



To: **Chichester District Council**
From: **Nick Ireland, Iceni Projects**
Date: **07 February 2019**
Title: **Chichester Local Plan Review – Housing Need**

a. Introduction

1. The Chichester Local Plan is intended to be examined in the context of the 2018 NPPF. Para 11 in the Framework states that plans should positively seek opportunities to meet the development needs of an area; and that strategic policies in plans should, as a minimum, provide for objectively assessed needs for housing, as well as any needs that cannot be met within neighbouring areas where this can be achieved consistent with the application of policies in the Framework that protect areas or assets of particular importance; and it is sustainable to do so assessed against the policies in the Framework as a whole. The NPPF places particular emphasis on meeting housing.

b. Chichester's Housing Need

2. The Plan's primary evidence on housing needs is set out in the Housing and Economic Development Needs Assessment (HEDNA), prepared by GL Hearn and dated Jan 2018. Iceni notes that this document was prepared in advance of the publication of the 2018 NPPF and associated revisions to Planning Practice Guidance (PPG).
3. The HEDNA assessed housing needs using the 'standard method' which was set out at that point in the Government's consultation document on *Planning for the Right Homes in the Right Places*. This followed the stepped approach, firstly taking 2014-based Household Projections for the 2006-26 period (517 pa); secondly applying an affordability adjustment of 51% based on a median house-price to income ratio of 12.22 for the District in 2016 (giving a Step 2 figure of 775 homes pa); and then thirdly applying a cap of 40% to the adopted housing requirement¹ for the plan area of 435 dpa.
4. Iceni has reviewed the calculation of housing need and identified the calculation of the local housing need is not consistent with the NPPF and PPG, or needs to be updated, in the following respects:
 - a. It does not use the correct time period for the calculation of household growth;
 - b. It does not use latest data on affordability ratios;
 - c. It incorrectly applies a cap which relates to a requirement figure for the plan area only; and
 - d. It fails to recognise the true scale of housing need.

¹ Chichester Local Plan: Key Policies 2014-29, adopted July 2015

- We consider and address each of these issues below.

Step 1: Household Growth

- The PPG² sets out that the standard method can be relied upon for two years from the point at which the plan is submitted. By implication the Plan should be based on the most up-to-date information at the point of submission. Iceni has considered the local housing need on this basis.
- The Local Plan Review is due to be submitted in late 2019. The PPG sets out that taking the most recent projections, calculate the projected average annual household growth over a 10 year period (this should be 10 consecutive years, with the current year being the first year). Iceni consider it is therefore appropriate to take average annual household growth over the 2019-29 period in Step 1.
- Given the Government's recent consultation on *Changes to planning practice guidance including the standard method*³ it is appropriate to calculate household growth using 2014-based Household Projections, as the HEDNA has. However, it is more appropriate to use figure for the slightly different timeframe. This gives projected net growth of 533 households per year.

Table 1.1 Projected Household Growth (Step 1)

Step		Chichester District
1	Setting the Baseline:	
	Household Growth pa over next 10 years	533

Step 2: Affordability Ratio

- By the time of submission of the Plan, the latest affordability data available will be for 2018. At the current point the latest available data however relates to 2017.
- Applying the 2017 median workplace-based affordability ratio to the projected household growth from Step 1, results in a need for 849 homes per annum, as calculated below.

Table 1.2 Scale of Local Housing Need

Step		Chichester District
1	Setting the Baseline:	
	Household Growth pa over next 10 years	533
2	Affordability Adjustment:	
	Median workplace-based affordability ratio, 2017	13.49
	Adjustment factor	59%
	Step 2 housing need figure	849

² ID: 2a-016-20180913

³ <https://www.gov.uk/government/consultations/changes-to-planning-policy-and-guidance-including-the-standard-method-for-assessing-local-housing-need>

