HEARING STATEMENT

On Behalf of Ashill (Respondent ID 1481)

Matter 2

November 2018
1.0  Introduction

1.1 CBRE is appointed to act for Ashill on behalf of their land interests at Christmas Tree Farm (SLAA 284) and Stroude Farm (SLAA 13). Within the submission Local Plan both have the status of omission sites.

1.2 As discussed in more detail within the four Matter Statements, both sites are strategically located and offer a solution to the identified issues of soundness with the submitted plan.

1.3 For reference the two sites are identified in Appendix A.

1.4 Ashill have previously made representations during the Additional Sites and Options Consultation and Pre-Submission Consultation (February and May 2018). The representation references for this submission is 1481.

Overview of Soundness Issues

1.5 Whilst we agree with the overall spatial strategy insofar as it seeks to direct the greatest amounts of development to larger settlements in the hierarchy, the approach in Runnymede is undertaken too crudely to the extent that the submitted approach is unjustified (and unsound) as:

- Through the spatial strategy, fails to appropriately consider opportunities to direct development to areas of lower flood risk (i.e. Ottershaw and Virginia Water).

- Promotes Green Belt release that does not promote sustainable patterns of development as, in many instances, Green Belt releases are located as extensions to existing settlements rather than considering the release of Green Belt in locations where opportunities to promote sustainable development can be maximised.

- Contrary to the requirements of Paragraph 19 of the NPPF (2012), the plan does not appropriately plan for economic needs, with suppressed OAN figures against economic demand (including the impact of a third runway at Heathrow).
QUESTION 2.1B

Does the fact that an update of the SHMA 2015 has not been requested by Spelthorne Borough Council at this time give rise to any substantive difficulty in considering the evidence base for Runnymede’s OAN figure?

Response

2.1 Paragraph 159 of the NPPF requires local planning authorities (LPAs) to have a ‘clear understanding’ of the housing needs in this area. It continues to state that this clear understanding is established by preparing ‘a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries.’

2.2 The approach of RBC has been to undertake a partial update of the Runnymede-Spelthorne SHMA, concentrating on relevant updates affecting Runnymede. There is concern that this siloed approach could lead to distorted figures across the housing market area, in turn leading to shortfalls in the number of planned homes.

2.3 Concerns over the selective update of housing market evidence was reflected by the Inspector into the West Oxfordshire Local Plan. As stated at Paragraph 3.4 of the Report:

‘Joint working across an HMA is essential to ensure a reasonably consistent approach and to avoid unintended distortions in the market. In addition, the credibility of the SHMA is the foundation on which much of the current planning work for the rest of Oxfordshire is based. That does not mean it should be beyond criticism, but a Council should be particularly mindful of the wider implications of criticisms and of the reasoning supporting any local adjustments.’

2.4 The approach to reviewing housing market evidence independent of a wider cross-boundary review is not consistent with national policy for the reasons set out above as it limits the extent to which a clear understanding across the HMA can be achieved. The issues is exacerbated with the HMA only comprising one other authority which, at present, is struggling to meet its own OAN.

QUESTION 2.1C

Are the demographic assumptions (including future trends in household formation and migration), the account taken of affordability and market signals, forecast growth in employment, commuting patterns, the need for affordable housing, the role of students in the local housing market, the potential impact of Heathrow expansion, Brexit and any other relevant factors adequately considered, and are the conclusions justified?

Response

Market Uplift

2.5 The scale of the issue is also commented by RBC’s consultants (GL Hearn) at Paragraph 5.26 of the SHMA (2018):

‘The affordability ratio in Runnymede (11.93) is higher than Surrey (11.56), regional (9.43) and national averages (7.72). Over the 5-year period (2009-2014) Runnymede also had a greater worsening in affordability (2.08 point increase) than Spelthorne although not to the same extent as the County as a whole. Although over the 10-year
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During the period (2006-2016) the affordability ratio in Runnymede worsened more than all other areas.

2.6 The response of GL Hearn is to propose a 20% increase to the demographic starting point. The current use of 20% results in a Local Plan that is not consistent with national policy insofar as it relates to Paragraph 158 of the NPPF and the need to ensure that strategies for housing, employment and other uses ‘take full account of relevant market and economic signals.’

2.7 As noted in the SHMA, through the 10-year period from 2006 – 2016 the absolute increase in the median affordability ratio is higher than all other comparable areas. Looking at the data more broadly, outside of London Runnymede had the 7th highest absolute increase in median affordability ratios (3.89) between 2006 – 2016.

2.8 RBC’s worsening affordability when compared to other areas is relevant when considering Paragraph 020 of Planning Practice Guidance. As stated:

‘In areas where an upward adjustment is required, plan makers should set this adjustment at a level that is reasonable. 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, therefore, the larger the additional supply response should be.’

2.9 An uplift of 20% has commonly been used by Inspectors in the South East to improve affordability. Its application in Runnymede is not justified as it overlooks the points noted in 2.5 which demonstrate that even when compared with areas of high unaffordability in surrounding and neighbouring authorities, Runnymede has worsening affordability.

2.10 The approach taken in Runnymede should be consistent with the approach taken in Waverley (being third most expensive local authority area in England outside London) where the applied increase for market signals was 25%.

Employment

2.11 One of the most significant reductions in the Objectively Assessed Need (OAN) has been as a result of changing economic forecasts. An additional 67 dwellings per annum were forecast for Runnymede for ‘Meeting Economic Need’ in the November 2015 Strategic Housing Market Assessment (SHMA) which have now been removed.

