Representations raised on behalf of Chartwell Land and New Homes Ltd
to Matter 2: The Provision of Housing in advance of the Examination
in Public into the Regulation 22 Version of Our Local Plan: 2033
January 2019

September 2019

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MATTER 2: THE PROVISION OF HOUSING

A: Calculation of the Objectively Assessed Need for Housing (OAN)

Issue: Is the Basis for Establishing the OAN for Tandridge Consistent with National Policy and Guidance

2.1 Is the preparation of the SHMA on the basis of a Housing Market Area (HMA) defined for Tandridge District justified? Is the definition of the HMA consistent with Planning Practice Guidance?

Chartwell Land & New Homes Ltd consider paragraph 0.18 Ref ID: 61-018-20190315 of the updated NPPG setting out those considerations which need to be analysed when defining an HMA, has been followed by the Council’s consultants as part of the suite of documents relating to the Authority’s SHMA. They accept that the HMA comprises a functional component which includes the administrative areas of the LB of Croydon, Reigate and Banstead BC and Mid Sussex DC.

2.2 Is the Use of the 2016 base household projections justified in calculating the OAN for the District and is it consistent with Planning Practice Guidance?

My clients agree that the starting point in calculating Tandridge DC’s demographically based OAN is the latest sub-national household projections, published by ONS in September 2018, based on published data up to 2016. Our Local Plan: 2033 is a transitional plan, being examined against the 2012 NPPF with the housing requirement in the Council’s administrative area not derived from the standard method. It is therefore appropriate to use the 2016 based household projections as held by the Inspector in his Report dated 27th March 2019 on the Examination into the Guildford Borough Local Plan: Strategy & Sites.

2.3 Is the 20% Market Signals Adjustment justified?

No. The Market Signals Adjustment figure should be increased to 25% to reflect the fact that Tandridge DC, even in a Surrey context, represents one of the most expensive local authority areas, with affordability being “a significant issue”. The ratio of lower quartile workplace earnings to lower quartile house prices (the lower quartile affordability ratio), has consistently been high and worsened in 2018, being 14.98 compared with the national figure of 7.18, and a figure for the South East of 10.81.

Tandridge DC exhibits a number of similarities with the housing market, local economy and affordability indices in Waverley BC’s administrative area; both involving large numbers commuting to London in highly paid jobs. The percentage change in house prices and lower quartile house prices between 2014-2017; median affordable ratios in 2017, and estimated values of typical residential sites in 2015 are directly comparable. In the case of the Inspector’s Report into the Examination of the Waverley Borough Local
Plan Part 1, a 25% uplift from the starting position in terms of market signals was included within the housing requirement figure.

2.4 Is the approach to defining affordable housing needs justified?
This specific question is considered alongside the response to question 2.20 below

2.5 Are the assumptions made in respect of employment growth realistic?
No, the employment growth assumptions are unrealistic. Tandridge’s resident workforce reveals a wide discrepancy between its workplace employment profile and those jobs provided in the District, given that 70% of the residents are employed outside Tandridge DC’s administrative area. It is recognised that even in the proposed South Godstone Garden Community development, “only a small proportion of residents will both live and work in a settlement of this size.”

Employment policy based on an intensification of existing employment generating sites in the Metropolitan Green Belt will only increase commuting, leading to further demands for housing in Tandridge DC’s administrative area, should the dependency on lower value businesses on which the employment profile is based, be replaced in the future with Class B1(a) and (b) developments as envisaged by all three employment scenarios. This is unsound, resulting in the displacement of lower value businesses. The office market is concentrated in Oxted, Caterham and Whyteleafe, which has witnessed changes of use to Class C3 purposes, relying on permitted development rights.

A niche market catering for Class B1 (b) uses of the high tech form on the southern fringes of the District closest to Crawley/London Gatwick Airport catering for micro businesses, has been successful due to the lack of equivalent floorspace in similar surroundings in those major centres forming part of the Gatwick Diamond.

2.6 Are there other relevant factors to be taken into account in calculating the OAN?
Yes. The ONS 2016 household projections are based on data points in 2001 and 2011, which are rooted in a time of acknowledged deterioration in housing affordability (although that has worsened over the last 8 years). This in turn is likely to have a potential impact on household formation rates among younger people, and in particular whether people can afford to buy or rent a home, or whether an affordable home is available. Affordability is the central issue influenced by the availability and growth of the housing stock, and it is contended that adjustments should be made to household formation rates in the 25-44 age group.

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1 Para 0.16 of the Tandridge Strategic Economic Assessment prepared by Strategic Planning Research Unit November 2018.
which although not addressing all affordability considerations, is still important to those cohorts most affected by housing affordability issues.

