

Joint Local Plan Review for West Dorset, Weymouth and Portland

LEVEL OF GROWTH – HOUSING BACKGROUND PAPER
PREFERRED OPTIONS CONSULTATION VERSION

AUGUST 2018

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Contents

1.	Introduction	1
	Purpose of Background Paper	1
	Local Plan and the Review	1
2.	National Policy and Guidance.....	2
	National Planning Policy Framework	2
	National Planning Practice Guidance	2
3.	Evidence and Research.....	4
	Local Plan Exploratory Meeting	4
4.	Current Approach.....	8
5.	Issues and Options - Proposed Approach	9
	Shortfall in Housing Land Provision to 2031	9
	The Need for Additional Housing 2031 to 2036	11
6.	Issues and Options Consultation Responses.....	13
	Comments received relevant to Question 4-i	13
	Comments received relevant to Question 4-ii	14
7.	Changes to National Policy and Guidance	16
	The Standard Methodology	16
	Changes to Housing Supply.....	18
	The Housing Delivery Test.....	19
8.	Preferred Options Consultation	20

1. Introduction

PURPOSE OF BACKGROUND PAPER

- 1.1 This background paper supports the review of the West Dorset, Weymouth & Portland Local Plan, which was adopted in October 2015.

LOCAL PLAN AND THE REVIEW

- 1.2 The adopted local plan sets out the long term planning strategy for the area and includes detailed policies and site proposals for housing, employment, leisure and infrastructure. However, the local plan inspector required an 'early review' to be undertaken, which should be in place by 2021. He indicated that the review should identify additional land capable of meeting needs to 2036.
- 1.3 As part of the review it is important to establish the level of housing growth required to 2036, which is five years beyond the current end date of 2031, as this will ensure that social and economic needs are met, contributing to the achievement of sustainable development. The review also considers the need to change policies in relation to affordable housing, which is the subject of a separate background paper.
- 1.4 Policy SUS 1 – Level of Economic and Housing Growth in the current local plan already identifies the need for housing growth and employment land provision for the period to 2031. This background paper provides a general overview of issues relevant to the level of housing growth for the period to 2036. Issues relevant to the need for employment land provision to 2036 are discussed in a separate background paper.
- 1.5 This is a working document which will be updated as evidence is acquired and the consultation process proceeds.

2. National Policy and Guidance

NATIONAL PLANNING POLICY FRAMEWORK

- 2.1 One of the national core planning principles (in paragraph 17 of the 2012 NPPF¹) was that *“planning should ... proactively drive and support sustainable economic development to deliver the homes, business and industrial units, infrastructure and thriving local places that the country needs. Every effort should be made objectively to identify and then meet the housing, business and other development needs of an area, and respond positively to wider opportunities for growth. Plans should take account of market signals, such as land prices and housing affordability and set out a clear strategy for allocating sufficient land which is suitable for development in their area, taking account of the needs of the residential and business communities.”*
- 2.2 Paragraph 47 of the 2012 NPPF indicated that *“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 2012 NPPF.
- 2.3 Paragraph 159 of the 2012 NPPF set out how the need for housing were to be assessed. It stated *“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); and
 - caters for housing demand and the scale of housing supply necessary to meet this demand.”

NATIONAL PLANNING PRACTICE GUIDANCE

- 2.4 The ‘Housing and Economic Development Needs Assessment’ section of the National Planning Practice Guidance (PPG) contains more detailed guidance on how a local planning authority should assess the need for housing.

¹ National Planning Policy Framework, DCLG March 2012

- 2.5 Paragraph 2a-015-20140306 states *"household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need"*. However, it also recognises that these projections are *"trend based"* and that *"they do not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour."* For this reason *"the household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends."*
- 2.6 Paragraph 2a-019-20140306 sets out how 'market signals' should be taken into account. It states *"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."* It indicates that relevant market signals may include: land prices; house prices; rents; affordability; rate of development; and overcrowding.
- 2.7 Paragraph 2a-020-20140306 discusses how plan makers should respond to market signals. It states *"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."*
- 2.8 Paragraph 2a-018-20140306 also sets out how employment trends should be taken into account. It states *"plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area."*
- 2.9 It goes on to say *"where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility or other sustainable options such as walking or cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems."*
- 2.10 The next section discusses the evidence and research undertaken to establish the need for housing in the local plan area.

