

BCC Response Statement

INSPECTOR'S NOTE – HOUSING MATTERS & PROPOSED CONSULTATION ON CHANGES

The Inspector's comments are set out in the numbered paragraphs and the Council's response is in bold text below.

Housing matters

2. My current thinking and comments below are based on responding to the Council's desired approach, informed by the criticisms made in the recent statements from participants. The Council's October Position Paper has not encompassed all the matters that I requested in my Follow Up Note of 8 September 2010. Whilst I can understand the arguments in relation to land supply, I do not consider that there are clear and convincing conclusions on matters relating to household projections and likely overall demand; the balance between homes and jobs; or how all these matters affect the City's relationship to the sub-region. I accept that these topics are difficult and I am not seeking undue precision. But a more explicit grappling with all the evidence is required and a clearer acknowledgment in the Core Strategy of the potential or likely consequences of the choices that the Council is making. I highlight some specific points below.

The Council has responded to the points raised by making various amendments to the Housing Position paper. The Inspector's specific comments and questions are addressed below in this note, with cross references to the various additional sections in the position paper.

3. I note the Council's concerns with the use of the most recent household projections which are expressed in proposed change S4.5.1. new paragraph 4.5.2E. But the Council still comes to no conclusion as to what housing demands are likely to be over the plan period. Previous projections which informed various stages of the emerging RSS and also the Core Strategy are ignored. The submitted Core Strategy proposed 30,000 new homes responding to the recommendations of the EPI Panel, which in turn had taken into account the 2003 based household projections. The Secretary of State drew on the 2004 projections in justifying the proposed changes to the emerging RSS. There is no evidence to suggest that likely needs and demands will be less than assessed then. The proposed 26,400 thus results in a shortfall even on the basis of what the Council had previously envisaged as appropriate. Why does the Council consider that this is justified and that the consequences are acceptable?

The Council did not intend to give the impression that earlier projections were ignored. However, PPS paragraph 33 (the role of which was considered at the hearings on 7 September) refers to taking into account *'the Government's latest published household*

projections...' No reference is made to the role of earlier projections and so the position paper has focussed attention on the Council's approach to the latest projections. Some references to earlier projections are made. Further commentary on these matters has been added to the Position Paper. See paragraphs 3.16 to 3.24. The paper has been updated to refer to the 2008-based projections published December 2010.

The Council envisages that 30,600 new homes will be built up to 2026. Its conclusions on potential levels of economic growth, the appropriateness of using projections and the overall level of homes needed to balance homes with new jobs are set out in the suggested revisions to policy and the revised housing position paper.

4. Neither the Position Paper nor the suggested new text for the Plan address the first overarching issue listed after paragraph 2.28 of the Core Strategy *having enough homes to meet current and projected population need*. The Council is suggesting a change to the housing objective so it says: housing to *help* meet local needs i.e. accepting that there is a shortfall, but this is a fairly subtle acknowledgement of a gap between needs and provision.

PPS3 defines need in Annex B as the quantity of housing required for households who are unable to access suitable housing without financial assistance. The suggested change to the housing objective acknowledges the fact the SHMA identifies a higher level of housing need (as defined) than can practicably be met. The consequences of this are addressed in the Position Paper.

There is no specific definition of population need. The Council shows in the Revised Position Paper that a level of 29,000 homes is likely to result in a balance with future growth in jobs. More information on the economic influences on the appropriate level of housing is contained within paragraphs 3.25 to 3.32 of the revised position paper.

5. The Council sees the constraints on land supply as the most critical factor and clearly land supply is an important consideration in the overall balance. But even if this is to be the dominant consideration, there is still a need to indicate the extent to which need and demand is likely to be met or not. I previously asked the Council to address among other matters: *The identification of the likely gap between housing supply and need/demand*. This has not been done. The identification of the gaps should relate to the new minimum planned provision as well as any aspirational level. In my view, the Council's justification for housing provision if based primarily on land supply requires the Core Strategy to acknowledge the likely scale of such a gap and its consequences. Some consequences of a gap between demands and provision are outlined in the

Position Paper, but it is not clear whether the Council considers that they are likely to occur and they are not reflected in the proposed changes.

The Council considers that there is reasonable certainty of delivery of 26,400 homes in the Core Strategy period. It has indicated that there are reasonable prospects of 30,600 homes being delivered. Knowle West could deliver more but this is uncertain.

