

**MATTER 4: IS THE OAN REASONABLE, HAVING REGARD TO ITS DERIVATION AND OUT-TURN?**

- 4.1 This Matter Statement has been prepared by Tetlow King Planning on behalf of David Sparks of the Minster Veterinary Centre in relation to his land interests to the east of Southwell.
- 4.2 The NPPF emphasises the presumption in favour of sustainable development and need to boost significantly the supply of housing. Paragraph 47 of the NPPF advises local planning authority's to *"ensure that their local plan meets the full objectively assessed needs for market and affordable housing in the housing market area"*.
- 4.3 The PPG advice regarding housing need makes clear that household and population projections are just the starting point for the assessment of housing need, noting in particular that *"they do not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour"*.
- 4.4 On 7 January 2016 the Inspectors decision letter was issued for the appeal against the refusal of permission for 48 dwellings on land at Southwell Road, Farnsfield allowing the appeal.
- 4.5 The Inspectors report sets out at paragraph 7 that it was common ground between the appellant and the Council that the level of housing provision within the adopted Core Strategy was in accordance with that identified in the East Midlands Regional Strategy and specified a requirement for 740 dwellings per annum within the district.
- 4.6 Since the Core Strategy was adopted the Regional Strategy was revoked and it was not in dispute that the housing requirement within the Core Strategy was not derived to meet the full objectively assessed needs for market and affordable housing within the housing market area and as such was not consistent with paragraph 47 of the NPPF.

- 4.7 At paragraph 9 the Inspector stated that whilst the allocations within the Site Allocations DPD provided for a level of housing provision above that stated in the Core Strategy, *“it is not disputed that the figures referred to within the Core Strategy in this respect are minimum numbers”*.
- 4.8 At paragraph 13 the Inspector noted that the SHMA would be tested in due course through the Plan Review process and that the Council considered that the SHMA represented the best evidence presently available in respect of housing need.
- 4.9 The Inspector found at paragraph 14 that the scale of need identified within the SHMA amounted to 454 dpa, which is substantially lower than that previously identified as required within the Core Strategy (740 dpa). Whilst not disputing that the Core Strategy housing figures were out of date, the appellants housing need evidence identified that delivery of between 500-550 dpa would be required to meet need within the district.
- 4.10 Paragraph 15 set out that the evidence provided indicated that the SHMAs assessment of objectively assessed need broadly followed the approach outlined in the PPG. Its starting point for the estimation of overall housing need is the 2012-based Office of National Statistics Sub-National Population projections (SNPP) and the 2012- based Department of Communities and Local Government Household Projections which give an objectively assessed need figure for the district of 399 dpa. The parties did not dispute that it was appropriate to provide an adjustment to these figures to reflect evidence on population and household change.
- 4.11 At paragraph 16 the Inspector stated that an adjustment to take account of longer term migration trends resulted in an identified need for some 499 dpa in the district with the Inspector confirming at paragraph 18 that she found that as a result of the evidence available, a figure of 499 dpa represented an appropriate demographic figure for the district.
- 4.12 At paragraph 24 the Inspector found that taking into account the advice in the PPG and recognising that economic growth projections and the resulting implications for housing need are difficult to quantify, the balance of evidence suggested that some further upwards adjustment to the demographic housing need figures was justified.

