Matter 3: Objectively Assessed Needs for Housing and Employment Land

Issue 1: Whether the Council’s approach to calculating its full, objectively assessed needs is justified, based on up-to-date and reliable evidence, effective, positively prepared, and consistent with national policy?

Objectively Assessed Need - Housing

48. Does the plan period cover an appropriate time frame for the provision of housing (2013-2028), and is it consistent with national policy? Should it be extended? If so, why? Why is a different time period chosen to that set for employment and retail matters?
49. Is the wider HMA within which Wealden sits appropriately drawn?
50. Is Wealden’s functional housing market discrete? How has the housing requirement for the wider HMA been considered with particular reference to the South Downs National Park and Eastbourne BC? Should an OAHN for the wider HMA have been set in addition to the OAHN which is specific to Wealden? What influence have the overlapping and neighbouring housing markets had on the setting of Wealden’s OAHN, in particular those of Eastbourne and the South Down’s National Park?
51. Should the recently published 2016-based household projections be taken into account in setting the OAHN? If so, what would be the consequence?
52. Is the OAHN figure of 950 dwellings per annum, robust and justified? Does it take into account appropriate market signals, household size and household formation, forecast jobs growth and the need for adequate levels of affordable housing to be provided?
53. Has an allowance been made for vacancy rates and second homes with reference to existing and future housing stock?
54. Is the level of housing planned appropriate? Should it be increased or decreased? If so, to what level and on what basis?

The plan period – Question 48

3.1 Para 157 of the NPPF requires Local Plans to be ‘drawn up over an appropriate time scale, preferably a 15-year time horizon, take account of longer term requirements, and be kept up to date’; whilst the WLP does, as it covers the period 2013 – 2028, cover a 15 year period, its time horizon upon adoption will be circa 8 years (assuming adoption in 2020). This would suggest the time horizon is not an appropriate time frame for the provision of housing and is it consistent with national policy. Whilst the rationale behind the plan period is we understand linked to the perceived issues associated with the Ashdown Forest in the north and both transport and waste water infrastructure provision in the south, and that policy WLP13 provides for an early review should these issues be addressed, we would nonetheless suggest that extending the plan period to 2030 at least would provide for a 10 year horizon post adoption and would be more aligned with the aims and objectives of national policy than the current plan period, albeit extending the plan to 2035 would make the plan more robust and compatible with national government guidance. This position would also reflect our view that there is not an issue with the Ashdown Forest and that there is capacity to provide for more development within the district than currently provided for.
The HMA and EBC’s unmet need – Question 50

3.2 The Aug 2016 SHMA (H3 : para 2.9) defines the Wealden HMA as encompasses a wider area beyond the district, to include:
- Wealden;
- Eastbourne;
- Tunbridge Wells;
- Rother;
- Lewes; and
- Mid Sussex.

3.3 Para 2.50 of the 2016 SHMA goes on to advise that:
Based on the strongest and most consistent of these [Travel to Work and Aggregate Migration] relationships, the wider housing market is clearly defined, and includes;
- Wealden;
- Eastbourne;
- Tunbridge Wells;
- Rother;
- Lewes; and
- Mid Sussex.

3.4 Figure 11 of the 2016 SHMA demonstrates that the strongest Travel to Work and Aggregate Migration relationship is with Eastbourne, followed by Tunbridge Wells.

3.5 Given the above, Wealden’s functional housing market clearly extends beyond the districts boundary and has, in particular, a clear relationship with Eastbourne. Whilst Eastbourne BC suggest they form part of a discrete HMA within the southern part of Wealden¹, we would agree with WDC that based upon the evidence it’s not possible to distinguish an internal HMA between north and south Wealden. A point that the Eastbourne SHMA appears to acknowledge as set out at para 5.8 of the DTC background paper (A32).