Figure 1: Adopted London Plan Target vs draft Target and Historic Delivery rates on Small Sites

Source: GLA SHLAA 2017 (NLP/HOU/002) and Table 4.2 of draft London Plan

Figure 1 above taken from the representations made by the South London Partner Boroughs to the Draft London Plan 2018, illustrates how serious the housing problem is in London, and why it is essential now to take this factor into account in the housing provision of all Local Plans being produced by authorities bordering Greater London. Reading from left to right, the dark blue column indicates the Greater London Plan target; the mid blue column indicates the average borough delivery 2006-07 to 2016-17; with the remaining light blue columns representing small sites target, with the largest column being the Draft London Plan total Borough target.

Ever since the Mayor’s publication of the London Plan 2015 including the Further Alterations, the issue of unmet housing need arising from the capital has consistently been raised in the context of the wider south east. The current iteration of the London Plan fails to identify a specific unmet housing need strategy, at the same time proposing a significant increase in the overall housing target for London compared to all previous London Plans, with over-dependency on small sites. It should not be left to the latest London Plan failing to deliver on its housing targets, before the Mayor, Government and the wider south east authorities begin to seriously explore wider strategic options for future housing.
B. The Housing Requirement

Issue: Is the Plan positively prepared and justified given that the Plan provides for 6,056 homes in the Plan period, against the OAN of 9,400 as set out in the Publication Plan and the OAN of 7,960 set out in the document Updating the Objectively Assessed Housing Needs of Tandridge (HNS5)?

2.7 Is the Plan justified in not meeting the OAN for Tandridge and is it consistent with paragraph 14 of the Framework?

The Plan is not justified in failing to meet the full OAN for Tandridge. Paragraph 47 of the Framework identifies the need to “boost significantly the supply of housing” with paragraph 14 requiring that “Local Plans should meet objectively assessed needs with sufficient flexibility to adapt to rapid change.” The Publication Plan meets 76% of the Council’s revised OAN figure, or 303dpa over the 20 year duration of the Local Plan. This is occurring at a time when the LHN figure based on the standard methodology, using 2016 or 2014 sub-national household projections, has been calculated by the Council’s consultants to result in 465 or 649dpa over the period 2018-28, or a delivery target of 12,900 dpa over a 20 year period. The same figures should be assessed in the light of the Government’s objective to build 225,000-275,000 homes per annum in accordance with “Fixing Our Broken Housing Market” document, to keep up with population growth and tackle under-supply.

2.8 Have all realistic options for meeting the OAN within Tandridge in full been exhausted?

No. The proper course, given the shortfall of 1,904 dwellings between the total delivery target in Policy TLP01 and the revised OAN figure of 7,960 homes, should be to identify safeguarded land. In the case of the LPA, safeguarded land is required in order to strike the balance between preservation of the Green Belt and the need to comply as closely as possible with the Council’s OAN housing figure, when adjoining Authorities both in the past and at present are unable to meet any of Tandridge DC’s unmet housing needs. Any safeguarded land should be genuinely available and capable of development when needed. The “where necessary” test reflected in the third bullet point of paragraph 85 of the NPPF 2012 has particular resonance when seen in combination with the requirement in the first bullet point of paragraph 47 of the original Framework “to ensure that their Local Plan meets the full objectively assessed needs for market and affordable housing in the housing market area.”

The Sustainability Appraisal has not considered the requirement to meet the revised OAN figure, nor has it considered the use of safeguarded land to assist in this process.

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2 Prowting Projects Ltd v Wychavon DC and Secretary of State for the Environment Transport and The Regions (CO 798/98)
2.9 What are the consequences of not meeting the OAN within the HMA for delivering a wide choice of high-quality homes, widening opportunities for home ownership and creating sustainable inclusive and mixed communities which meet the needs of different groups within the community?

The consequences would be that the Local Plan would not adequately address housing affordability, or the availability of affordable homes. There would, in all probability, be an increase in the rate of commuting, resulting in an inconsistency with the assessed housing needs of other authorities in the HMA who enjoy the benefit of NPPF compliant plans.

The consequence of not meeting the OAN revised figure cannot be divorced from the time frame introducing Our Local Plan 2033. In this regard, the District Council should not be excused from meeting its OAN figure on the basis that surrounding authorities have NPPF compliant Local Plans. This would lead to a self-perpetuating cycle of failing to meet the housing needs within the HMA of which Tandridge DC forms a part, particularly as adjoining authorities have not met their own housing needs.