- 4.13 Paragraph 25 detailed that in respect of market signals, the advice within the PPG indicates that where such an adjustment is required this should be set at a level that is reasonable. The basis for such an adjustment refers to the balance between the demand for and supply of housing. Planned supply should be increased by an amount that, on reasonable assumptions and consistent with the principles of sustainable development, could be expected to improve affordability.
- 4.14 The Inspector identified at paragraph 27 of her report that *“the SHMA can be interpreted to imply that, in some respects, the affordability situation is more challenging in Newark & Sherwood in comparison to the other two local authority areas within the HMA”*.
- 4.15 Paragraph 28 expanded on this and set out that whilst the Inspector recognised that house prices are affected by macro-economic issues and the housing market in the district does not operate in isolation, this does not justify making only a very limited adjustment to the supply within the district. Critically she noted that if such an approach were followed more widely then broader issues regarding affordability would remain unresolved.
- 4.16 The Inspector found at paragraph 29 that the evidence supported the need for a greater level of upward adjustment than that identified within the SHMA to take account of market signals within the district.
- 4.17 Paragraph 30 set out that the NPPF and PPG identify a requirement for the assessment of need for affordable housing. The SHMA identifies an affordable housing need of 177 dpa but does not specifically seek to add the identified need to the full objectively assessed need figure.
- 4.18 Nonetheless the need for affordable housing was supported by the Newark and Sherwood Housing Market and Needs Assessment 2014 Draft Final Report and the Council’s Affordable Housing Supplementary Planning Document 2013 both of which identify a significant need for affordable housing within the area.

4.19 At paragraph 31 the Inspector found that:

*“There is nothing before me to demonstrate that the identified need for affordable housing is no longer required or could be met fully in other ways. As such, considered overall, it is reasonable to conclude that some form of further upward adjustment would be appropriate in order to contribute towards the need for affordable housing”.*

4.20 The Inspector concluded on this matter at paragraph 32 that the minimum housing need figure resulting from demographic change for the district would be 499 dpa.

4.21 Furthermore, in order to achieve a meaningful level of upward adjustment, which the Inspector considered necessary to reflect likely future economic growth, address issues of affordability and make some contribution towards meeting the identified need for affordable housing within the area, she concluded that on balance the evidence showed that a reasonable assessment of the full objectively assessed need for the district would be in the order of 550 dpa.

4.22 Newark & Sherwood District Council published a Position Statement in July 2016 in response to the Farnsfield appeal decision (**HOU.04**) which sought to refute the appeal Inspectors findings and defend the Council’s position with regard to how it has derived its housing target.

4.23 Following this in September 2017 the Government published its consultation paper ‘planning for the right homes in the right places’ which sought to reform the planning system to increase the supply of new homes and increase local authority capacity to manage growth which included a standardised methodology for calculating local authorities housing need.

4.24 The consultation paper set out the housing need for every local authority using the Government’s proposed standard methodology. It is calculated using affordability ratios for 2016 and average household growth over the period between 2016 and 2026 from the 2014 based household projections.

- 4.25 For Newark & Sherwood District the Government consultation paper calculated an annual assessment of housing need of 510 dwellings per annum.
- 4.26 Both the Farnsfield Inspector and the Governments proposed standard methodology paper found a need for a notably higher level of housing than that proposed through the Plan Review by the district Council.
- 4.27 A detrimental outcome of providing for insufficient housing provision is that it will lead to unsustainable commuting patterns contrary to sustainable development principles promoted by the NPPF. Once commuting practices are established they are hard to challenge. Hence the need increased levels of growth in the most sustainable locations within the district.
- 4.28 By opting for a lower housing figure the Council are not being aspirational and they are not boosting significantly the supply of housing as required by the NPPF. The Plan Review is therefore not positively prepared and nor is it consistent with national policy.
- 4.29 Affordability remains a critical issue in Newark and Sherwood District and by applying a modest housing requirement the Council is not addressing the issues of historic undersupply of affordable housing and nor are they addressing the projected needs.
- 4.30 The PPG makes it clear that there should be an objective and unconstrained assessment of the total housing need and this should include affordable housing. Indeed the High Court judgement in the case between Satnam Millennium Limited and Warrington Borough Council, Justice Stewart found that the assessed need for affordable housing was 477 dpa and that this assessed need was never expressed or included as part of the OAN.
- 4.31 Mr Justice Stewart notes that there is nothing to suggest the proper exercise was undertaken with him defining this exercise as:

*“(a) having identified the OAN for affordable housing, that should then be considered in the context of its likely delivery as a proportion of mixed market/affordable housing*

*development; 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.*

- 4.32 The May 2017 Nottingham Outer Demographic Update Paper (**HOU.05**) concluded that an adjustment of just eight dwellings per annum between 2013 and 2033 was appropriate to improve affordability, equivalent to a total of 160 homes. This tiny upwards adjustment should be viewed in the context of the following market signals.