3.6 The above would suggest that in determining its OAN WDC should have had regard to the unmet needs of Eastbourne and whether they were able to accommodate these, whether in whole or part. Unfortunately as is clear from the DTC background paper, WDC took the view that they must first seek to meet their needs before considering the undersupply of others.²

3.7 WDCs assertion that it is not possible to accommodate any unmet need arising from Eastbourne was initially said to be because of the perceived issues associated with the Ashdown Forest in the north and both transport and waste water infrastructure provision in the south; but more latterly, as set out in para 6.58 of the DTC background paper, appears to be because WDC have not been involved in EBC’s SHELAA and as a result of this is unable to consider whether EBC can meet its

¹ See para 3.1.7 of the HBP, and para 5.5. of the DTC background paper
² See para 5.11, 5.24, 6.47, 6.58, and 6.66 of the DTC background paper
unmet needs. This approach muddles the need to identify the OAHN, and the next stage of the process – to ascertain whether it is possible to meet that need.

3.8 EBC in their reps on the Reg 19 Plan indicate that the Local Housing Need for Eastbourne is 649 dpa, and that the SHELAA (Sept 2017) identifies a suitable, available and achievable capacity for 152 dpa. Whilst they go on to advise that ‘if sites where the availability is unknown were to become available, this could increase delivery up to a maximum of 190 units per year’ this suggests that at present EBC are looking at a shortfall of at least 459\(^3\) dpa against the Local Housing Need figure. Whilst EBC are updating the SHELAA, its unlikely the boroughs capacity for further development will increase substantially such that given its geography one would expect WDC to be its first port of call in terms of its unmet need. It’s also clear that if WDC were to meet just 50% of EBC unmet need (circa 230dpa), there would be a need to provide land for some 3,450 dwellings over the plan period\(^4\) or 1,840 if one looked to the last 8 years of the current plan period\(^5\). Whether WDC then look to identify specific sites to meet this need within the southern part of the district so that there is a clear link between the sites being identified/ extended/ increased in density and EBC’s unmet need is a matter for WDC – but would clearly make sense given the fact this additional housing is being made available to meet EBC unmet need.

3.9 WDC’s decision to provide no additional housing over and above their own OAHN to address the unmet needs of Eastbourne needs to be justified if the plan is to be seen to be positively prepared, effective and consistent with national policy.

The OAN and 2016 based household projections – Questions 51 and 52

3.10 Para 4.3.3 of the HBP (A30) indicates that the OAN of 950 dpa correlates with four out of the six outputs for OAN for the Wealden District set out in the Regeneris OAN update of march 2017 (H4), and following market signal adjustments, would be in line with the PPG Guidance in terms accounting for latest 2014-based SNPP for the demographic starting point, economic forecasts and an assessment of market signals uplift.

3.11 Para 4.1.5 of the HBP indicates that WDC ‘has not sought to update the local evidence base with the 2016-based household projections data and will continue to use the local evidence base papers that utilised the 2014-based household projections data, that is considered by the Government to be the preferred option in the short term to provide the demographic baseline for the assessment of local housing need’.

3.12 Whilst one might initially consider that this implies a robust approach by WDC and that the 2016-based household projections would in all likelihood reduce the OAN, the situation is not that straight forward.

\(^{\text{3}}\) 649-190 = 459  
\(^{\text{4}}\) 230 \(\times\) 15 = 3,450  
\(^{\text{5}}\) 230 \(\times\) 8 = 1,840
3.13 In the first instance, as set out in our reps on the Reg 19 plan we do not believe that the basis of WDC assessment of its OAN is a robust one – taking a correlation of the figures in table 4 of the HBP is not a proper PPG assessment of the OAN. In this regard we note that adopting a correlation of the figures in table 4 of the HBP (A.30) no consideration appears to have been had to the need for a market signals uplift. The PPG sets out a clear two-stepped process to addressing market signals within the calculation of OAN:

1 Firstly, to determine whether a market signals uplift is necessary. This is set out in PPG ID2a-019 within the first sub-paragraph as follows:

   “Appropriate comparisons of indicators should be made… A worsening trend in any of these indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections.”

2 Secondly, when a market signals uplift is required, to identify what scale that should be set at with guidance given that it should be set at a level that could be expected to improve affordability. This is set out in PPG ID2a-019 within the second and third sub-paragraphs as follows:

   “In areas where an upward adjustment is required, plan makers should set this adjustment at a level that is reasonable… they should increase planned supply by an amount that, on reasonable assumptions and consistent with principles of sustainable development, could be expected to improve affordability, and monitor the response of the market over the plan period.”