The Council's analysis, having taken into account the matters referred to in PPS3, is that a level in the region of 30,600 is appropriate having regard to a mid-range forecast of latest economic growth forecasts (2.3%). Recently the local economy has contracted. Whilst strong future growth is to be welcomed and facilitated, PPS3 indicates that economic forecasts should be taken into account. Forecasts show a range of future possibilities. The Council considers that is reasonable for the mid point of those forecasts to be used to guide decisions on housing levels.

The Council does not consider that there is a gap between its expectation of 30,600 homes and the appropriate level for housing provision assessed against the range of factors in PPS3. As explained in the revised topic paper and in the suggested revisions to the policy wording, it is considered that about 29,000 homes will result in a balance between homes and new jobs.

6. Proposed change S4.5.2A new paragraph 4.5.3, refers to *few sites in the Green Belt having any practical potential for development*. This was a matter discussed at the hearing on 7 September on the basis of the Council's previous published assessments and I am aware of the various parcels of land in the Green Belt. However, the Core Strategy should make clear what the potential capacity actually is (such as by referring to the Council's previously published assessments if those are still the basis for the Council's assessment). The assessment of potential capacity is referred to in the list in paragraph 4.5.3, but there is no particular reference to evidence. This greater clarity is important because I consider that the Council's justification for not proposing development in the Green Belt must be weighed explicitly against the consequences of discounting what this source could contribute to housing provision.

PPG2 states that where existing local plans are being revised and updated, existing Green Belt boundaries should not be changed unless alterations to the structure plan have been approved, or other exceptional circumstances exist, which necessitate such revision. Therefore, the emphasis is on exceptional circumstances being required to propose development in the Green Belt as opposed to justification being expected for not proposing development there. The Council has examined whether Green Belt boundaries would need to be altered at the end of the plan period but considers that the level of homes set out in the Core Strategy is appropriate and has shown that these can be provided within the built-up area. Therefore no such alteration is envisaged.

Wording in the suggested revision to policy summarises the Council's assessment of development potential in the Green Belt and further details are given in the revised position paper.

7. The relationship between growth in households, housing provision and economic and job growth is an important consideration, but again I am not clear as to the overall conclusions that Council has reached and how these might relate to other matters. The Council highlights a general alignment between economically active population arising from the aspiration for 30,000 new dwellings and the job growth from the central projection (2.3%) of the recent Oxford Econometrics advice. (Proposed change S4.5.1A, new paragraph 4.5.2F). This seems of some significance in the overall justification for the approach adopted.

8. Could the Council explain how the projected increase in economically active people arising from about 30,000 new homes has been calculated. How does it take into account the likely mix between decreasing household size and thus new households arising from residents already in the city (and economically active) and economically active migrants - new residents looking for jobs?

The approach to this calculation is set out in the revised Position Paper paragraphs 3.30 to 3.32.

9. To what extent is the Council saying that the 2.3% growth assumption is the one most likely to occur or the one preferred/being planned for? How does the Council's reliance on that figure relate to the aims set out in the West of England's Local Economic Partnership Submission? This indicates job growth in the sub region of 95,000 by 2030 and 3.4% cumulative annual growth in total GVA by 2020? If growth is higher than the 2.3% referred to in the proposed changes would the Council's housing provision increase in-commuting from outside? If so, that should be taken into account in the revised Sustainability Appraisal. Alternatively, would limiting housing provision as planned (especially the Council's minimum figure) act as a constraint on economic growth? In addressing these matters the City cannot be seen in isolation from the sub region. Overall, I consider that more explicit reasoning and the weighing of different sources of evidence and recognition of potential conflicts and consequences is required.

These issues are addressed in response to question 5 above. The Position Paper has set out additional weighing of evidence and reasoning.

The Council cannot be definitive about what level of growth is most likely occur. However, PPS3 refers to taking account of economic forecasts and latest forecasts show a range of outcomes. Having regard to prevailing economic conditions at the current time, the Council considers it reasonable to have regard to the central forecast of 2.3% growth.

The [West of England Local Enterprise Partnership Proposal to the Secretaries of State for BIS and CLG \(September 2010\)](#) refers to GVA growth of 3.4% up to 2020 which is equivalent to highest recent Oxford Economics forecast. The document relates to the entire West of England area. The figure for jobs (95,000*) goes through to 2030 (beyond the period of the Core Strategy). The bid document makes no specific reference to housing numbers.