#### House Price to Income Ratio

- 4.33 The NHF Home Truths 2016/17 East Midlands Report identifies an average house price in Newark and Sherwood of £188,311 whilst average earnings in the district were identified as £24,643. The result being that the ratio of average house prices to average incomes in the district is 7.6.
- 4.34 Based upon the NHF Home Truths data order to obtain an 80% mortgage at 3.5 times income in the district, a salary of at least £43,043 would be required, some £18,400 more than the average salary in the district.
- 4.35 The ONS dataset on the ratio of lower quartile house prices to lower quartile workplace earnings illustrates that in Newark & Sherwood District the lower quartile house price to lower quartile income ratio stands at 6.43, meaning that those on a lower quartile income need to find almost six and a half times their annual income in order to purchase a property in the district.

#### Housing Register

- 4.36 CLG Live Table 600 indicates that there were a total of 3,367 households on the Council's Housing Register at 1 April 2016.

#### Affordable Housing Delivery

- 4.37 Average delivery of just 70 affordable homes per annum over the course of the past decade in the district.

#### SHMA Assessment of Need

- 4.38 The Nottingham Outer SHMA (2015) identifies a need for 177 affordable homes per annum<sup>1</sup> in Newark and Sherwood.

#### Homelessness

- 4.39 CLG Live Table 786 indicates a 39% increase in homelessness in the district between 2015/16 and 2016/17.

#### Private Rental Market and Local Housing Allowance

- 4.40 Figure 4.1 provides a comparison of the LHA available to residents of Newark & Sherwood district with the most recent available ONS private rental market statistical data on rental costs in Newark and Sherwood district.

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<sup>1</sup> When the Liverpool approach to backlog is applied. If however Sedgefield approach to backlog is applied then this figure increases to 305 affordable homes per annum.

Figure 4.1: LHA Rate Per Month Compared with Rental Market Data

	<b>Shared Accommodation</b>	<b>1-bed</b>	<b>2-bed</b>	<b>3-bed</b>	<b>4-bed</b>
Grantham & Newark BRMA	£236.16	£303.12	£396.24	£442.88	£624
Lincoln BRMA	£235.60	£326.32	£400.88	£460.28	£592.04
North Nottingham BRMA	£233.64	£290.88	£371.92	£414.24	£581.72
Nottingham BRMA	£276	£363.60	£433.04	£481.16	£606
District Lower Quartile Rent	£303	£375	£455	£525	£750
District Average Rent	£329	£422	£523	£607	£1,000
<i>Source: ONS Private Rental Market Statistics (October 2016 – September 2017);            Direct.Gov Local Housing Allowance Rates</i>					

- 4.41 The data shows that regardless of which of the four Broad Rental Market Area's which wash over the district applies, the LHA available to residents is insufficient to afford a lower quartile market rental property or an average priced rental property, further emphasising the importance of the cross-subsidised delivery of traditional forms of affordable housing through an uplift in overall delivery resultant from an increased housing target.
- 4.42 The conclusions drawn by the Inspector in the Farnsfield appeal are a key consideration in the Plan Review process as are the Governments emerging position on standardised approach to OAN and as such the Council should be seeking to increase its overall housing target and to allocate additional residential development sites in order to deliver this.
- 4.43 Our clients land is well situated to provide a mixed use employment and residential development scheme in a sustainable location to help deliver the increased level of housing and affordable housing that the Council must plan for.

Prepared by Tetlow King Planning