Our Ref: RID/RF

27th September 2013

Planning Policy
Richmondshire District Council
Swale House
Frenchgate
Richmond
DL10 4JE

Dear Sir / Madam

**CORE STRATEGY CONSULTATION: DEVELOPMENT TARGET REVIEW**

We act on behalf of Mulberry Homes (Yorkshires) Ltd who has an interest in land at Leyburn.

Following the publication of the 'Development Target Review' document, please therefore find detailed below my comments which primarily relate to the Council's reassessment of its development target and the impact of the revocation of the RSS (Questions 1 and 2).

**Core Strategy Consultation: Development Target Review**

1. Do you agree with the Council's reassessment of its development target?

Mulberry Homes (Yorkshire) Ltd support the Council's reassessment of its development target.

The Council has undertaken a sound reassessment of the proposed housing requirement figure in light of the publication of the 2011 Interim household projection figures. It is apparent from the detailed assessment undertaken the Council has fully understood the weaknesses inherent in the 2011 Interim household projections and the implications for the local authority and the delivery of their Core Strategy, if the 2011 statistics were to be given weight and a significantly lower requirement figure proposed.

As highlighted in the Development Target Review the 2011 figures are Interim figures, which provide projections over a 10 year, rather than a 25 year timeframe. The Council fully understand how the household projections are derived, and at paragraph 2.44 they confim that household projections are based on a continuation of past trends which reflect earlier economic conditions and are affected by locally unusual factors such as the movement of military personnel and their families. The conclude that under current conditions the use of these 10 year projections to cover a long time period, which would sustain recessionary trends and enforce the observed population trends into the future is highly undesirable.

A reliance on the 2011 Interim projections would therefore result in the Council planning to replicate the recent economic conditions and the problems associated with low levels of house building which result in affordability issues, over-crowding and out-migration.

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Such an approach would run wholly contrary to the Government's growth aspirations and the requirement in the NPPF to boost significantly the supply of housing and ensure the plan meets the full, objectively assessed housing needs of the area.

In this regard, the 2011 projections do not reflect the full, objectively assessed housing needs of the area, it projects forward a period of constraint which has resulted in housing needs not being met.

The Council highlight a number of sources of information which caution the use of the 2011 Interim projections for strategic planning purposes. In addition to the sources listed in the Development Target Review Document, Nathaniel Litchfield and Partners (NLP) issued a briefing on 10th April 2013 titled 'Handle with care: the new 2011-based Interim Household Projections', a day after the dataset was published. They advised the projections should be handled with care because they actually reflect a failing housing market rather than painting a picture of what is needed in the future. It advises the figures project forward what has happened since 2008, during a recession, a period characterised by:

- *"A huge undersupply of new homes;*
- *Increased overcrowding;*
- *Asking prices remaining out of reach for first time buyers; and*
- *Restricted mortgage finance, putting the brakes on the market.*

*In effect, they lay bare the problems created by building too few houses."*

The NLP view is that the 2011 interim projections must be treated with caution for the following reasons:

- *"A policy approach which perpetuates trends of young households being unable to access the housing market is highly unsustainable.*
- *As the market recovers the suppressed demand resulting from the recessionary constraints on household formation will simply be unlocked. This will render the current Projections meaningless.*
- *LPAs will need consider carefully whether yesterdays Interim Projections are a reasonable basis for estimating need beyond 2021, given that the suppressed household formation has been heavily influenced by short-term undersupply and mortgage problems."*

Going forward, NLP recommend that Local Planning Authorities will need housing and targets in plans that take into account:-

- *"Economic objectives – to ensure that a lack of new housing does not hold back the creation of new jobs.*
- *Evidence on the need for affordable and other types of housing.*
- *A reasonable view on how trend in migration, population growth, and household formation will change in the period post-2021, not now covered by any extant Government projections.*
- *The impact of housing market factors, such as rate of vacant properties, second homes, and the need to renew and replace existing stock.*

- *Local demographic and policy objectives, such as levels of migration and commuting."*

The NLP briefing note clearly advises against the use of the 2011 interim figures for strategic planning purposes, and this conclusion is also reached in a Planning Advisory Service (PAS) document published in August 2013 titled 'Ten Key Principles for Owning your Housing Number – Finding Your Objectively Assessed Needs'.

The PAS document sets out the ten key principles that should be followed in order for Local Authorities to be able to 'own' their housing numbers (CD20) and confirms at the top of page 10 that the 2011 ONS figures are of limited value for strategic planning purposes because they only cover a ten year period. In particular, the document cautions against projecting forward the recessionary period of the last 5 years, under the heading 'Projections' on page 6, it states:-

> *"All projections are trend based rolling forward what has occurred over the past five years. They therefore simply identify what would happen in the future if the key factors such as, birth and death rate, number of migrants, household formation rate and number of people not living in households continued at the same rates. It is important to note that projections therefore do not take account of any changes in policy that national or local government is trying to implement.*
>
> *In addition caution should be applies if the trends experience in the past five years reflect a period of particular economic decline or likewise economic buoyancy. Projecting forward a recessionary trend may lead to concealed households not being catered for and an underestimate of the true level of household change. It is also important to understand how this may impact on any economic recovery and growth ambitions that the council have. Examine the trends and projections in relation to household representation rates, age structure and household type to see how they compare with the current position as identified in the Census."*