(* The growth of 95,000 jobs suggested by 2030 is lower than that which would be indicated by Oxford Economics stronger scenario figures which would suggest an employment increase of 116,565 jobs between 2010 and 2030 in the West of England)

10. If there is justification for a twin track approach of minimum delivery and an aspiration, the aspiration should fully reflect the circumstances and acts as a real driver for seeking to increase delivery. However, on the basis of the Council's own figures, I do not understand why the Council's aspiration is limited to around 30,000. This could serve to restrict provision to this level and implies that this is the maximum provision required, but there is no evidence to demonstrate that this is the case.

The Council has revised its approach to set out an expected level of delivery and a minimum target. Text has been added to the suggested revisions to policy to show that development over and above the level of 30,600 homes will be acceptable where consistent with the spatial strategy.

11. I am likely to find as robust a contribution of 4,200 from windfalls (small sites and conversions.) (I believe this is the contribution from this source from adoption to 2026 not over the plan period as stated in change S 4.5.2A - new paragraph 4.5.3B. A correction is needed here.) I also understand the Council's commitment to, but uncertainty about finance for, the regeneration of parts of Knowle West which could result in about 2,200 more homes. There may be scope for more housing within the City Centre if flood risk can be overcome through proposals in the AAP.

12. On the above basis, I do not understand why the aspiration should not be expressed as, or based on, 26,400 + 4,200 + 2,200 plus any additional allocations in the City Centre AAP and/or SADM DPD. This would represent an aspiration which was more stretching and acknowledged to the indicators of greater need and demand.

The comments on the robust nature of the windfall contribution is noted and welcomed. Whilst in terms of PPS3 it is not possible to include this within the identified supply, the likelihood is that completions from this source will occur over the 14 year period 2012/13 to 2025/26.

The possible contribution from Knowle West is acknowledged and allowed for in the suggestion revisions to policy.

It is not considered appropriate to indicate a possibility of development in areas subject to greater levels of flood risk at this point.

13. On the basis of the Council's twin track approach with a minimum land supply figure and an aspiration which takes into account windfalls and other possibilities, I consider that the new paragraph in S4.5.12A (which refers to counting the potential from small sites) is not justified and is not consistent with a PPS3. It should be deleted. That paragraph would have the effect of suppressing delivery. The potential of small site windfalls could legitimately be counted in the manner described only if it formed part of the PPS3 land supply and if its inclusion had been justified in the terms set out in PPS3, paragraph 59. This is not, however, the Council's case as I understand it.

The intention was to acknowledge the role that delivery from small sites could have and not to suppress delivery. The Council has revised the wording to indicate that the contribution of small unidentified sites to delivering 30,600 will be a relevant consideration. This is considered to be an encouragement to delivery from this source. However, the Council does not consider that the suggested wording in the delivery section is essential if the Inspector considers it unnecessary or inappropriate.

14. Proposed change S4.5.12B under *Delivery* indicates that a wide range of matters will be kept under review, which is clearly desirable. But since there is currently no clear articulation of what the Council consider housing needs and demands might be or how population changes relate to the planned provision, I cannot see how any review would have a focus or real purpose. There must be sufficient clarity of intentions and consequences set out now so that a review could objectively assess whether a change of approach is required in the future. Given that there will be no external stimulus to a review, such as previously occurred with reviews of the RSS, I consider that a timescale for a review, such as after 5 years, is required.

Additional text has been added to the Schedule of Potential Changes setting out approach to review within five years of adoption and having regard to evolving government policy.

15. The Council should give explicit consideration to the weight and relevance of the Government's intentions set out in the recently published White Paper *Local Growth: realising every place's potential* (October 2010). In particular, for this topic, the stated function of the planning system in paragraph 3.1: *to provide sufficient housing to meet demand.*

Following the change of government in May, the Secretary of State wrote to local authorities indicating matters to be accorded weight in considering planning applications and emerging policies.

Whilst no specific advice has been given on any weight to be accorded to the White Paper, it underlines the Government's

known commitment to reforming the planning system. It confirms an intention to set out a presumption in favour of sustainable development and articulates an encouragement of growth. Three main functions of planning are set out followed by a conclusion in paragraph 3.2 that as it currently stands the planning system is 'the wrong way around, alienating communities through centrally imposed policies and targets'. The white paper outlines an intention to create a planning system where development is driven from the bottom up and envisages a new system where neighbourhoods will welcome development because they will be sharing in the gains it produces. The white paper refers to the planning system's role in providing sufficient housing to meet demand but does not articulate what that demand may be, how it is defined or how it is assessed. The tenor of the paper does, however, suggest an emerging system where the discussion of housing provision is locally based. In discussing the proposed new homes bonus, paragraph 2.28 says:

