RUNNYMEDE 2030 LP EXAMINATION

MATTER 2: OBJECTIVE ASSESSMENT NEED FOR HOUSING AND EMPLOYMENT LAND PROVISION (POLICY SD2 AND PARAGRAPHS 5.22 – 5.27)

STATEMENT ON BEHALF OF ST EDWARD
(Representor ID : 1498)
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1. **Introduction**

1.1 This Statement is submitted on behalf of St Edward, and follows representations made on their behalf throughout the emerging Local Plan process.

1.2 St Edward are a joint venture company owned by the Prudential Assurance Company and Berkeley and have an interest in an omission site at North East Ottershaw (referred to as Site 46 in the SLAA). Representations have been made previously setting out the merits of the site, but this Statement focusses only upon the specific questions asked by the Inspector.
2. **Matter 2.1**

*Does the objectively assessed housing needs figure of 7,507 dwellings (2015-2030) (500dpa) form a justified, positively prepared basis for setting the Plan’s housing requirement figure?*

2.1 As set out in the representations and accompanying reports, it is considered that the OAN is not a justified, positively prepared basis for the Plan’s housing requirement figure due to it not having properly considered the demographic components that together provide the household projections, which identify that past need has been suppressed and, consequently, the baseline household projection data underestimates the likely need for households that will arise.

2.2 In addition, whilst the SHMA attempts to address unmet need through a market signal uplift of 20% that recognises housing market pressure, it is considered that this does not go far enough, when considering the affordability ratio rate of 10.9, which essentially means that the average home is 11 times the average wage. Homeownership is far out of reach of local people and, therefore, measures capable of having a true impact on affordability should be introduced as part of this plan period and not the next.

2.3 Should the market signals uplift be changed to reflect 40%, consistent with the affordability uplift in the Standard Method (see previous report and below), the appropriate level of growth should be 581 per annum. This level of homes is considered to be justified and positively prepared.

2.4 Further consideration of more recent demographic data is set out in response to question 2.1 c and in previous submissions.

2.5 In addition to the demographic data, there are further concerns in respect of wider unmet need from neighbouring districts, which is currently unknown. This is further explored in response to question 2.1 b.

2.6 Finally, whilst it is understood that the transitional arrangements mean that Local Plans submitted for examination are to be examined against NPPF2012, the Government’s agenda is clear, the Housing White Paper, multiple PPGs and NPPF2018 have all been published since the NPPF2012 and, in response to this, Runnymede should be seeking to deliver more homes. Opportunities to do so
through the processes of NPPF2012 have been identified within this Hearing Statement, specifically through a further uplift to help address affordability.

2.1 (a) Taken together, are the Runnymede-Spelthorne Strategic Housing Market Assessment (SHMA) 2015 and the 2018 Partial Update an appropriate starting point for setting the housing requirement for Runnymede?

2.7 As addressed below, there is concern that the further update to the SHMA has not been undertaken on the basis of the wider HMA (including Spelthorne) with simply one District within it and, therefore, does not properly consider the pertinent issues relating to housing need, which are often cross boundary.

2.8 Whilst the SHMA contains most of the relevant data required to determine the starting point for determining the appropriate number of homes to meet future needs, there is concern that further depth and analysis behind the data is missing. For example, the circumstances as to why the past trends are why they are (i.e. low levels of growth due to supressed targets) and further relevant context for each of the market signals, should have been fleshed out more fully and compared nationally rather than simply within the local area. It is recommended that the content of the SHMA is further analysed and updated to address the concerns raised and identify the true dwelling requirement appropriate for Runnymede.

2.9 It is suggested that these points are addressed in order to make the housing need evidence sound.

2.1 (b) 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?

2.10 As identified within our earlier representations, there is a danger that if Spelthorne does identify a proportion of housing need that cannot be met, then there is no mechanism for it to be provided for within five years from adoption of
the Plan (on the basis that NPPF2018 requires Development Plans to be updated every five years). Further information and agreement should be sought from Spelthorne on their dwelling requirement (this may be from the Standard Method on the basis that their Plan is unlikely to be submitted prior to the transitional date in January 2019) and whether it can be accommodated within their administrative boundary. This should form part of this examination process to ensure that housing need is met immediately. Only with this information, as part of a Duty to Co-operate/ Statement of Common Ground, can the Runnymede Plan meet the legal tests and policies set out in NPPF2012 (paragraph 181 and 182).