Step 3: The Calculation of the Cap

11. The application of a cap is Step 3 in the calculation of local housing need using the standard method set out in the PPG. **Iceni consider that the cap has been incorrectly applied in the HEDNA calculations.**
12. The HEDNA calculations sought to calculate the local housing need for Chichester District as a whole. It took household projections (Step 1) for the district as a whole, and applied a district-wide affordability ratio to this. However, when it came to the third stage, the application of a cap, a different approach was applied – applying the cap to a requirement figure for the (smaller) plan area. The effect of this has been to suppress the minimum local housing need.
13. As explained in HEDNA Para 2.36 “*it should be noted that the [Local Plan] adopted figure reflects the Plan Area i.e. excluding the parts of the district which fall within the National Park. It is therefore not a like for like comparison with the household projections.*” The HEDNA thus recognised the issue, but it did not address it.
14. The appropriate approach to calculating the minimum local housing need using the standard method for the District would have been to adopt a requirement figure which included housing provision for both the plan area and that part of the District which fell within the National Park as a suitable representation of existing planned provision.
15. The Council’s Matter 5 Examination Statement for the 2014-29 Local Plan⁴ (dated Sept 2014) stated (Para 4.2) that “*the Council has had regular meetings with the South Downs National Park Authority to discuss the extent to which development needs can be met in the SDNP. **Housing delivery over the past decade has averaged around 70 dwellings per annum (dpa) in the part of Chichester District within the National Park. At a meeting on 5 February 2013 the SDNPA considered the assumption of housing delivery at 70 dpa within the National Park to be a reasonable estimate**” (our emphasis). There was a caveat however included that the National Park Authority was at an early stage in the preparation of its Local Plan. Nonetheless, the evidence provided to the 2014-29 Local Plan Inspector was that it could be reliably assumed that 70 dpa would be delivered in the National Park. Iceni consider that it would therefore be fair to treat the existing planned provision at a District level as 505 dpa, based on the evidence provided by the Council.*
16. If a 40% cap is applied to this figure of 505 dpa as planned provision in the District (based on the evidence provided at the 2014/15 EiP), the minimum local housing need figure would have been higher at 707 dpa (leaving other factors the same).
17. Iceni note that the South Downs National Park Authority’s (SDNPA) Local Plan has advanced in the intervening period since Autumn 2014 and is currently at Examination. This Plan is likely to be adopted in advance of the submission of Chichester’s Local Plan Review. A Statement of Common Ground agreed between the SDNPA and CDC and dated 5th April 2018 confirms that the SDNPA’s Local Plan effectively plans for a housing requirement figure of at least 70 dpa for that part of the Park which falls within Chichester District. On this basis, **it is reasonable to assume that at the point of submission of Chichester’s Local Plan Review, the two plans covering the District will plan for 505 dpa; and this will provide a suitable basis for calculating the cap in determining the minimum local housing need.**
18. Applying the 40% cap to this higher 505 dpa figure, would result in a minimum local housing need figure of 707 dpa (see Table 1.3).

⁴ <http://www.chichester.gov.uk/CHttpHandler.ashx?id=22478&p=0>

Table 1.3 Capped Minimum Local Housing Need in Chichester District

		Chichester District
	Step 2 housing need figure	840
3	Cap:	
	Housing requirement in existing plans	505
	Cap @ 40% above existing plans	707
4	Local Housing Need:	707

19. Based on the household growth for the relevant period, and the correct application of a cap, **the evidence would thus point to a minimum local housing need for 13,430 dwellings over the plan period for Chichester District. This is 1,860 dwellings (98 pa) higher than that suggested by the HEDNA.**
20. This is a figure for the District as a whole. To calculate a figure for the South Downs National Park Authority, it is necessary to subtract the level of housing provision which is being planned for in the National Park. The Park Authority has historically delivered 70 dpa as set out in the Council's Matters Statement to the 2014-29 Plan EiP. It is continuing to plan for this level of provision in the part of the Park within Chichester District as agreed in the April 2018 SOCG between CDC and the SDNPA.⁵ This would equate to 1,330 dwellings (70 x 19) over the 19 year Chichester Local Plan Review plan period. **On this basis the correct minimum local housing need figure for the Plan area is for 12,100 dwellings.**

Should the Cap be applied?

21. Icenl note that whilst the third stage in the standard method applies a cap in calculating the minimum local housing need, the PPG states that:

"The standard method may identify a minimum local housing need figure that is significantly higher than the number of homes currently being planned for. The cap is applied to help ensure that the minimum local housing need figure calculated using the standard method is as deliverable as possible.

The cap reduces the minimum number generated by the standard method, but does not reduce housing need itself. Therefore strategic policies adopted with a cap applied may require an early review and updating to ensure that any housing need above the capped level is planned for as soon as is reasonably possible."⁶

22. What this means is that **the Step 2 figure shows actual level of housing need, which for Chichester District is therefore 849 dpa. Over the 19-year plan period this equates to 16,130 dwellings. This is the true scale of housing need across the District.**
23. A reasonable assumption on the supply within the South Downs National Park is 1,300 dwellings (70 dpa), as described above. The need for the Plan area would therefore be 14,800 dwellings. This is 2,450 homes higher than in the Preferred Approach consultation draft.
24. **Icenl consider that the Council should test the ability to meet at least this 14,800 within the Plan Area.** This is the only level of housing provision which would meet the District's housing needs in full. We consider that a lower level of housing provision that this could only be justified

⁵ <https://www.southdowns.gov.uk/wp-content/uploads/2018/04/SCG05-Chichester.pdf>

⁶ ID: 2a-007-20180913

if the Council could convincingly demonstrate that this level of housing provision could not be either a) sustainably accommodated; or b) considered deliverable.