3. Evidence and Research

LOCAL PLAN EXPLORATORY MEETING

- 3.1 The local plan was submitted in June 2013 (CD/SP2) supported by an update to the original (2008) Strategic Housing Market Assessment (The Dorchester / Weymouth Housing Area 2011 Strategic Housing Market Assessment Update Final Report - CD/HOUS2), which was produced by JG Consulting in association with Chris Broughton Associates in January 2012.
- 3.2 The 2011-based interim household projections were published by DCLG in April 2013 and these were also used to inform the submitted local plan. At the time, the councils considered these interim projections to be a reasonable starting point in establishing future housing needs, as they took account of some of the findings from the 2011 Census.
- 3.3 The local plan inspector was concerned that potential weaknesses had been identified in the 2011-based interim household projections which would only be corrected when further updates were released in 2014. His view was that these projections should be treated with caution and he queried whether the councils' studies were sufficiently robust to provide an objective assessment of housing need.
- 3.4 The councils commissioned additional work (A Review of Future Housing Requirements for West Dorset District and Weymouth and Portland Borough, Dr Keith Woodhead, June 2013 – CD/SUS1), which was discussed at an exploratory meeting held on 22 January 2014. Notes of the meeting are set out in CD/INSP8.
- 3.5 The councils considered that this additional work demonstrated that the evidence of housing need provided a sound basis on which to plan for future development. However, the local plan inspector remained concerned over the issue of housing provision and produced a response following the exploratory meeting, suggesting a number of ways forward for the councils (CD/INSP10).
- 3.6 The option favoured by the councils was to suspend the examination to enable further work to be undertaken on the assessment of housing needs. The further work was published in July 2014. The 2014 SHMA (CD/SUS10) included two parts: Part 1 (produced by Peter Brett Associates - PBA), which examined the objectively assessed housing needs for the local plan area; and Part 2 (produced by HDH Planning & Development), which focused on the objectively assessed need for affordable housing.
- 3.7 The 2014 SHMA was not an update to the earlier work: it took a fresh look at housing need. The report and its approach relied heavily on advice published by the Planning Advisory Service (PAS) in July 2014, which provided greater detail on

how housing need should be objectively assessed. Much of this advice is now included in the PPG. The 2014 SHMA was used to inform the current local plan and its findings are briefly outlined below.

2014 SHMA: PART 1

- 3.8 Part 1 of the SHMA (CD/SUS10) examined a range of potential housing need figures informed by demographic projections, which were tested to establish a 'preferred' objectively assessed housing need figure for the Dorchester / Weymouth Housing Market Area (HMA), which is also the local plan area. The findings of the 2014 SHMA Part 2 are discussed in the background paper on affordable housing.
- 3.9 The 2012-based sub-national population projections (adjusted to give a figure for households by PBA) identified the formation of 507 new households per annum. Once an allowance was made for second homes and empty properties, PBA estimated a need for 554 new dwellings per annum. Reflecting paragraph 2a-015-20140306 of the PPG, the consultants considered this to be a good starting point for assessing housing need across the plan area.
- 3.10 The official 2012-based household projections were not published until February 2015. At that time PBA produced a note (CD/SUS15) updating their position. The new official household projections indicated the formation of 494 new households per annum (compared with the 2014 SHMA estimate of 507) giving rise to a need for 539 dwellings per annum (compared with the 2014 SHMA estimate of 554) once an allowance was made for second homes and empty properties.
- 3.11 In the 2014 SHMA, the consultants also had regard to other factors recognising that since 2007 house building and migration into the area had fallen, which they considered was probably as a direct result of the credit crunch and recession. They felt that the figures of 507 households / 554 homes were *"unlikely to represent a true reflection of housing need over the plan period."*
- 3.12 The consultants tested a number of scenarios, which also had regard to economic trends, particularly labour supply to support the economy. Scenarios tested included 'longer term' (10-years: 2001 to 2011) and 'pre-recession' (2001 to 2007) projections.
- 3.13 The 10-year projection broadly covered an economic cycle and included both 'boom and bust' elements. It suggested growth of 621 households per annum, or a need for 679 new homes a year. However, based on conservative economic activity rate assumptions, it also suggested that meeting this projection would be *"unlikely to provide any growth in the local labour force."* This raised a concern that the supply of the working age population that is economically active (i.e. the labour force supply) under this projection would be less than the projected job growth.

