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(Representations submitted by email to localplan@richmondshire.gov.uk)

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**Re: Richmondshire Development Target Review Consultation**

Introduction

This letter is in response to the above consultation and provides Gladman Developments' representations. Gladman welcome the opportunity to comment on the Development Target Review document. This representation reflects and builds upon earlier submissions by Gladman Developments on the Richmondshire Local Plan.

The inspector appointed to examine the Local Plan 2013 has invited the Council, the public and stakeholders to make comments on Richmondshire's submitted housing strategy given the release and content of the Interim-2011 based household projections and the revocation of the Yorkshire and Humber RSS.

Although Gladman are supportive of the Council on their conclusion that 2011 Interim Household Projections are too low, Gladman remain convinced that submitted housing target for Richmondshire is non-representative of the full objectively assessed needs of the district, and should be reviewed prior to examination. Gladman recommend therefore that the Council must update this evidence base in line with standards set in the Framework and emerging national policy practice guidance, to fully reflect objectively assessed needs and develop a robust evidence background against which a suitable housing requirement can be determined.

Assessing Richmondshire's Housing Requirement

*2011 Interim Household Projections*

It is Gladmans belief that these projections should be used with some caution, as they are likely to have been influenced by short term issues affecting the housing market and economy, and that when these ease household formation rates are likely to return to a pre-recession trajectory over the longer term. Gladman welcome therefore the Council's conclusion that these interim projections are too low.

*Housing Figure*

Policy SP4 of the submitted Local Plan sets an annual housing requirement of 180 dwellings equating to a total of 3,060 dwellings within the plan period (2011-2028). The housing requirement forwarded by the Council stems from the level of need for new homes identified in the Richmondshire Scrutiny of Population Estimates and Projections (2012) "migration-led revision". Trend based models only present a snapshot of what has occurred in the past. They do not take into account economic/employment growth nor suppressed housing need resulting from under supply or concealed households. These models should therefore only be considered as one component in determining housing need, and considered against wider factors.

Gladman are bemused by the Council's apparent snub of the findings of the North Yorkshire SHMA, which identifies an affordable requirement of 260 dwellings in the district, despite the fact that this represents the most recent comprehensive study of housing need (albeit only affordable housing need). The Council instead consider that such a level of delivery is unattainable. The Local Plan as currently submitted cannot therefore be concluded to seek to significantly boost the supply of housing as advocated in §47 of the Framework.

Gladman believe therefore that further consideration needs to be given in relation to the proposed housing requirement to ensure that this is in line with the process for determining objectively assessed need as outlined in paragraphs 158, 159, 152 and 14 of the Framework. The Council should begin by considering its full objectively assessed housing needs, taking economic forecast into account, then test whether the adverse impacts of meeting this need clearly and demonstrably justify a lower Plan requirement. It needs to consider whether any of the development constraints affecting the District could be addressed or overcome in order to meet its housing needs in full. It should not supress its housing requirement based on what it considers to be deliverable.

*Objectively Assessed Housing Need*

The process of undertaking an objective assessment is clearly set out in the Framework principally in §14, §47, §152 and §159 and should be undertaken in a systematic and transparent way to ensure that the plan is based on a robust evidence base.

The starting point for this assessment is set out in §159 which requires local planning authorities to have a clear understanding of housing needs in their area. This involves the preparation of a Strategic Housing Market Assessment (SHMA) working with neighbouring authorities where housing market areas cross administrative areas. The Framework goes on to set out the factors that should be included in a SHMA including identifying *"the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which:*

- *Meets household and population projections taking account of migration and demographic change;*

- *Addresses the need for all types of housing including affordable housing and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes); and*

- *Caters for housing demand and the scale of housing supply necessary to meet this demand."*

Key points that are worth noting from the above is that the objective assessment should identify the full need for housing before the Council consider undertaking any process of assessing the ability to deliver this figure. In addition, §159 specifically relates to catering for both housing need and housing demand within the authority area. It is worth pointing out that any assessment of housing need and demand within a SHMA must also consider the following factors; falling household formation rates, net inward migration, the need to address the under provision of housing from the previous local plan period, the preliminary results of the Census 2011, housing vacancy rates including the need to factor in a 3% housing vacancy rate for churn in the housing market, economic factors to ensure that the economic forecasts for an area are supported by sufficient housing to deliver economic growth, off-setting a falling working age population by providing enough housing to ensure retiring workers can be replaced by incoming residents, addressing affordability and delivering the full need for affordable housing in an area.

