify a higher housing need. Both the 2016-based and 2018-based SNHP show an increase in demographic trends. As identified by the Council, Wyre Forest has negative natural growth with almost all population growth coming from internal migration from neighbouring districts such as the Black Country and Birmingham. Many migrants are retired comprising single or couple households.
- 2.9. The Government’s main reason for disregarding the 2016-based SNHP was that nationally the Government’s objective of significantly boosting the supply of homes to 300,000 per annum was undermined however this is not the case in Wyre Forest where the requirement is 276 dwellings per annum using 2016-based SNHP as opposed to 248 dwellings per annum using the 2014-based SNHP.
- 2.10. Although the 2018-based SNHP also still result in a lower overall national figure than the Government’s ambition, the Government considers that “they continue to remains the best way of projecting forward likely trends in household formation” and this has integrating the 2018-based SNHP within proposed changes to the standard methodology, which has been subject to a consultation ending on 1st October 2020.
- 2.11. As set out in the NPPG, the Government is committed to ensuring that more homes are built and supports ambitious Councils wanting to plan for growth (ID 2a-010-20190220). The NPPG states that a higher figure “can be considered sound” providing it “adequately reflects current and future demographic trends and market signals.” The test for a figure higher than the minimum LHN is less rigorous than for a lower figure. “Exceptional local circumstances” are not required for a figure higher than the minimum LHN (ID 2a-015-20190220).
- 2.12. The Council has demonstrated that “circumstances” exist to justify a housing need higher than indicated by the standard methodology. Whilst we agree and support in principle the identification of a housing need, which is greater than the minimum standard methodology LHN figure we would note that the NPPG does not set any limitations on a higher figure, which is a matter of judgement. The 2018-based SNHP suggest that the Council could have been even more ambitious and is a position which we would advocate should have been considered for the purposes of this emerging Plan period.
- 2.13. Subsequent to the submission of the Local Plan for Examination, the Government has consulted on Changes to the Current Planning System including a revised methodology for calculating LHN. This revised methodology aligns with the Government’s housebuilding ambitions and provides more certainty for all stakeholders whilst addressing shortcomings with the current methodology. The revised methodology increases the LHN for Wyre Forest to 353 dwellings per annum. When the revised standard methodology is introduced by the Government, the minimum LHN for Wyre Forest will inevitably increase. A higher housing need derived from the 2018-based SNHP would ease the transition to the revised methodology figure, which will be

applied at the Local Plan review in 5 years time. However, we consider that this should not be pushed back to an early review, rather it should be addressed now. This would ensure that reviews and amendments, in particular to Green Belt boundaries, are consistent and permanent without (for instance) requiring the release of further Green Belt land in the next early plan review. This would ultimately ensure that the plan is aligned to the guidance contained within the NPPF and NPPG.

Q2.1b Particularly, is the figure adequately informed by affordability and the need for affordable housing?

- 2.14. Over the past two decades, in Wyre Forest affordability has worsened. Whilst house prices can be considered to be comparatively low when compared to the West Midlands, wage levels for the District are also low meaning that housing is unaffordable for some households.
- 2.15. Affordable housing need has been identified as 158 dwellings per annum representing 57% of 276 dwellings per annum. Policy 8B sets a delivery target of 90 affordable homes per annum over the plan period. The Council's viability assessment has identified that the viability of brownfield sites is very challenging and greenfield sites are only viable if affordable housing provision is set at 25%. We consider a major flaw in the viability of the plan and viability of bringing forward development, particularly on brownfield sites. We consider that the level of affordable housing, whilst judged on a case by case basis for each site on their own merits, that a level of 30% for greenfield sites is more appropriate to secure the levels of affordable housing which are needed for a District where affordability is clearly becoming an issue for the population. This also relates back to the need for an increase in the overall LHN figure for the District, which would subsequently attract a higher level of deliverability of affordable housing for the District over the plan period.
- 2.16. The Council estimates that a housing need figure of 276 dwellings per annum as opposed to 248 dwellings per annum has the potential to provide circa 85 additional affordable dwellings over the plan period. Whilst we support in general, the ambition of the Council to provide for a higher LHN figure, given viability challenges across the District, it is unclear if the Council's objective of delivering more affordable housing will be achieved. Indeed, allocations on brownfield sites are likely to be subject to independent viability appraisals during the determination of planning applications which will ultimately impact in the level of affordable housing delivered on such sites due to higher abnormal costs. Essentially, a higher housing need figure and the allocation of more greenfield sites would secure the provision of more affordable housing which can be successfully delivered over the emerging plan period.

Q2.1c Particularly, is the figure adequately informed by the Government's objective of significantly boosting the supply of homes?

- 2.17. As evidenced by the 2018-based SNHP and set out earlier in this Matter Statement, a figure higher than 276 dwellings per annum is equally justifiable and achievable, and which would provide even more potential to fulfil both the Government's objective of significantly boosting the supply of homes and the Council's own objective of delivering more affordable housing. Without such an increase to the LHN figure, it is unlikely that the Plan will deliver the level of affordable housing required to meet the dire affordability issues that surround the District.