2.10 Would and/or where would any unmet need arising in the Tandridge HMA during the Plan period be met?

The Housing Topic Paper January 2019 states at paragraph 3.96 “Until such time as Reigate and Banstead review their Core Strategy there is an identified unmet need within the Borough and within Tandridge District. Both authorities will, under the Duty to Cooperate, consider this unmet need.” That is no guarantee that Tandridge’s unmet housing need can or will be met either now or in the future, given the results of past discussions between the two authorities on the Duty to Cooperate.

The LB of Croydon in their consultation on the London Plan 2018 state that elements of Policy H1 (of the London Plan) which seek to substantially increase housing is not objectionable in principle, but there are strong concerns about its deliverability in 2019 and beyond. The adjoining authority states in the same representation “the Council believes it is crucial to work with our neighbouring Councils and Districts, particularly when so many of our residents travel between London and its neighbours every day for work, leisure and social reasons”. However, there is no commitment to cater for Tandridge’s unmet housing needs in the adjoining London Borough.

C. The Overall Supply of Housing

Issue: Is the proposed supply of housing for the Plan period realistic?

2.11 Does the housing trajectory set out in the Housing Topic Paper (HNS2) plan provide a sound basis for meeting the identified housing need?

2.12 Is the housing trajectory realistic and deliverable and are there any threats to delivery?

No. The housing trajectory does not represent a sound basis for meeting the identified housing need, nor is realistic and there are threats to delivery. The housing trajectory set out at Appendix 4 of The Housing
Topic Paper January 2019 based on an accelerated delivery of the South Godstone Garden Community, does not coincide with the total delivery target in Policy TLP01, being 614 houses greater.

In the 7 year period extending from 2026/27 to the end of the Plan period 2032/33, only 282 dwellings from a total anticipated supply of 2025 in Appendix 3 (i.e. 14%), or a total anticipated supply of 2515 in Appendix 4 (11%) arise from Tier 1 & 2 settlements.

2.13 Is the contribution towards housing supply of housing from windfall, town centre initiatives and the predicted supply of 20 vacant dwellings per annum being brought back into use realistic and justified?

Reliance on a constant number of windfall sites, and from vacant dwellings, particularly during the 15 year period extending from 2018/19 to 2032/33 is unrealistic and unjustified. The dependency on these two categories of housing has to be seen in the context of paragraphs 226 and 240 of the Housing Topic Paper January 2019. It is stated that the housing land supply in traditional areas “was now severely limited and would not in itself be able to support a viable Local Plan housing target” whilst in the case of vacant dwellings it is said “due to constantly changing nature and number of these properties it is difficult to predict the net gain in the number of properties brought back into use over an extended period.” My client’s view is that the housing trajectory in respect of these two categories of housing is unsoundly based and there are clear threats to delivery.

2.14 Is it justified that HSG20; North Tandridge: One Public Estate (NTOP) Caterham is included in the housing trajectory?

No. Policy HSG20 represents an initiative in its early stages3, catering for 82 dwellings. The intention is to maximise the use of existing buildings owned by the public sector in order to deliver both housing and community services, but as yet there is no firm commitment. No financial resources have been provided from the One Public Estate and Land Release Fund to any scheme in Tandridge DC’s administrative area. It does not represent a housing allocation in the Submission Version of the Caterham, Chaldon & Whyteleafe Neighbourhood Plan February 2019 where it is said “the full detail of where the allocations will take place is unclear, however it is anticipated that many of the locations fall within the neighbourhood area.”

2.15 In broad terms, is the housing development proposed in the Plan and set out in the trajectory based on a sound understanding and robust evidence of viability?

Yes. My clients have carried out their own initial viability assessment check to that produced by BNP Paribas Real Estate in June 2018 where it relates to the allocated site the subject of Policy HSG19. It is considered that the development costs and benchmark land values are broadly acceptable, and taking into consideration abnormal costs and transport infrastructure, the scheme is viable.

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3 Paragraph 275 of the Housing Topic Paper January 2019 refers
2.16 Given that the proposed South Godstone Garden Community is intended to deliver around 1,400 new homes in the Plan period and the details of the development would be considered by an Area Action Plan (AAP), would it be effective to include within the Plan a Policy which commits the Council to a review of the Plan if the AAP is not adopted by a specified date in order to sustain the supply of housing?

There is a considerable dependency on the South Godstone Garden Community development to ensure that the housing requirement figure is met. Whether reliance is placed on the trajectory in Appendix 3 or Appendix 4 of the Housing Topic Paper January 2019, this project caters for either 23% or 29% of the entire housing allocations over a 20 year period, rising to either 69% or 75% of the entire housing trajectory in the last 7 years of the Plan. It is therefore important that appropriate mechanisms are in place to either review the Local Plan should the AAP not be adopted by a specific date, or a commitment to bring forward safeguarded land to be allocated as part of the emerging Local Plan. Any alteration in this respect will require further work on the Sustainability Appraisal.