- 3.14 The pre-recession projection reflected the economic growth at that time and also included some net movement of people into the area to work. The 2014 SHMA indicated that the ageing population locally meant that without more people of working age moving into the area, there would be a significant decline in the labour force. The pre-recession projection showed sufficient migration into the area to result in a small increase in the local labour force, which would support the growth of the economy.
- 3.15 The 2014 SHMA suggested growth of 709 households per annum, or a need for 775 new homes a year, which was recommended as the figure for the objectively assessed need for housing in the joint local plan area. Whilst this figure gives significant 'headroom' above the figures based on the 2012 household projections, it was considered that this higher figure was justified on the basis of poor market performance in recent years and the need to plan for a sufficient local labour supply to both support the current economy and deliver an element of economic growth.
- 3.16 It should be noted that job forecasts were subsequently revised through the course of the local plan examination and more information on this is given in the level of growth: employment land background paper.

COMPARISON OF 2012-BASED AND 2014-BASED PROJECTIONS

- 3.17 The 2014-based household projections were released in July 2016 and have been compared with the 2012-based household projections.
- 3.18 For the adopted local plan, the official 2012-based household projections (produced in February 2015) for the period 2012 to 2037 showed an average annual growth in households of 494 across the local plan area (347 in West Dorset and 147 in Weymouth & Portland). In their April 2015 note (CD/SUS15) the consultants (PBA) estimated that this gave rise to a need for 539 dwellings per annum, taking account of vacant properties and second homes. It should be noted that these figures are slightly below those in the (earlier) 2014 SHMA (also produced by PBA), which was based on the 2012-based population projections with an estimate of the household formation rate.
- 3.19 The 2014-based household projections for the period 2014 to 2039 show a modest increase in the forecast average annual growth in households of 539 across the local plan area (365 in West Dorset and 174 in Weymouth & Portland). Assuming the same overall percentage uplift to take account of vacant properties and second homes, an initial estimate is that there would be a need for approximately 589 dwellings per annum.
- 3.20 The need for new homes derived from the 2014-based household projections, although slightly higher than the need based on the 2012-based household

projections, is still significantly below the objectively assessed need for housing identified in the current local plan based on the 'pre-recession' projection (from 2001/07) of 709 households / 775 dwellings per annum.

3.21 These different figures are set out in summary in Figure 3.1.

Figure 3.1 – The Implications of Different Household Projections for Household Growth and the Need for Additional Dwellings

HOUSEHOLD PROJECTION	AVERAGE ANNUAL HOUSEHOLD GROWTH	AVERAGE ANNUAL RATE FOR DWELLINGS
2012-based	494	539
2014-based	539	589
2001 / 2007-based	709	775

3.22 Despite the modest increase in the 2014-based projections, there is still significant 'headroom' in the figure of 775 dwellings per annum used in the adopted local plan to account for poor recent market performance and to allow for an element of in-migration to increase the labour supply to support the economy.

3.23 It was considered that the figure of 775 dwellings per annum should remain the objectively assessed need for housing in the local plan area and does not need to be changed.

4. Current Approach

- 4.1 As discussed earlier, national planning policy requires a council to assess its housing needs and ensure that its local plan meets the full objectively assessed need for housing in the relevant Housing Market Area (HMA). West Dorset and Weymouth & Portland is considered to be a single HMA, making the whole plan area the appropriate area to plan for housing growth.
- 4.2 National planning policy also indicates that there should be sufficient land of the right type available in the right places and at the right time to support economic growth and innovation.

LEVEL OF ECONOMIC AND HOUSING GROWTH: POLICY SUS₁

- 4.3 Policy SUS₁ in the current local plan sets out the level of economic and housing growth that should be delivered in West Dorset and Weymouth & Portland in the period from 2011 to 2031.
- 4.4 It indicates that provision will be made for a deliverable supply of housing land to accommodate in the region of 775 dwellings per annum – a total of 15,500 new homes over the plan period. The delivery of this level of housing growth will support the local economy, helping to generate around 13,000 jobs, and allowing in-migration of working age people to boost the currently reducing workforce.

5. Issues and Options - Proposed Approach

- 5.1 As explained above, it was considered that 775 dwellings per annum should remain the objectively assessed need for housing in the local plan area and this figure does not need to be changed. However, there are reasons why the overall level of housing provision needs to be re-examined in the local plan review, which are:
- the shortfall in the provision of housing land in the local plan for the period to 2031, as identified by the local plan inspector; and
 - the need for an early review of the local plan to make provision for growth for a further 5 years (i.e. to 2036), as identified by the local plan inspector.
- 5.2 These reasons are discussed in more detail below.

