National Policy and recent Inspector’s Decisions – Reference Sheet

# NPPF Para 14

Local Plans should meet objectively assessed needs, with sufficient flexibility to adapt to rapid change, unless:

* + any adverse impacts of doing so 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.

# NPPF Para 47

Delivering a wide choice of high quality homes

To boost significantly the supply of housing, local planning authorities should:

* + use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this Framework, including identifying key sites which are critical to the delivery of the housing strategy over the plan period;

# NPPF Para 50

To deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities, local planning authorities should:

* + plan for a mix of housing based on current and future demographic trends, market trends 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);
  + identify the size, type, tenure and range of housing that is required in particular locations, reflecting local demand;

# NPPF Para 159

Local planning authorities should have a clear understanding of housing needs in their area. They should:

* + prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The Strategic Housing Market Assessment should identify 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);34 and
  + caters for housing demand and the scale of housing supply necessary to meet this demand;

# NPPF Glossary

Affordable housing: Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.

Social rented housing is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency.

Affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).

Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.

Homes that do not meet the above definition of affordable housing, such as “lowcost market” housing, may not be considered as affordable housing for planning purposes.

# PPG Para 003

Need for housing in the context of the guidance refers to the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period – and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet that demand….

Assessing development needs should be proportionate and does not require local councils to consider purely hypothetical future scenarios, only future scenarios that could be reasonably expected to occur.

# PPG Para 14

Methodology: assessing housing need

Establishing future need for housing is not an exact science. No single approach will provide a definitive answer. Plan makers should avoid expending significant resources on primary research (information that is collected through surveys, focus groups or interviews etc and analysed to produce a new set of findings) as this will in many cases be a disproportionate way of establishing an evidence base. They should instead look to rely predominantly on secondary data (eg Census, national surveys) to inform their assessment which are identified within the guidance.

# PPG Para 15

Household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need.

The household projections are produced by applying projected household representative rates to the population projections published by the Office for National Statistics. Projected household representative rates are based on trends observed in Census and Labour Force Survey data.

The household projections are trend based, ie they provide the household levels and structures that would result if the assumptions based on previous demographic trends in the population and rates of household formation were to be realised in practice. They do not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour.

# PPG Para 19

How should market signals be taken into account?

The housing need number suggested by household projections (the starting point) 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.  Prices or rents rising faster than the national/local average may well indicate particular market undersupply relative to demand. Relevant signals may include the following:

* Land Prices
* House Prices
* Rents
* Affordability
* Rate of Development…
* Overcrowding…
* Affordability Assessing affordability involves comparing house costs against the ability to pay. The ratio between lower quartile house prices and the lower quartile income or earnings can be used to assess the relative affordability of housing. The Department for Communities and Local Government publishes quarterly the ratio of lower quartile house price to lower quartile earnings by local authority district.

# PPG Para 20

How should plan makers respond to market signals?

Appropriate comparisons of indicators should be made. This includes comparison with longer term trends (both in absolute levels and rates of change) in the: housing market area; similar demographic and economic areas; and nationally. A worsening trend in any of these indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections. Volatility in some indicators requires care to be taken: in these cases rolling average comparisons may be helpful to identify persistent changes and trends.

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 (eg the differential between land prices), the larger the improvement in affordability needed and, therefore, the larger the additional supply response should be….

# PPG Para 21

How should the needs for all types of housing be addressed?

Once an overall housing figure has been identified, plan makers will need to break this down by tenure, household type (singles, couples and families) and household size. Plan makers should therefore examine current and future trends of:

* the proportion of the population of different age profile;
* the types of household (eg singles, couples, families by age group, numbers of children and dependents);
* the current housing stock size of dwellings (eg one, two+ bedrooms);
* the tenure composition of housing.

This information should be drawn together to understand how age profile and household mix relate to each other, and how this may change in the future. When considering future need for different types of housing, plan makers will need to consider whether they plan to attract a different age profile eg increasing the number of working age people.

Plan makers should look at the household types, tenure and size in the current stock and in recent supply, and assess whether continuation of these trends would meet future needs.

Identifying the need for certain types of housing and the needs of different groups is discussed below in more detail.

* The private rented sector
* People wishing to build their own homes
* Family housing
* Housing for older people
* Households with specific needs
* Student housing

# PPG Para 22

How should affordable housing need be calculated?

Plan makers working with relevant colleagues within their local authority (eg housing, health and social care departments) will need to estimate the number of households and projected households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market.

This calculation involves adding together the current unmet housing need and the projected future housing need and then subtracting this from the current supply of affordable housing stock.

# PPG Para 29

What is the total need for affordable housing?

The total need for affordable housing should be converted into annual flows by calculating the total net need (subtract total available stock from total gross need) and converting total net need into an annual flow.

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.

# Satnam Millennium Limited and Warrington Borough Council 19/2/15

47. The question is whether there has been compliance with Policy. I find that there has not been compliance. The reasons are as follows:

(i) The assessed need for affordable housing was 477 dpa.