It is our understanding that a majority of the SHMAs that were prepared under the current guidance on SHMA preparation are not Framework compliant and do not consider the full range of factors that are outlined in §159. This is causing significant problems for authorities currently at Examination and therefore, to avoid this issue, SHMAs should be updated to take account of the Framework and ensure plans are based on robust and up-to-date evidence. Indeed, the Government have noted the deficiency in SHMAs and are updating the guidance on SHMA preparation to fully reflect the guidance given in the Framework.

Following the exercise to identify the full, objectively assessed need for housing in an area, the local planning authority should then seek to undertake the assessment outlined in §152 of the Framework. This states that "Local planning authorities should seek opportunities to achieve each of the economic, social and environmental dimensions of sustainable development, and net gains across all three. Significant adverse impacts on any of these dimensions should be avoided and, wherever possible, alternative options which reduce or eliminate such impacts should be pursued. Where adverse impacts are unavoidable, measures to mitigate the impact should be considered. Where adequate mitigation measures are not possible, compensatory measures may be appropriate." This statement clearly sets out that local planning authorities should seek to deliver the full, objectively assessed need and that this should be tested through the evidence base. Only where the evidence shows that this is not achievable should they then test other options to see if any significant adverse impacts could be reduced or eliminated by pursuing these options. If this is not possible then they should test if the significant adverse impacts could be mitigated and where this is not possible, where compensatory measures may be appropriate.

The final stage of the process is outlined in §14 and involves a planning judgement as to whether, following all of the stages of the process outlined above, "any adverse impacts of meeting the objectively assessed needs would significantly and demonstrably outweigh the benefits, when assessed against the policies in this framework taken as a whole or specific policies in this Framework indicate development should be restricted." It is also worth noting that the final part of

this sentence refers to footnote 9 which sets out the types of policies that the Government consider to be restrictive. These include "sites protected under the Birds and Habitat Directive (see paragraph 119) and/or designated as Sites of Special Scientific Interest; land designated as Green Belt, Local Green Space, an Area of Outstanding Natural Beauty, Heritage Coast or within a National Park (or the Broads Authority); designated heritage assets; and locations at risk of flooding or coastal erosion". Although this list is not exhaustive it is clear that local landscape designations, intrinsic value of the countryside, the character of areas, green gaps etc are not specifically mentioned as constraints.

*Assessment of Housing and Economic Development Needs – Guidance Note*

As the Council may already be aware, the Government has recently issued a guidance note to support local authorities in objectively assessing and evidencing development needs for housing (both market and affordable) and economic development. This document supports and provides further guidance on the process of undertaking such assessments as set out in the Framework. Gladman highlight the following key points from this document:

- Plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historic under performance, infrastructure or environmental constraints.
- Household projections published by the Department for Communities and Local Government should provide the **starting point** estimate of overall housing need
- Household projection based estimates of housing need may need adjusting to reflect factors affecting local demography and household formation rates which are not captured by past trends, for example historic suppression by under supply and worsening affordability of housing. The assessment will need to reflect the consequences of past under delivery and the extent to which household formation rates have been constrained by supply.
- Plan makers need to consider increasing their housing numbers where the supply of working age population is less than projected job growth, to prevent unsustainable commuting patterns and reduced local business resilience.
- If the historic rate of development shows that actual supply falls below planned supply, future supply should be increased to reflect the likelihood of under-delivery of a plan.
- Plan makers should take account of concealed households.
- Housing needs indicated by household projections should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings. Appropriate comparisons of indicators (land prices, house prices etc) should be made – with longer term trends in the HMA, similar demographic and economic areas, and nationally. Divergence under any of these circumstances will require upward adjustment to planned housing numbers.
- The more significant the affordability constraints (as reflected in rising prices and rents, and worsening affordability ratio) and the stronger other indicators of high demand (e.g. the differential between land prices), the larger the improvement in affordability needed, and the larger the additional supply response should be.
- Market signals are affected by a number of economic factors. Plan makers should increase planned supply by an amount that, on reasonable assumptions and consistent with principles of sustainable development, could be expected to improve affordability.