SHORTFALL IN HOUSING LAND PROVISION TO 2031

- 5.3 The local plan was originally submitted for examination in June 2013 (CD/SP2). It identified sufficient land to enable the construction of between 12,340 and 13,220 dwellings by 2031 at the average annual rate of 617 to 661 dwellings per annum.
- 5.4 Work undertaken to inform the submitted local plan was based on interim household projections from 2011, which only provided an estimate of likely housing requirements to 2021. As these projections gave no indication of the changes likely to occur after 2021, the councils adopted a 'range' for the number of homes anticipated after this date to provide flexibility and cater for increased demand should it materialise in a more buoyant economy. Separate provision was made for West Dorset and Weymouth & Portland with growth in the former largely consistent with numbers provided over the previous 20 years. However, targets were set at a lower level than those previously delivered in Weymouth & Portland.
- 5.5 At the Local Plan Examination in Public (EiP), several housebuilders pointed out that neither council had been able to meet its annual housing targets in recent years and expressed concern that without further sites to improve choice, the deficit in housing completions was likely to get worse.
- 5.6 In paragraph 43 his report on the EiP, the local plan inspector observed that "past building rates were largely consistent with planned targets until the effects of the economic downturn took hold contributing to a reduction in house completions. As building rates have yet to recover a deficit has developed since the start of the current plan period" (i.e. 2011).
- 5.7 The local plan inspector (in paragraph 44 of his report) found the original evidence to support the housing targets in the submitted local plan (i.e. the 2012 SHMA update - CD/HOUS2) "*unconvincing and neither sufficiently robust nor fully in accordance with the NPPF*". As a result further work was commissioned following the suspension of the EiP (i.e. the new 2014 SHMA: CD/SUS10), which used the

- most recent population forecasts as a starting point for assessing housing needs across the combined authority areas following a methodology, which the local plan inspector considered was "*consistent with national guidance.*"
- 5.8 As previously discussed the further work considered a number of different projections and the consultants 'preferred' option for the objectively assessed need for housing was 775 dwellings per annum. At the EiP, the councils accepted that the pre-recessionary (2001/07) trends and higher migration levels witnessed in the early years of the new millennium provided a better basis for estimating future needs than the more pessimistic modelling work using the 2011-based projections.
- 5.9 In paragraph 69 of his report, the local plan inspector took the view that "allowing for pre-recessionary migration movements also means that growth in the local labour force is unlikely to be inhibited by a constrained housing supply were migration flows to recover to those seen in more buoyant times (2001 – 2007)."
- 5.10 He also stated, in paragraph 73 of his report, that "the annual requirement of 775 dwellings (15,500 over the plan period) represents an increase of between 17 and 26% over proposals in the Submission Plan. Having regard to the available evidence I consider this is a reasonable estimate of the amount of housing required during the plan period."
- 5.11 The consequence of the higher housing target was that the sites identified in the submitted local plan would not be sufficient to meet needs to 2031. The initial solution suggested by the councils was to move the end date of the plan period back from 2031 to 2028. However, the inspector sought a 15-year time horizon on the adoption of the local plan and consequently felt that the original plan period (i.e. 2011 to 2031) should remain.
- 5.12 The councils updated their Strategic Housing Land Availability Assessment (SHLAA) (CD/SUS9) and also commissioned consultants (BNP Paribas) to provide an independent assessment of likely rates of delivery on the main sites constituting the bulk of the housing supply (CD/SUS14).
- 5.13 Whilst the inspector agreed with most of this updated work, he disputed rates of delivery from some elements of the supply, notably: large windfall sites; pre-application or pending applications; re-used rural buildings; and sites identified in neighbourhood plans. As a result he concluded, in paragraph 81 of his report "*I have therefore excluded these as realistic components of the supply and only included rural exceptions sites where funding has been agreed. I accept that dwellings will come forward which fall within these categories but the current evidence is not sufficiently robust to justify their inclusion. As a result I consider the overall supply (including completions between 2011 and 2014) amounts to 14,855 dwellings meaning there is insufficient land to meet housing needs to the end of the plan period.*"

- 5.14 The overall housing requirement between 2011 and 2031 is for 15,500 new homes. However, since provision is only made for 14,855 new homes in the local plan, there was an identified shortfall of 645 new homes for the period to 2031. This needs to be addressed as part of the review of the local plan.