(ii) This assessed need was never expressed or included as part of the OAN.

(iii) Under the “Housing Requirements” section of the Report the Inspector does not deal with affordable housing. Paragraphs 102 – 104 set out above is under a section entitled “Other Housing Needs”. This is in the context of Policy SN2 which relates to the percentage of housing developments that should incorporate affordable housing.

(iv) No is there anything in Mr Bell’s statement which suggests that the proper exercise was undertaken. This exercise is:

* + - 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;
    - the Local Plan should then meet the OAN for affordable housing, subject only to the constraints referred to in NPPF, paragraphs 14 and 47.

# OADBY AND WIGSTON BOROUGH COUNCIL and (1) SECRETARY OF STATE FOR COMMUNITIES AND LOCAL GOVERNMENT (2) BLOOR HOMES LIMITED 3/7/15

34 The Council’s case had within it this conundrum: on the basis of the SHMA, the Council was working to a purportedly policy off housing requirement figure of 80-100 dpa – but the SHMA itself assessed the housing need taking into account economic growth trends at 173 dpa, and the full affordable housing need alone at a net 160 dpa. However:

* + For an authority to decide not to accommodate additional workers drawn to its area by increased employment opportunities is clearly a policy on decision which affects adjacent authorities who would be expected to house those additional commuting workers, unless there was evidence (accepted by the inspector or other planning decision-maker) that in fact the increase in employment in the borough would not increase the overall accommodation needs. In the absence of such evidence, or a development plan or any form of agreement between the authorities to the effect that adjacent authorities agree to increase their housing accommodation accordingly, the decision-maker is entitled to allow for provision to house those additional workers. To decide not to do so on the basis that they will be accommodated in adjacent authorities is a policy on decision.
  + Similarly, the justification provided for keeping the true affordable housing requirements out of the account is inadequate. First, insofar as the Council relied upon adjacent authorities to provide affordable accommodation, that is a policy on decision for the same reasons as set out above. Second, as the SHMA itself properly confirms, the benefit-subsidised private rented sector is not affordable housing, which has a particular definition (paragraph 6.79: and see paragraph 9 above). Indeed, insofar as unmet need could be taken up by the private sector, that is described in the SHMA itself as “a matter for policy intervention and is outside the scope of this report” (paragraph 6.64). It remains policy intervention even if the private sector market would accommodate those who would otherwise require affordable housing, without any positive policy decision by the Council that they should do so: it becomes policy on as soon as the Council takes a course of not providing sufficient affordable housing to satisfy the FOAN for that type of housing and allowing the private sector market to take up the shortfall.
* 49. Third, Mr Leader criticises the Inspector for not determining the FOAN for market and affordable housing. It is true that he said that the 147 dpa figure included a specific figure for affordable housing; but, whatever an appropriate specific figure for affordable housing might be, it would not diminish the 147 dpa figure which the Inspector considered to be the lowest the FOAN could likely be on the evidence before him. The reference he made to the 147 dpa figure “should give an opportunity to make inroads into the [affordable housing requirement]” (paragraph 35 of his decision letter) was simply a reflection of the fact that, whatever the specific figure for affordable housing might be, 147 dpa suggested that up to 30-50 dpa of affordable housing would be included. Hence his reference immediately after the quotation to the fact that the proposed development would include 45 affordable homes.

# BOROUGH COUNCIL OF KINGS LYNN AND WEST NORFOLK v SECRETARY OF STATE FOR COMMUNITIES AND LOCAL GOVERNMENT And ELM PARK HOLDINGS LTD

35. At the second stage described by the second sub-bullet point in paragraph 159, the needs for types and tenures of housing should be addressed. That includes the assessment of the need for affordable housing as well as different forms of housing required to meet the needs of all parts of the community. Again, the PPG provides guidance as to how this stage of the assessment should be conducted, including in some detail how the gross unmet need for affordable housing should be calculated. The Framework makes clear these needs should be addressed in determining the FOAN, but neither the Framework nor the PPG suggest that they have to be met in full when determining that FOAN. This is no doubt because in practice very often the calculation of unmet affordable housing need will produce a figure which the planning authority has little or no prospect of delivering in practice. That is because the vast majority of delivery will occur as a proportion of open-market schemes and is therefore dependent for its delivery upon market housing being developed. It is no doubt for this reason that the PPG observes at paragraph ID 2a-208-20140306 as follows:

* i. "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 total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes."

36. This consideration of an increase to help deliver the required number of affordable homes, rather than an instruction that the requirement be met in total, is consistent with the policy in paragraph 159 of the Framework requiring that the SHMA "addresses" these needs in determining the FOAN. They should have an important influence increasing the derived FOAN since they are significant factors in providing for housing needs within an area.