This guidance is a material consideration, and whist limited weight can only be attached to it at this stage it is a clear indication of the Government's direction of travel to which the Council should pay due regard through its Full review.

*Affordable Housing*

The provision of affordable housing is a key priority that Council's seek to achieve through their Local Plan. However the only way to improve affordability is to provide housing. If the evidence base suggests that a certain level of affordable housing is required (260 in the 2011 SHMA) and the local planning authority are not seeking to address this through their Local Plan then the affordability gap will only get worse. Local Plan housing requirements should therefore reflect the full need for affordable housing provision as required by paragraph 47 of the Framework if addressing affordability is to be achieved.

Gladman note that the Council's proposed housing requirement (180 dwellings) is likely to significantly constrain the scope for addressing affordable housing needs in Richmondshire, with an annual affordable need for 260 affordable dwellings in the District. This supports the need to increase the Council's overall housing requirement.

The Council should note guidance set out in the Government's recent Assessment of Housing and Economic Development Needs guidance document, which states that "*The total affordable housing need should then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the Local Plan should be considered where it could help deliver the required number of affordable homes*".

*Housing Backlog*

A further concern that Gladman raise is in relation to the housing backlog. Many authorities have consistently under-provided housing against targets set out in the adopted RSS. These documents were subject to significant scrutiny and were found to be based on robust evidence. If the local planning authority has not provided sufficient homes to meet its RSS target, then there is a need to ensure that the housing requirement in the forthcoming Local Plan includes an element to address this backlog.

The current under supply of housing against the RSS target of 200 dpa (see footnote 22 of pg 159 of the revoked Yorks and Humber RSS) in Richmondshire equates to a shortfall of 644 dwellings over the period 2004/05-2012/13; this is a significant figure given the rural nature of the district. Unmet need will not just disappear and therefore it is fundamental that it is taken into account in the targets moving forward. The Framework is clear in §47 that the under delivery of housing needs to be met by Local Authorities. The Draft National Planning Practice Guidance, provides further clarity on this, by stating *"local planning authorities should aim to deal with any-under supply within the first five years of the plan period where possible. Where this cannot be met in the first five years, local planning authorities will need to work with neighbouring authorities under the duty to co-operate."*

<u>Conclusions</u>

What is clear from the Framework, and from the Government's agenda to **boost significantly** the supply of housing, is that the premise of the whole process is the assessment and delivery of the full, objectively assessed needs for housing in an area unless there are adverse impacts that would **significantly and demonstrably** outweigh the benefits. If the process set out in the Framework and highlighted above is not followed then the Council run the real risk of the plan being found unsound and this will create significant delay and uncertainty in the process.

All of our best interests are served by your authority getting a Local Plan found sound at the earliest possible opportunity, rather than us utilising considerable resources on preparing for and attending EIPs, preparing Judicial Reviews etc. This approach will put the authority back in control of planning in their area and will give the Members comfort and certainty over the level and location of development that will take place over the lifetime of the Plan.

If you decide to progress a strategy that is contrary to your evidence base you will be aware that early on in your process, you will need to provide a Consequences Report. These are necessary to justify any form of departure from the evidence base and to allow everyone to fully understand the consequences of following an alternative strategy.

Gladman have raised significant concerns in relation to the 'soundness' of the Local Plan (with reference to tests of soundness outlined in paragraph 182 of the Framework). The Local Plan does not provide a positive policy approach and in a number of cases is not consistent with national policy. Key areas where Gladman raise concerns are summarised as follows:

- Housing requirement – We are concerned that the proposed housing requirement does not reflect the true, full objectively assessed needs for the District and has been arbitrarily constrained. It is not fully clear whether the Council has assessed the potential to deliver a higher housing requirement or tested this against potential delivery constraints.
- Affordable Housing – Gladman note that the Council's proposed housing requirement is likely to significantly constrain the scope for addressing affordable housing needs in Chichester. This supports the need to increase the Council's overall housing requirement.
- Housing Backlog – Richmondshire need to account for previous under delivery given the authorities poor record in delivering RSS requirements.

I hope you have found these representations constructive, if you require any further information or wish to meet with one of the Gladman team then please do not hesitate to contact me. I thank Richmondshire District Council for the opportunity to comment on this consultation.

Yours Sincerely

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