25. In justifying a lower 'capped' figure, consideration needs to be given to the basis on which the cap has been applied. Whilst clearly national policy recognises that development may be restricted within the South Down National Park, consideration needs to be given as to the basis of the 'constrained' housing requirement figure in the extant 2014-29 Local Plan for the Plan Area. It is clear from a review of the Inspector's Report that the level of housing provision was constrained by a number of factors, but in particular:
- Technical issues related to the limitations of the Transport Study which did not consider provision of above 415 dpa;
 - Capacity of Waste Water Treatment Works (WWTW) on restricting the level of development which could be accommodation in the early part of the plan period.
26. The implications of this, for the purposes of the Local Plan Review, is that these are not necessarily strategic constraints which would continue to restrict the level of development which could be delivered in the District, and therefore the appropriateness of applying the cap (as it relates to the 2014-29 Local Plan) in calculating housing need.
27. The further potential issue is one of deliverability. Icenis has sought to consider this in respect of the capacity of the market to support the uncapped level of local housing need. 14,800 dwellings across the Plan Area would equate to a growth rate in the housing stock of 1.6% pa.

Table 1.4 Growth Rate in Housing Stock in Plan Area implied by 14,800 Requirement

	Plan Area
Estimated dwellings, 2016	42,850
Growth 2016-35	14800
Estimated dwellings, 2035	57,650
CAGR	1.6%

28. This level of growth in the housing stock is one which has been achieved historically in a range of areas within the Greater South East, and is consistent with a level of growth being planned for by a range of authorities in the region. Given Chichester's market characteristics, this is a level of housing provision which the evidence indicates that the market would support. This confirms that **there are not 'deliverability' issues which would justify the application of the cap.**

Unmet Housing Needs

29. The consultation draft Local Plan sets out that issues relating to unmet housing needs within West Sussex and Brighton and Hove are being considered through the forum of the West Sussex and Greater Brighton Strategic Planning Board in the development of the 3rd Local Strategic Statement (LSS3).
30. There are clearly strategic constraints to development affecting a number of planning authorities within this geography, and it is important that these are considered and the unmet need is addressed through the Duty to Cooperate. The following authorities within the Board geography have been/ are unlikely to be able to meet their housing needs in full given the geography of the area:
- Adur
 - Brighton and Hove

- Crawley
 - Worthing
31. This is very clear from a range of existing evidence base studies, and is well known and recognised by authorities within the area. **It is inappropriate that this unmet need has effectively not been considered in the assessment of options through the Sustainability Appraisal accompanying the R18 Plan, and a plan progressed on this basis would not be sound.**
 32. Furthermore there are clear inter-relationships between the Plan area and the Portsmouth Housing Market Area, and no consideration of the clear unmet need which exists in this area appears to have occurred in the preparation of the plan to date. A failure to do so moving forwards could result in a Duty-to-Cooperate failure.
 33. The *Defining the HMA and FEMA Study* (GL Hearn, 2016) shows a clear inter-relationship between Chichester and authorities in South Hampshire. This was borne out through:
 34. Previous Studies: including a national (CURDS) study prepared for Government to define housing market geographies across England has identified the southern part of the Plan Area as falling within a Portsmouth Strategic Housing Market Area (Figure 3). It identified that the 2009 GVA Grimley SHMA identified the southern part of the Plan area as falling within an area of overlap between Sussex Coast and Portsmouth HMAs.
 35. House Prices: Figure 10 showed some consistency in house prices between Havant/ Portsmouth and the southern part of Chichester District;
 36. Migration: Table 2 showed 'statistically significant' migration flows between Chichester District and East Hampshire, Havant and Portsmouth. Strong flows with Havant and East Hampshire were also shown in Table 4.
 37. The evidence of migration evidence is particularly relevant and suggests that should land supply be constrained in Portsmouth, Havant or East Hampshire; it could reasonably be expected to lead to increased out-migration a proportion of which might go to Chichester. Chichester and other settlements in the south of the district have existing public transport links to South Hampshire, including a rail line with a regular train service.
 38. There is known and clear unmet housing need from the Portsmouth HMA including Portsmouth City. The 2016 PUSH Spatial Position Statement⁷ can be used to quantify the unmet need against the 2016 OAN Update. Given the work undertaken by PUSH, there is little capacity to meet this need in the Southampton HMA; and given the functional relationship between the southern part of Chichester District and the Portsmouth HMA, there is a clear rationale for testing the potential to contributing to meeting the outstanding unmet from this area through the Chichester Local Plan Review.

Unmet Need in Portsmouth HMA based on PUSH Spatial Position Statement

	Portsmouth City	Portsmouth HMA
OAN, 2011-34	17,020	45,540
Supply, 2011-34	14,560	41,360
Unmet Need, 2011-34	2,460	4,180

⁷ <https://www.push.gov.uk/wp-content/uploads/2018/05/PUSH-Spatial-Position-Statement-2016.pdf>

39. The housing need figures used in the PUSH Spatial Position Statement may well under-estimate the level of housing need; which would now need to be based on the Standard Method.
40. Havant Local Plan consulted on a Draft Local Plan in Spring 2018. This proposed essentially to meet the Borough's own housing need based on the standard method. It proposes to make no contribution to other areas' unmet needs.
41. Alongside the consideration of unmet needs from other parts of Sussex, **Chichester's Local Plan Review must consider the level of unmet need which exists in the Portsmouth Housing Market Area and consider and test options which include an appropriate contribution to this in the development of the Plan. The Plan would be unsound if this does not occur.**