37. Insofar as Hickinbottom J in the case of Oadby and Wigston Borough Council v Secretary of State [2015] EWHC 1879 might be taken in paragraph 34(ii) of his judgment to be suggesting that in determining the FOAN, the total need for affordable housing must be met in full by its inclusion in the FOAN I would respectfully disagree. Such a suggestion is not warranted by the Framework or the PPG for the reasons which I have just set out. As Hickinbottom J found at paragraph 42 of that judgment, what the Inspector did in that case was to exercise his planning judgment, firstly, to conclude that the FOAN was higher than the council's figure and secondly, (again deploying planning judgment) to arrive pragmatically at a figure for the FOAN in order for it to be used to assess the five-year housing land supply. The council's figure was regarded by the Inspector in that case as being short because it failed to properly take account of factors which should have been included in the FOAN, including considering affordable housing need. Understood in this way, references to "policy on" and "policy off" become a red herring. The appropriate figure was for the Inspector's judgment to determine taking account of all the matters involved in finding the FOAN.

# West Dorset, Weymouth and Portland Councils Paul Crysell - 14.8.15

47. Planning Practice Guidance says that household projections should be adjusted to reflect market signals having regard to factors such as land and house prices, rents, affordability and rates of development. The Councils’ Review shows house prices have increased faster than its comparators since 1996 but that the difference is small. Houses in WD are more expensive than those in either the South West or England but are comparable to those for Dorset generally. The small increase in house prices witnessed in Weymouth and Portland is no worse than those in other parts of the region or England and is generally applicable to the wider Plan area.

62. I do not accept it is feasible or appropriate to support further land releases as a means of increasing affordable housing delivery. It would entail a substantial uplift in housing allocations and put pressure on the housebuilding industry to sustain excessively high building rates which the market may be unable to deliver. A large increase in the amount of market housing would also be likely to reduce the viability of larger schemes and undermine the numbers of affordable units being delivered.

# Stroud District Council Stephen J Pratt - 2.11.15

47. SDC has revised its estimates of affordable housing [REX/B17; PS2/D17], identifying a need for 446 affordable units/year based on the PPG [ID-2a] approach; an earlier approach which suggested adjusted figures of 110 units/year took account of eligibility for affordable housing/housing benefit and the role of the private rented sector, which is not in line with the PPG and is no longer advanced. The unadjusted figure is slightly less than the total annual rate of proposed housing provision, but it is important to note the committed supply of 723 affordable units and the policy requirement for some 30% of all new housing to be affordable. In addition, SDC has other proposals and initiatives to bring forward affordable housing through its own social housing programme, mortgage scheme, small sites review and rural exception sites, set out in the latest Housing Strategy [REX/D07]; Registered Providers and other specific schemes would also contribute to the supply of affordable housing.

48. The need for affordable housing is certainly a policy consideration that could influence housing targets, particularly in view of affordability issues, but it is distinct from the overall objective assessment of housing need, since the methodology and numbers are not compatible. Although a modest increase in the overall housing requirement could be considered, to seek to deliver all the affordable housing needed through the provision of market housing would result in unrealistic and undeliverable rates of housing development. Housing for the elderly has been considered separately, in line with the latest guidance in the PPG [ID-2a-021], resulting in a specific provision for 950 additional Class C2 care home bedspaces (2013-2031) [PS/E09c]. Student accommodation is less relevant in Stroud district, and the SHMAs have fully addressed the mix of housing needed.

55. I therefore consider that a housing requirement figure of 11,400 new homes (2006-2031) represents an objective, realistic and deliverable housing requirement figure, which meets demographic needs, reflects housing market signals, and includes a modest uplift to reflect the need for affordable housing, economic trends, local policy objectives and other relevant factors.

# Torbay Council Keith Holland - 12.10.15

I have considered the question of whether the plan is unsound because it has not taken into account whether the market housing provision should be increased to allow a higher amount of affordable housing to be provided in accordance with paragraph 54 of the NPPF. The updated Exeter and Torbay Housing Market Assessment 2011 identifies a need for 820 dwellings a year in Torbay, 60% of which would need to be affordable dwellings. Increasing the market sector housing to get more affordable housing would be inappropriate in Torbay for several reasons. First, paragraph 54 of the NPPF suggests that the intention is that the policy applies to rural areas and most of the proposed housing in Torbay will be in or immediately adjacent to urban areas. Second, the quantum of development that would be needed to provide for an appropriate level of affordable housing would be wholly unrealistic in an environmentally sensitive area such as Torbay. Third, such a scale of development is not feasible given the demand side of the Torbay housing market.

36. The question of an adjustment for market signals has also been raised. Some argue that affordability of housing in Torbay is significantly worse than the national average and hence there is a need to increase the supply of housing to approaching 950 additional dwellings per year to improve affordability. While this may be theoretically correct it ignores the realities of the limited market for housing in Torbay. In the “boom” years of 2000/1 - 2007/8 average annual housing completions (545) were far lower than the suggested figure while in recent years house builders have informed the Council that on any one large site only about 35 open market dwellings a year are likely to be sold. Even if that sales rate has improved in the recent housing market upturn, it is unrealistic to think that the Torbay market can sustain a build rate of some 950 dwellings a year.