'It will return the ownership of this debate to a local level and encourage local authorities and local communities to develop their housing in way that meets local need, both in terms of numbers and sensitively to local concerns. Local authorities will need to lead this debate with their communities'

16. I know that the Council is keen to progress the Examination. Whilst I am happy to clarify any points arising from this note, I do not think it would be effective or practical to have further iterations on the above matters in advance of the more general consultation on all possible changes. I suggest the Council:

- expands the Position Paper to respond to the matters of concern I have set out and that this is published with the consultation;
- reviews the choice of 30,000 as an aspirational figure;
- sets out additional reasoning as significant changes to the text to ensure that the plan acknowledges the various potential consequences of the choices being made and how matters will subsequently be reviewed.

The position paper has been revised and expanded. The policy approach proposed is to set out the envisaged level of development, indicate a minimum target and allow for development over and above the envisaged level. Conclusions on the appropriate level of homes are set out within the suggested revisions to Policy BCS5. These changes are incorporated in the Schedules published on 17 December.

17. This approach would enable all parties to comment on the Council's final iteration of its justification and proposed changes.

18. Finally, on a separate matter I note the comments on the revised Flood Position Paper from the Environment Agency and others. If the Council has agreed to, or now accepts that, further textural changes are

needed, please amend and publish a revised paper with any consultation, noting clearly the changes made.

Prior to the submission of the revised Flood Risk Sequential Test Paper in October 2010, comments were sought from the Environment Agency on a draft. The Environment Agency provided comments on the draft suggesting changes, which were incorporated into the version of the Paper that was sent to the Inspector on 18 October.

The Environment Agency's comments to the Inspector of 28 October indicate that they are satisfied that no further changes are required to the wording of the Paper.

In their response of 28 October, Redrow Homes are critical of the methodology used in undertaking the Sequential Test Position Paper. The council however considers that the test has been undertaken to the greatest extent possible at Core Strategy level and that the potential impact of Flood Risk on housing delivery has been sufficiently well understood as to be sound.

Progressing Consultation

19. Subject to the above, the Council should proceed to undertake consultation on all the possible significant changes (including the schedule of Inspector imposed changes). The basis for the consultation would be the 2 schedules of significant/imposed changes as attached to the Council's note of 28 October 2010 with the following amendments to the *schedule of significant changes*

- S4.5.1A New paragraph 4.5.2A should be dropped from the schedule because the revocation of existing RSS's has been declared unlawful. This paragraph is out of date. No replacement seems necessary.
- S4.9.2 is accepted as part of the schedule and now need not be shown in red.
- S4.17.1 The third bullet point (the dot itself) should be deleted and the text *In residential development...* made a free standing clause.
- Please add to the schedule M4.17.4, M4.17.6 and M4 17.7 from the Minor Schedule. (All these concern the deletion of the reference to *exceptional circumstances* in the affordable housing policy and text.
- Please also add to the schedule:
M4.1.1 and its accompanying revised diagram
M4.2.3 and its accompanying revised diagram
M11.1 and its accompanying revised diagram.

20. Although the changes to the above diagrams are a mix of minor and significant changes, it is simplest to treat them all as significant. I apologise for not spotting previously that the above 2 groups of changes should be in the significant schedule.

These amendments have been made.

21. Other than those that relate to housing, I am content with all the additions/amendments to the schedules explained in the Council's note of 28 October.

22. In the light of the outcome of Government's Spending Review does the wording of S4.10.3 need updating? Similarly should the first sentence of M4.10.5 be in the past tense? Are there any other implications? The Council's explanation for any update should be published along with the consultation changes.

The council has reviewed this matter and is satisfied that no further alterations to the text are required.

23. Whilst the minor changes do not require formal consultation the minor changes schedule should be made available on the website at the same time.

24. I leave the consultation arrangements to the Council. They should be consistent with Council's Statement of Community Involvement.

25. The Council should consider what proposed changes need to be the subject of a revised sustainability appraisal and publish a revised SA at the same time as the consultation.

26. The Council needs to make arrangements to provide me with copies of the representations received in response to the consultation. I would ask the Council to arrange for the substance of all the comments made to each change to be tabulated to assist my review of the material (as done previously with the representations by plan policy). It would be helpful to let me know how quickly the Council would be able to provide me with this material after the close of the consultation period, so that I can programme time to address the matters arising.

**Simon Emerson
Inspector
18 November 2010.**