2.11 Having reviewed the Standard Method figure for Spelthorne (based on the 2014 based data in accordance with the Government’s latest consultation – see further commentary below), the LPA will need to provide for 590 dwellings, which is an increase based on the SHMA figure of 552 (although this figure was determined in 2015 and may be somewhat out of date). It is suggested, however, that given other factors, such as consideration of economic growth aspirations are not taken into account as part of the Standard Method, further analysis should be undertaken to ensure sufficient homes are provided to meet the needs of the economy. On the supply side, it is unclear if this amount of homes can be accommodated on an annual basis going into the future.

2.1 (c) 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?

2.12 The supplementary report that accompanied representations to the Submission Draft Local Plan addressed the majority of the statistical issues set out above. These in summary are as follows:

- household projections are based on short term trends over a five year period. There is concern that levels of house building have previously constrained
by a low dwelling requirement and, therefore, the level of need could be higher than that identified in the projections, accordingly, future growth could be constrained. As a result of this, additional attention should be given to the market signals as a result of this factor;

- the process for converting jobs to people, people to households and households to dwellings is unclear and should be set out;

- in terms of the market indicators considered, there is concern that merely comparing the indicators for each authority other authorities in the HMA simply normalises results and masks the fact that the HMA as a whole has, for example, significantly higher values than the rest of England;

- housing delivery has not been meeting needs, despite the SHMA identifying that there has been an overprovision in housing delivery. Previous targets were developed in the late 1990s when housing need was significantly less. Subsequent under provision has led to the affordability problems experienced today. Looking at affordability ratios, the median affordability ratio (between average homes and wages) is 10.9 (i.e. the average homes is 10.9 times the average wage), which compares to 5.78 in 1999. The disparity is significant, and it is great importance that it is addressed. It is, therefore, important that the Local Plan not only attempts to meet arising need but stem further increases in house price growth through the provision of an uplift in the number of homes;

- with regard to the Standard Method, the emerging dwelling requirement is 557 per annum. Whilst the Standard Method is not the relevant process for determine dwelling requirements within this Local Plan, it gives further confidence that a great dwelling requirement should be provided as a minimum to help address the housing crisis.

2.13 In terms of the impact of Brexit, the impact on the economy and household growth as a result of leaving the European Union is unknown and any forecasts would simply be speculation. What is important to note, however, is that ONS has consistently capped international migration at 185,000 per annum, which has meant that the projections underestimated growth from international migrants that was nearly double the amount included. It is anticipated that international
migration will reduce compared to past trends as a consequence of Brexit, however, the figure included by ONS is considered to be reasonable as despite this being higher than the targeted figure, the mechanisms for controlling it are not yet known and may result in additional migration taking place for economic purposes – depending on the needs of the economy.

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

2.14 The 2016 Based Subnational Household Projections were published in September 2018 and identify household growth of 3,528 households over the period of 2016 to 2030, which is 2,029 households less than the 2014 Based Subnational Household Projections. These changes are due to a number of factors, including: the population projections and methodological changes.

2.15 In terms of the population projections, (which are a key input to the household projections), these show a slower growth in population (now 8,900 rather than 11,700 in the 2014 based data), due to a lower rate of natural change as a consequence of lower birth and net migration rates. When comparing past rates of natural change, more recently these figures are showing lower levels of growth, which could be a result of less people of childbearing age residing the District (due to a lack of homes that are affordable) and consequently not providing more births locally. Nationally, there is a trend for a more rapid rise in deaths and a freezing of life expectancy, however, the number of deaths projected in the plan period is less, meaning a greater number of homes in the housing stock are required. For other factors, the 2016 Based SNPP suggests less migration, which has resulted in a lower level of population growth.