3.14 Para 7.60 of the 2016 SHMA (H3) acknowledges the fact that ‘It is clear that as prices in Wealden have been less affordable than sub-regional, regional and national comparators, since 1997 at least, there has been a trend in both median and lower quartile prices / earning for a worsening level of affordability in the District” it continues: ‘The median affordability ratio stands at 11, compared to 6.7 nationally, 8.5 regionally and 9.7 in the wider HMA. Affordability is therefore poor in Wealden and is getting worse on the basis of recent trends (since 2011) in absolute and relative terms.’ Table 1.8 of the 2017 Regeneris OAN update (H4) advises that the House price affordability ratio has increased to an average of 11.5% based on median quartile house prices to median earnings from DCLG for 2013 to 2015. Whilst WDC have recently advised that the median workplace-based affordability ratios in the district in 2017 was 11.62, we note that DCLG in their House price to workplace-based earnings ratio statistics of March 2019 have recorded on median quartile house prices to median earnings in Wealden as being 11.59% and 11.91% respectively. The ratio of lower quartile house price to lower quartile gross annual workplace-based earnings in WDC for the period or 2013 to 2015 have increased from 11.14% to 12.68%. So the situation continues to get worse.

3.15 The PPG is clear that the worse the indicators of affordability the greater uplift should be applied, and the uplift should be made at a scale which could reasonably be expected to improve affordability (ID 2a-020).

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6 Table 5C – see screenshot appendix JAA – matter 3 app A
7 Table 6C – see screenshot appendix JAA – matter 3 app B
3.16 A simple way of assessing what the scale of the uplift might reasonably be, could be to compare affordability in WDC to other nearby areas which have applied market signals uplifts to their OAN which have been found sound. To this end we note the following:

a) Canterbury, which had a lower quartile affordability ratio of 11.78 in 2017, had a 20% uplift applied;
b) Mid Sussex, which had a lower quartile affordability ratio of 13.95 in 2017, had a 20% uplift applied; and
c) Waverley, which had a lower quartile affordability ratio of 14.71 in 2017, had a 25% uplift applied.

3.17 The above would suggest an uplift of 20-25% is not unreasonable in Wealden. Unfortunately WDC’s position on this matter is not clear. At para 1.19 and table 1.6 of the Regeneris OAN update paper of March 2017 (H4) a 10% uplift is proposed. Tables 1.8 and 1.9 of H4 go on to promote a 25% uplift. Given the affordability ratios in Wealden a 10% uplift is not in our opinion credible.

3.18 Having regard to the above, if one where to take the 2014 baseline of 892 and add 2.4% to take account of vacancy rates, you arrive at 913 and add a 25% uplift to take into account the continuing and worsening affordability issue in the district then one arrives at an OAN of 1,141dpa. Using the 2016 baseline of 848 and adding 2.4% to take account of vacancy rates, would lead to an OAN of 1,085. Both are significantly above the 950dpa proposed by WDC and both have no regard to the need to consider the unmet needs of EBC.

<table>
<thead>
<tr>
<th>JAA Table 3.1</th>
<th>Baseline</th>
<th>20% uplift on baseline</th>
<th>25% uplift on baseline</th>
<th>40% uplift on baseline</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>913 (892 + 2.4% vacancy (21))</td>
<td>1,096</td>
<td>1,141</td>
<td>1,279</td>
</tr>
<tr>
<td>2016</td>
<td>868 (848 + 2.4% vacancy rate (20))</td>
<td>1,041</td>
<td>1,085</td>
<td>1,215</td>
</tr>
</tbody>
</table>

3.19 The above is comparable to the OAN of 1,233 suggested in table 1.8 of H4 which also takes into account household formation rate adjustments for 25 – 44 year olds. It is only by applying long term migration rates and thus reducing the starting point to 635 that WDC arrive at an OAN of 946dpa.⁸

3.20 The above also demonstrates that there is in effect little difference between the 2014 and 2016 SNPP when it comes to the baseline and the effects of an uplift to meet unmet needs; and that a figure of circa 1,100dpa is the minimum WDC should be

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⁸ NB the Standard Methodology – using 2014 and 2016 SNPP would suggest an OAN capped at 40% of 1,246dpa and 1,193dpa respectively, before the unmet needs of EBC are taken into consideration.
looking to deliver – if not 1,200, and that this should be before the unmet needs of EBC are taken into consideration.