THE NEED FOR ADDITIONAL HOUSING 2031 TO 2036

- 5.15 Despite his concerns on housing provision, the local plan inspector, in paragraph 108 of his report, considered that the councils' strategy was "*fundamentally sound*". He considered that "*the most appropriate option is to endorse the LP (Local Plan) as a basis for guiding future development in the Plan area while recognising that an early review is necessary to resolve land supply issues in the latter part of the plan period and to address other issues to emerge from the examination process.*"
- 5.16 The main 'land supply issue' is the 645 unit shortfall in housing provision for the period to 2031. Other 'issues emerging from the examination process' relate more to the distribution of development. In particular, the Inspector had concerns about the lack of housing provision in the local plan at Dorchester and Sherborne.
- 5.17 The inspector felt (paragraph 137 of his report) that it was "*not obvious ... whether the Councils are committed to finding a solution to the longer-term expansion of the county town*", which he considered (paragraph 139) to be a "*matter of urgency*". In the light of this he required that "*a strategy is in place to meet long term development needs at or in the vicinity of Dorchester by 2021 and that a site or sites necessary for its implementation are identified as part of (the local plan) review proposals.*"
- 5.18 In relation to Sherborne the Inspector expressed the view (paragraph 196) that "*the identification of further land at Sherborne is, in my opinion, a necessary and logical requirement for the successful and sustainable planning of this part of WD (West Dorset) before the end of the plan period.*" He concluded (paragraph 197) that "*as part of the Plan review I therefore consider development needs in Sherborne should be reappraised.*"
- 5.19 More generally (at paragraph 82) he stated "*I consider it is imperative that an early review is undertaken to identify additional land capable of meeting housing needs to the end of the current plan period as well as the broad location for development in the five year period thereafter, in the expectation that current Government guidance will not change.*"
- 5.20 Five years beyond the current plan period means that the local plan review would need to make provision for housing for the period up to 2036, rather than 2031. The inspector indicated that this longer-term provision should be made "*in the expectation that current Government guidance will not change*". However, the councils have considered the implications of the most recent (2014) household

projections concluding that the figure of 775 dwellings per annum should remain the objectively assessed need for housing in the local plan area.

- 5.21 Projecting forward the figure for the objectively assessed need for housing (i.e. 775 dpa) for another 5 years would require the identification of sufficient land to accommodate another 3,875 new homes across the local plan area.

OVERALL NEED FOR ADDITIONAL HOUSING PROVISION TO 2036

- 5.22 When the 3,875 new homes needed as a result of extending the plan period by five years is added to the 645-unit shortfall for the period to 2031, it gives an overall requirement to 2036 of at least 4,520 new homes. The local plan review therefore needs to identify sufficient additional housing land to accommodate at least this level of housing growth.
- 5.23 The discussion of the issues in this paper has led to two questions being asked in the Issues and Options Consultation document.

OBJECTIVELY ASSESSED NEED FOR HOUSING

- 5.24 The currently adopted local plan identifies the objectively assessed need for housing as 775 dwellings per annum across the whole local plan area. The councils consider that in the light of new household projections this figure does not need to be changed. Views were sought on this conclusion.

4-i. Do you consider that the figure of 775 dwellings per annum remains an appropriate figure for the objectively assessed need for housing in the local plan area in the light of the 2014-based household projections?

OVERALL NEED FOR ADDITIONAL HOUSING PROVISION TO 2036

- 5.25 The inspector clearly set out the parameters for the local plan review in his report and the councils are seeking to take that forward. Projecting forward the objectively assessed need (of 775 dpa) for a further five years (to 2036) and adding this to the shortfall in housing provision to 2031 (of 645 new homes) means that sufficient additional land needs to be identified to accommodate at least a further 4,520 new homes, which would be in addition to the supply already identified in the local plan for 14,855 new homes. Views were also sought on whether this is an appropriate level of additional housing provision for the period up to 2036.

4-ii. Do you agree with the level of additional housing provision proposed for the local area to meet needs for a further five years (i.e. at least an additional 4,520 new homes in the local plan on top of that already identified)?

6. Issues and Options Consultation Responses

- 6.1 The Issues and Options consultation provided an opportunity for stakeholders and the public to give their views on the development options. Ten public consultation events were held between 20th February and 9th March 2017. It is estimated that 1,172 people attended these events.
- 6.2 As part of the consultation, 120 responses were received that related specifically to the level of housing growth that should be planned for. A summary of the responses received for each of the questions asked are set out below.