D. Five Year Housing Land Supply

Issue: Would the Plan secure a 5 year supply of deliverable housing sites on adoption?

2.17 Will the Plan provide for a five year supply of deliverable housing sites on adoption?

2.18 In the context of paragraph 47 of the Framework, is it justified to apply a buffer of 5% within the calculation of the five year supply?

2.19 What are the implications of the Housing Delivery Test for the 5 year supply of housing after the Plan is adopted, having regard to the application of the appropriate buffer as set out in paragraph 73 of the Revised updated National Planning Policy Framework 2019?

A preliminary assessment, assuming the start of the 5 year supply period commences in 2020/21, with all completions and permissions being constructed before that time, reveals that whether a 5% or 20% buffer is applied to the requirement figure, a shortfall in the 5 year supply of deliverable housing sites would occur between 2020/21 and 2024/25. The shortfall in terms of the 5 year supply would be between 3.75 and 4.29 years, applying a 5% or 20% buffer. The exercise assumes that all the sites in Tier 1 & Tier 2 settlements, windfall sites, town centre initiatives and other supply as taken from Appendix 3 come forward for development.

It is not justified to apply a 5% buffer, as over the 12 year period between 2006/07 and 2017/18, the latest Annual Monitoring Report reveals a total net completion rate per year in 9 of the 12 years being below 303dpa, recording a persistent under-delivery of housing.
A subsequent planning application, applying the standard method and noting that Tandridge DC fell below the 85% delivery against assessed need\textsuperscript{4}, means that in accordance with paragraph 73c) of the Revised NPPF 2019, a 20% buffer should be applied. No progress appears to have been made in producing the Area Action Plan required within 6 months of the publication of the housing delivery test measurement.

E. TLP:12 Affordable Housing Requirement

\textit{Issue: Is the OAN for affordable housing justified and in line with national policy and guidance?}

2.20 Does the SHMA’s approach to calculating affordable housing, comply with the stages set out in the Planning Practice Guidance?

2.21 Policy TLP12 sets affordable housing requirements of developments within the Tiers 1 & 2 of the settlement hierarchy, in respect of sites released from the Green Belt and elsewhere. Would the policy be effective in ensuring the OAN for affordable housing is met?

2.22 Are the proposed modifications to Policy TLP12 necessary for soundness?

No. The definition of affordable housing has changed since the Affordable Housing Needs Assessment Updated Technical Paper was published by the Council’s consultants, with specific emphasis placed on affordable home ownership. This has been carried through into the Revised NPPF 2019. An update to the NPPG has also occurred to reflect this change, with current unmet gross need for affordable housing required to take into account, amongst other categories, the numbers of households from other tenures in need, and those that cannot afford their own homes, either to rent, or to own, where that is their aspiration. It means that households assumed to be unable to afford housing include i) all households currently homeless; ii) all those currently housed in temporary accommodation; and iii) people in a reasonable preference category on the housing register where their needs have not already been counted. It also requires consideration to be given to concealed families.

The threshold for affordable housing requirement over the four location/settlement types is flawed. The Written Ministerial Statement of 28 November 2014\textsuperscript{5} states that affordable housing and tariff style contributions place a disproportionate burden on small scale developers contemplating building on sites of 10 dwellings or less. It is the Government’s aim to support small and medium sized housebuilders who are most affected by issues of viability, availability of finance, and rises in building costs. These factors adversely affect the deliverability of small housing sites.

\textsuperscript{4} Tandridge DC only met 62.5% of the homes required over the past 3 years.

\textsuperscript{5} This decision was challenged by Reading BC and West Berkshire DC in the High Court only to proceed to the Court of Appeal where the Secretary of State’s appeal was allowed Secretary of State for Communities and Local Government v West Berkshire DC and Reading BC (2016) EWCA Civ 441.
It follows that an affordable housing requirement of 40% on 5 dwellings and over, will not result in windfall sites coming forward for development in the way they have in the past., but on the contrary fuel uncertainty. In a situation where 94% of the Council’s administrative area is in the Metropolitan Green Belt, unacceptably high affordable housing thresholds for certain categories will constrain total housing supply, particularly in semi-rural service settlements and in locations outside semi-rural settlements and urban settlements, where 5 dwellinghouses or more are contemplated. It follows that the closer the total delivery target figure is to the OAN, the more affordable housing will be delivered.

If the affordable housing thresholds are retained, it is contended they would not be necessary for soundness.

F. Provision For Gypsies, Travellers And Travelling Showpeople

Issue: Is the Plan positively prepared and would it be affected in addressing the likely accommodation needs of gypsies, travellers and travelling showpeople.

No comment.