3.20 Under the current planning system, achieving the governments aspiration to support the delivery of 300,000 dpa by the mid 2020’s is reliant upon the implementing a large number of individual local plans. As such it is necessary to link any local strategies to the overarching national principles which are driving Government policy. Each area will have its role to play in contributing towards the Government’s aims; some more than others, based on their circumstances. It is acknowledged that housing supply is but one factor influencing the affordability of housing (availability of credit and household incomes being two other key influencers), but the role of the planning system in increasing supply to achieve this is clearly an important lever available to government, and one that it seeks to apply through PPG-compliant assessments of OAN.

3.20 The purpose of a market signals uplift is to ensure the Government’s housing aims (as expressed in the NPPF) are met and to ensure this is reflected in assessments of need by making “upward adjustment to planned housing numbers compared to ones based solely on household projections” (PPG ID2a-020) where market signals indicate such an adjustment is necessary. The principle of providing ‘more’ than ‘unvarnished’ household projections in England has long been established through successive assessments of how to address the country’s problems with lack of housing supply, as evidenced in reports such as The Barker Review, the formation of the National Housing & Planning Advice Unit, the House of Lords Select Committee on Economic Affairs report ‘Building More Homes’ and the Redfern Review. These demonstrate, over a sustained period, a consensus over the need to increase supply above household projections to deliver improvements in housing affordability. This has continued to underpin successive Governments’ approach to assessing housing need, including within the PPG and more recently as recognised within the Housing White Paper. Across these reports, the evidence would suggest that - at the national level - an uplift of between circa 20% and 44% above the number of homes implied by official household projections alone would be necessary to deliver improvements in affordability. It is important to note that these uplifts refer to the scale of uplifts needed against the national household projections and that uplifts in individual local authorities will depend upon, for example:

- The level (or rate) of underlying household growth (for example, areas with a higher than average rate of projected household growth might only be able to make a lower uplift in order to stay within what could ‘reasonably be expected to occur’);
- Local affordability (with more unaffordable areas expecting to do more);
- Other factors, such as demand from employment growth or local affordable housing needs.

3.21 This national backdrop provides the context for what could reasonably be expected to improve affordability in Wealden by way of a market signals uplift.

3.22 Having regard to the above the OAHN figure of 950 dpa promoted in the WLP is not robust or justified. It should in our opinion be at least 1,100 dpa, if not 1,200 dpa.
3.23 There is then the issue of the unmet need of Eastbourne to take into consideration. As set out above this could add circa 230dpa to the housing target.

The Overall Housing Target Question 54

3.24 Having regard to the above the level of housing planned for in the WLP should be increased so that the plan looks to deliver at least 1,300 dpa and more appropriately 1,400 dpa. This would mean that existing allocations need to be reviewed to determine if they can accommodate more/ be expanded to do so; and that additional sites in addition to those already allocated need to be found to provide for the needs of the area.

3.25 In the context of the above we believe it is crucial that the Council robustly identifies its housing need in full in order that it can properly understand whether the adverse impacts of meeting the full OAN would significantly and demonstrably outweigh the benefits (in line with para 14 of the NPPF). As the NPPF and PPG make clear the OAN is the 'starting point' for a local authority in their plan making. Once the OAN is established WDC can, through the application of evidence and the consideration of constraints establish their housing delivery target. To this end we note that whilst the Aug 2018 DTC background paper suggested at para 11.6 that WDC have adopted a ‘supply-led figure’, this reference no longer appears in the Jan 2019 version of the DTC Background paper. It does not however remove the fact that WDC do appear to have adopted a supply-led approach to determining their OAN, which is totally contrary to the aims and objectives of the NPPF, and suggests a Plan that is not positively prepared, effective or justified.

3.26 The above could all be addressed through Main Modifications, and in all likelihood a further round of examination hearings.

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9 1,300 assumes an OAN of 1,100dpa and an unmet need of 200dpa for Eastbourne
1,400 assumes an OAN of 1,200dpa and an unmet need of 200dpa for Eastbourne