4-i. Do you consider that the figure of 775 dwellings per annum remains an appropriate figure for the objectively assessed need for housing in the local plan area in the light of the 2014-based household projections?

COMMENTS RECEIVED RELEVANT TO QUESTION 4-I

- 6.3 Several comments suggested that the housing target for the review of the local plan should be based on up-to-date evidence and therefore there was a need to re-evaluate the housing target. The suggestion was that the target was in need of review to reflect the most recent household projections although others suggested that there was only a marginal change which did not therefore require a comprehensive reworking of the housing target. Economic growth levels are considered to be lower now than those on which the 775 target is based.
- 6.4 It was suggested that the main driver of population growth in the area was through in-migration and as migration was governed by external factors which fluctuate considerably over time, it was seen as important to consider the longer term trends. Meeting the needs of the local population was suggested as a priority rather than meeting those of the migrant population. The potential impact of Brexit on international migration and the ageing population were also highlighted.
- 6.5 Another factor to consider in projecting population increase was the expected level of economic growth. Several comments suggested that there was no link between economic growth and population changes whilst others highlighted the connection. The Western Dorset Growth Strategy highlights the link and seeks to achieve a relatively high level of economic growth. The data behind the level of growth suggested in this strategy was considered out of date and therefore in need of a refresh. The need for additional jobs (and therefore homes) was considered too high due to automation within industry and also due to the raising of the retirement age.
- 6.6 It was suggested that, due to the way the house building industry is structured in the area, it will be difficult to deliver 775 dwellings per year. The 775 dwellings per year target was seen as unachievable. There will be a need to ensure there are a

- range of site sizes to suit a range of housebuilders to offer any chance of meeting this target. Allocating more than the minimum was however seen as important.
- 6.7 Making provision for genuinely affordable homes would enable working families to live in the area, meeting the needs of the local population. Meeting this need was considered a priority with concern expressed that development would result in an increase in retirees moving into the area.
- 6.8 Making better use of the existing dwelling stock (through restrictions on second homes and vacant dwellings) was highlighted as important.
- 6.9 Concern was also raised over the loss of the character of the area and the need for infrastructure. If infrastructure was provided to match pace of development, housing would be more accepted.

HOW THESE ISSUES HAVE BEEN ADDRESSED

- 6.10 Since the consultation took place, the government have published the revised National Planning Policy Framework which introduces a standard methodology for calculating housing targets at the local level. The standard methodology will be used to inform the local plan review.

4-ii. Do you agree with the level of additional housing provision proposed for the local area to meet needs for a further five years (i.e. at least an additional 4,520 new homes in the local plan on top of that already identified)?

COMMENTS RECEIVED RELEVANT TO QUESTION 4-II

- 6.11 Several comments were received supporting the estimate of housing need for the Local Plan review. The suggestion was however that this figure should not be seen as a minimum and that allocating more land would enable greater flexibility to deliver housing to meet local needs. It was also highlighted that meeting the identified needs would help to ensure that the Presumption in Favour of Sustainable Development would not apply due to a lack of supply and would improve opportunities for the young.
- 6.12 When assessing the supply of housing, it was suggested important to include realistic estimates of the contribution from neighbourhood plans and from windfall sites.
- 6.13 Responses highlighted that it was important to understand the full housing needs in an area to enable infrastructure needs to be established. The suggestion was that delivering environmental benefits and commensurate infrastructure can bring about acceptance of development.
- 6.14 Comments suggesting that the housing number was too high focused on the impact of the development. The main issues related to the impact on heritage and

townscapes and impact on the landscape. It was suggested that the use of higher densities and the development of brownfield land would reduce the need for greenfield development.

- 6.15 The impact of Brexit was stated as a factor that gives uncertainty. It was suggested that the (proposed) standard methodology should be used to establish the housing target.

HOW THESE ISSUES HAVE BEEN ADDRESSED

- 6.16 The Standard Methodology for calculating housing targets in local plans was included in the revised National Planning Policy Framework released in July 2018. This will be used to inform the local plan review.
- 6.17 Establishing the overall level of development and the locations for growth will enable infrastructure needs to be established. The preferred options consultation looks at the contribution from all sources, including brownfield land, neighbourhood plans and windfall sites, to establish the locations and levels of green field development necessary to meet housing targets.