The cautionary note about projecting forward recessionary trends is also set out in an advice note prepared by planning consultancy Turley Associates where it is advised:-

> *"For those authorities looking to set new housing targets, this set of official projections, as with all ONS/DCLG publications, are trend based. They serve to present a 'future' that assumes that the underlying drivers of the housing market continue to reflect current and recent market conditions. The base date of the projections, and indeed the Census year, follows a sustained recessionary period that has had a marked impact on the fluidity of the housing market, levels of transactions and the ability of new households to form, not least as a result of unprecedented low levels of housing.*
>
> *The HBF states:* ***the local planning process tends to become a vicious circle: planning has constrained housing supply for the last two decades, which has suppressed household formation, which is reflected in the household projections, which are a key input into local authority planning for future housing supply".*** *The rapid contraction of the mortgage market in 2008 has had a disproportionate impact on First Time Buyers and this is reflected in the household projection dataset. This significantly assumes the reduction of*

*the formation of new households where the head of household is aged 25-34 (23,000 new households per annum are projected to form in the new 2011-based projections contrasted against 49,000 within the 2008-based SNHP dataset).As the HBF notes, this ire reflected in other ONS datasets that point to an increase in the number of young people forced to live at home with parents."*

The advice from these sources is consistent, the figures are not reliable for strategic planning purposes and would project forward a recessionary period, which is not what Government policy requires local authorities to plan for. The Council's approach to not place any weight on the 2011 is there sound.

In accordance with the NPPF and in recognition of the local circumstances specific to Richmondshire which require a understanding of the impact of the large military population on the housing market area, the Council has relied on evidence specific to their housing market area in the form of the North Yorkshire Housing Market Assessment and the Richmondshire Scrutiny of Population report. Whilst more recent population and households projections have been published since these studies were prepared, as a result of the Interim nature of these projections, and as the Council identify, these figures are inappropriate to use for strategic planning purposes.

We therefore support the Council in their proposal to retain the requirement figure of 180 dwellings per annum set out in the Core Strategy document submitted for examination. It is founded on a sound and robust evidence base that takes account of the nature of the housing market area, meets the full, objectively assessed housing needs of the area, the growth aspirations of the Core Strategy and uses the most recent reliable data on the projected need for housing. On this basis the plan, in relation to the Council's proposed housing requirement figure, has been positively prepared, is justified, effective and consistent with national policy.

2. Do you agree that the revocation of the Regional Spatial Strategy has little impact on the Council's development targets?

We support the Council's stance in relation to the impact of the revocation of the Regional Spatial Strategy. As the Development Target Review document clearly identifies, the Council prepared the Core Strategy in knowledge of the proposed revocation of the RSS, and in establishing their housing requirement it is evident they did not simply set the RSS requirement aside and ignore its evidence base.

Whilst the RSS as a policy document has been revoked and therefore the Core Strategy does not need to be in accordance with its policies, or the housing requirement figure of 200 dwellings per annum, nevertheless, it remains relevant as part of the Council's evidence base on the housing need in Richmondshire.

The Council has not ignored this key piece of evidence, indeed the Council's Local Strategy Statement concluded that apart from some minor changes the RSS and its supporting evidence provided an appropriate policy approach for development in Richmondshire, including the development target. The Council has taken a robust approach in preparing its own, more up to date evidence base. This evidence identified a figure just some 20 dwellings per year lower than the RS. The Council's own evidence essentially lends supports to the robustness of the RS figure, given the two figures are not materially different.

As the Council has concluded, the revocation of the RS has had a minimal impact on the Council's requirement figure. Their figure has not ignored the RS requirement figure and its evidence base, which remains the most up-to-date tested evidence on the full, objectively assessed needs of the area, and which took account of the inter-relationships between Richmondshire and adjoining authorities. The Council's approach has not been to disregard this valuable and detailed evidence, but to update it according to their local circumstances and which has produced a figure not materially different to the RS requirement figure. The fact the RS as a policy document has been revoked therefore has no material impact on the work the Council has undertaken to identify the appropriate requirement figure for the area. In this regard, it is maintained the Council's approach following the revocation of the RS is wholly sound as the strategy has been positively prepared, it is justified, will be effective in delivering the Core Strategy's aims and is consistent with national policy.

5. Do you agree with the proposed changes to the Local Plan Core Strategy identified at paragraph 5.2?

In relation solely to the matter of the Council's proposed housing requirement, Mulberry Homes (Yorkshire) Ltd support the proposed changed to the Local Plan Core Strategy identified at paragraph 5.2 as the Council do not propose to change the housing requirement figure of 180 dwellings per annum set out in the Core Strategy document submitted for examination.

I trust you will give these comments due consideration when the Richmondshire Core Strategy is examined.

Yours sincerely

**Richard Irving BA (Hons) Dip TP MRTPI**
**Director**