2.12 Runnymede is in a highly economically active area, forming part of the Enterprise M3 Local Enterprise Partnership (LEP) and in a location that is identified as benefiting from the job growth anticipated from the third runway at Heathrow. Paragraph 180 of the NPPF is clear that LPAs ‘should work together with county and neighbouring authorities and with Local Enterprise Partnerships to prepare and maintain a robust evidence base to understand both existing business needs and likely changes in the market.’

2.13 We are concerned that the January 2018 SHMA is not positively prepared insofar as it relates to presenting the economic needs of Runnymede, moving away from the evidence base for housing that had been prepared in the Enterprise M3 Housing Evidence Study.

1 Report to Waverley Borough Council, 1st February 2018
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2.14 The November 2015 SHMA took account of the Enterprise M3 Housing Evidence Study (September 2014) with the January 2018 reductions being the result of localised updates for the two areas. We are concerned that the approach taken overly simplifies Runnymede’s relationship with the LEP and could lead to a shortage of much needed housing to support the productivity of the LEP more widely. The critical relationship between housing and the success of the Enterprise M3 area is set out in Chapter 5 of the Enterprise M3 Housing study:

‘It is crucial that the Enterprise M3 area delivers housing to create the sort of balanced demographic that will underpin economic and social aspirations. Insufficient housing will act as a brake on economic prosperity and compound the very genuine problems of housing affordability in the LEP area. This is a particular issue given the problems concerning under delivery of housing which are identified in two of this study’s three scenarios.’

2.15 The approach taken with respect to Heathrow is also unclear. In the January 2018 SHMA it is noted:

‘On balance should the expansion of Heathrow be confirmed then the Council should be considering adding an additional 500 homes to the total OAN (25 dpa). This could reasonably be split as 250 homes before and after 2030. However, until the plans are confirmed it should not be seen as a component of the OAN.’

2.16 In June 2018 the expansion of the third runway at Heathrow as confirmed. The submitted plan has not been updated to reflect this and instead Page 12 of the 2018 SHMA rebuttal the document further deflects the inclusion of the Heathrow decision into the OAN figures stating that ‘the third runway has been approved by ministers however any analysis is completely dependent on the final details which are yet to be set out or confirmed in relation to it.’

2.17 Whilst further details are to be provided, in producing a positive plan that accounts for the decision (and responds to the requirements of Paragraph 19 of the NPPF) the OAN should include the assumed housing growth requirements as part of a plan led approach. With housing figures included as a minimum and considered against the need to ‘significantly boost the supply of housing’ in the unlikely the event that need directly attributed to the expansion of Heathrow fell away the need for additional housing would remain and would in effect become part of an enhanced SS5 approach in the SA.

QUESTION 2.1D

What are the implications for the Plan of the 2016-based household projections, published in September 2018?

Response

2.18 The 2016-based household projections indicate a reduction in 150 homes compared with the 2014-based household projection figures of 398 dwellings per annum. As has been set out by the Office of National Statistics (ONS):

‘Although the latest household projections are lower than the previously published projections, this does not directly mean that fewer houses are needed in the future than thought. This is because the projections are based on recent actual numbers of households and are not adjusted to take account of where homes have been needed
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in recent years but have not been available. Therefore, if more homes are built, the increased availability of homes may result in more households forming."

2.19 Notwithstanding the above, the Government has recently launched a consultation\(^2\) clarifying that for the purpose of assessing local housing need 2014 figures should be used to ensure that its wider ambition to deliver 300,000 dpa can be met.

2.20 As per paragraph 9.4 of SD_006C we agree with the demographic starting point of 415 DPA included in this document. This figure reflects the 2014-based figures and is consistent with the approach being advocated by the Government.

2.21 The implications of the 2016-based household projections should not alter the demographic starting point in the Plan. However, with the 2016-based household projections figures reflecting the last two censuses (rather than the 1971 base date used in the 2014 figures) the decline in household formation rates in the Runnymede/Spelthorne SHMA does highlight the pressing need to improve the affordability of housing within the area as set out in the response to 2.1 (C).

QUESTION 2.3

If the Plan is unlikely to meet the identified needs within the relevant time period, how should this be addressed?

Main Modification Required

2.22 See Chapter 3.

\(^2\) Technical Consultation on Updates to National Planning Policy and Guidance (October 2018)
3.0 Main Modification in Response to Matter 2

3.1 In order to address the soundness issues identified in response to Matter 2 the following amendments are required to the plan:

1. The OAN should be updated to include a 25% uplift for Market Signals and include an allowance for the growth assumed for Heathrow. The figures below do not include an allowance for meeting unmet need from Spelthorne which is dealt with in response to Matter 1.

<table>
<thead>
<tr>
<th>Market Signals and Affordable Housing Need Adjustment</th>
<th>2016 - 2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-based SNPP ('Starting Point')</td>
<td>415</td>
</tr>
<tr>
<td>Recommended Uplift</td>
<td>25%</td>
</tr>
<tr>
<td>Uplift in Number PER Annum</td>
<td>104</td>
</tr>
<tr>
<td>Allowance for Heathrow Expansion</td>
<td>25</td>
</tr>
<tr>
<td>Housing Need</td>
<td>544</td>
</tr>
</tbody>
</table>

2. The identification of additional sites will be required to meet the shortfall in housing resulting from the above. For the reasons set out in response to Matters 1, 3 and 4 under separate submissions, additional sources should consider the role of sustainable and available sites in Virginia Water and Ottershaw including Stroude Farm and Christmas Tree Farm.
3.0 Main Modification in Response to Matter 2

Appendix A