7. Changes to National Policy and Guidance

- 7.1 On 24 July 2018 the government released a revised National planning Policy Framework (NPPF 2018) which altered the way housing needs and delivery were assessed. The changes to national policy included the introduction of a standard methodology for assessing local housing need, requirements for different sources of sites including an allowance for smaller sites and the housing delivery test.

THE STANDARD METHODOLOGY

- 7.2 Paragraph 60 of the NPPF 2018 establishes that the minimum number of homes needed in an area should be determined through *"the standard method in national planning guidance"*. This approach should be used unless exceptional circumstances *"justify an alternative approach which also reflects current and future demographic trends and market signals"*. In addition *"any needs that cannot be met within neighbouring areas should be taken into account in establishing the amount of housing to be planned for"*.
- 7.3 Strategic policy-making authorities should therefore establish a housing requirement figure for their *"whole area"*, which shows *"the extent to which their identified housing need (and any needs that cannot be met within neighbouring areas) can be met over the plan period"* as set out in paragraph 65 of NPPF 2018.
- 7.4 Within this context, paragraph 61 expects that *"the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes)"*.
- 7.5 Where a need for affordable housing is identified, paragraph 62 requires that *"planning policies should specify the type of affordable housing required, and expect it to be met on-site"*. The need for affordable housing is dealt with in more detail within the Affordable Housing Background paper.
- 7.6 The Standard Methodology for calculating the minimum housing need in an area is set out in planning practice guidance². This methodology has a three distinct steps.
- Step 1: Set the baseline using national household growth projections³, for the area of the local authority. 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).

² How is the minimum annual local housing need figure calculated using the standard method?
<https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

³ Published biannually by the Ministry of Housing, Communities & Local Government

- Step 2: Adjust the average annual projected household growth figure (as calculated in step 1) based on the affordability of the area. Affordability is measured through median workplace-based affordability ratios⁴.

$$\text{Adjustment Factor} = \left(\frac{(\text{Local affordability ratio} - 4)}{4} \right) \times 0.25$$

- Step 3: A cap may then be applied which limits the increase in the minimum annual housing need figure an individual local authority can face. How this is calculated depends on the current status of relevant strategic policies for housing. As the standard methodology sets a housing number only slightly above the adopted local plan target, the cap is not applicable.

7.7 As data is released periodically, the housing need figure for the Local Plan will change over time. The Local Plan will need to reflect the most up to date data at the point of submission. The most recent data and the corresponding housing need figure is set out in Table 7.1.

Table 7.1: Standard Methodology Latest Data

YEAR	AREA	LATEST HOUSEHOLD PROJECTIONS (10 YEAR AVERAGE)	LATEST AFFORDABILITY RATIO	ADJUSTMENT FACTOR	LOCAL HOUSING NEED
2016	West Dorset	391	10.73	0.42	555
	Weymouth & Portland	178	8.23	0.26	225
	Plan Area	569			780
2017	West Dorset	391	11.27	0.45	568
	Weymouth & Portland	178	8.31	0.27	226
	Plan Area	569			794

7.8 The current Local Housing Need figure for West Dorset, Weymouth & Portland using the Standard Methodology is therefore 794 new dwellings per annum.