2.16 With regard to the methodological changes, part of the lower growth is due to changes in the method for converting population change into estimates of household formation (reducing the historic period of household formation on which the projections are based from five census points to two, which focuses it more acutely on a period of low household formation where the English housing market was not supplying enough additional homes). On the basis that the
economy continues to improve, it is anticipated that there will be greater household formation as previously seen prior to the recession. The potential impact of this is being quantified by ONS who are due to publish variant projections on 8 December 2018. This is likely to show a greater amount of household growth going forward.

2.17 Whilst the Standard Method is not immediately relevant for the consideration of this Local Plan, it is interesting to note that the 2016 Based SNHP do not altogether provide anywhere near 300,000 nationally and is nearer to 215,000. In response to this, the Government has published a consultation paper (‘Technical Consultation on Updates to National Planning Policy and Guidance’), which essentially discredits household projections for the purpose of determining baseline dwelling requirements and advises in the short term to use the 2014 Based SNHP, as these are more consistent with achieving the higher target the Government aspires to.

2.18 In light of these important points, it is also considered that for the purpose of this examination that the 2016 Based SNHP are not used as a proxy for determining dwelling requirements. In terms of providing an explanation as to why local changes to projections are likely to occur, given the very high affordability ratio of 10.9, it may be that young people are unable to form local households in the District due to the disparity between average wages and homes. Such households may, therefore, choose to reside elsewhere resulting in lower net migration and lower births. Clearly, the answer to this predicament is not to deliver less homes, but more.
3. **Matter 2.3**

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

3.1 It is suggested that the dwelling requirement should be increased to 581 dwellings per annum through a greater market signals update to overcome the significant issue of affordability. This is a matter that is more appropriately addressed in the Standard Method, which includes uplifts up to 40% of the baseline figure. Accordingly, similar uplifts resulting in 581 dwellings per annum should be incorporated rather than not fully addressing the problem for another five years. Additional land supply would also need to be identified to ensure the appropriate amount of housing is available and deliverable.

3.2 One other important factor identified above, is the capability or not of Spelthorne to accommodate their need for homes. This should be determined and agreed as a matter of urgency. Should Runnymede need to provide for any unmet need, this should be incorporated as part of this plan period as opposed to any future review, which could be too late to meet the need.

3.3 On the supply side, as previously identified, there are concerns that the housing allocations identified will not deliver at the rate anticipated by the Council and, accordingly, the rates of supply should be amended and additional sites identified to ensure the required need can be delivered.

3.4 As anticipated, NPPF 2018 has formally introduced the Housing Delivery Test in addition to maintaining a Five Year Housing Land Supply, which will review housing delivery against the dwelling requirements on a three year rolling basis. In this context, this test will be rather onerous to meet and will require LPA to have a responsive supply of land that is abundant and flexible to address any delays and/or shortfalls that may arise over the Plan period. Not simply in the context of the number of sites, but with regard to the location and types of sites. As set out in other accompanying Hearing Statements, there is concern that there is insufficient housing land supply as set out in the Local Plan to meet the existing dwelling requirement, which does not take into consideration more stringent requirements for housing delivery. As set out previously, it is considered that additional land should be identified, including land at North East Ottershaw (SLAA Site 46), to provide additional supply and flexibility to achieve annual dwelling requirements (and, therefore, the rolling three year test).
3.5 The land at North East Ottershaw can accommodate in the region of 640 dwellings, in addition to the provision of considerable SANG, playing pitches, a re-sited car park to serve the local centre, and road works to implement the recommended A320 junction 10 improvements. The land is available, under option to a recognised and respected housebuilder, so would be deliverable during the plan period. In addition to the provision of required housing, the site would also enhance infrastructure provision, as referred to above, which will in turn assist the delivery of other allocated housing sites in the area. Representations submitted on behalf of St Edward in response to the Reg 19 Document on SD3 Allocations, explains why the site’s current Green Belt designation is not a reason to resist development, and confirms that the Council have allocated other Green Belt sites for residential development that perform better against Green Belt purposes than SLAA Site 46.