⁴ Published annually by the Office for National Statistics

CHANGES TO HOUSING SUPPLY

- 7.9 It is recognised in the revised NPPF the contribution that smaller sites make to the delivery of housing. Included within the revised NPPF (paragraph 68) is a requirement for the local plan to identify a proportion of the overall housing requirement on small sites. *"Small and medium sized sites can make an important contribution to meeting the housing requirement of an area, and are often built-out relatively quickly. To promote the development of a good mix of sites local planning authorities should: a) identify, through the development plan and brownfield registers, land to accommodate at least 10% of their housing requirement on sites no larger than one hectare; unless it can be shown, through the preparation of relevant plan policies, that there are strong reasons why this 10% target cannot be achieved"*
- 7.10 The current Local Housing Need figure, as calculated using the standard methodology, gives a target of 794 dwellings per annum. Over the plan period (2016 to 2036) this equates to 15,880 new dwellings. Therefore to meet the requirement for small sites, 1,588 new dwellings will need to be accommodated on sites of less than one hectare.
- 7.11 Through the Brownfield Register and through the Strategic Housing Land Availability Assessment (SHLAA) a number of smaller sites have been identified as being suitable for development. These sites assessed as being suitable for 10 new dwellings or more, have been included in the land supply figures for the preferred options consultation however further work will be necessary prior to the submission of the plan to ensure they fall within the definition of 'small sites'.
- 7.12 In addition to the inclusion of small sites within the housing supply, there is recognition in the revised NPPF of the importance of windfall where there is evidence of past delivery on such sites. Windfall sites are defined in the NPPF as *"sites not specifically identified in the development plan"*.
- 7.13 Paragraph 68 c) indicates that local planning authorities should *"support the development of windfall sites through their policies and decisions – giving great weight to the benefits of using suitable sites within existing settlements for homes;"*
- 7.14 When considering windfall allowances, paragraph 70 of the revised NPPF sets out that *"there should be compelling evidence that they will provide a reliable source of supply. Any allowance should be realistic having regard to the strategic housing land availability assessment, historic windfall delivery rates and expected future trends."*
- 7.15 The windfall allowance included within the preferred options document land supply is based on past rates of delivery on sites of less than 10 dwellings. A five-year rolling average will be used based on past delivery across the plan area with rates being adjusted each year to reflect the most up-to-date available information. No windfall allowance will be included for the first two years of supply as many of the

sites that would contribute to the windfall allowance will already benefit from planning permission. This avoids double counting.

THE HOUSING DELIVERY TEST

- 7.16 In addition to the overall supply of sites within the development plan, there is a need to maintain a five-year supply of sites. Paragraph 67 of the revised NPPF sets out that “*Planning policies should identify a supply of:*
- a) specific, deliverable sites for years one to five of the plan period; and*
 - b) specific, developable sites or broad locations for growth, for years 6-10 and, where possible, for years 11-15 of the plan.*
- 7.17 In this context a deliverable site is a site that is available for development now, is a suitable location for development and where there is a realistic prospect of housing being delivered on the site being delivered within five-years. A developable site is a site in a suitable location that has a reasonable prospect of being developed at a point within the plan period. More detailed definitions of ‘deliverable’ and ‘developable’ are given within the revised NPPF.
- 7.18 The revised NPPF established the ‘housing delivery test’ which measures the delivery of housing against the Local Housing Need target in the local plan. The buffer that should be applied to the housing target within the five-year supply is dependent on performance against the housing delivery test. A 5% buffer must be applied to the five-year supply requirement independent of the level of delivery of housing. Where delivery is significantly below (below 85%) of the housing requirement, a 20% buffer will apply.
- 7.19 The ability to demonstrate a five-year supply of housing sites has implications for decisions on planning applications for housing sites. Where a five-year supply can be demonstrated, full weight can be given to planning policies in the local plan. Where there is a lack of a five-year supply, this weight is reduced. Further detail on the housing delivery test and five-year supply position for the West Dorset and Weymouth & Portland plan area will be published later in 2018.

8. Preferred Options Consultation

- 8.1 The Local Plan review Preferred Options consultation document includes policies to deliver against the Local Housing Need figure calculated using the standard methodology. This target annual figure is 794 dwellings per annum which equates to 15,880 new dwellings over the period 2016 to 2036.

3-i The need for 794 dwellings per annum (15,880 homes in total) has been based on the Government’s proposed new standard methodology. The need for employment land (51.6 hectares) has been based on the 2016 Workspace Strategy. Do you consider that these figures represent the ‘objectively assessed need’ for housing and employment land for the period 2016 to 2036?

- 8.2 The Local Plan Review Preferred Options consultation document sets out the sources of supply of new housing with a base date of 1 April 2017. This is replicated in Table 8.1.

Table 8.1: Housing Requirement and Land Supply 2016-2036 for the Local Plan Review Area

Housing Land Requirement	15,880
Sources of Housing Land Supply	
Completions 1 April 2016-31 March 2017	772
Extant planning permissions at 1 April 2017	4,727
Supply from unconsented allocations in the local plan review	8,785
Major sites (10+ dwellings) within settlements (SHLAA)	1,597
Minor sites (9 dwellings or fewer) (windfall allowance)	3,024
Supply from sites in neighbourhood development plans	45
Rural exception sites likely to come forward	66
Total Supply	19,016

- 8.3 In the year 1 April 2016 to 31 March 2017, 772 new dwellings were built across the area. In addition to this, there were 4,727 dwellings with extant planning permission which are expected to be built within the plan period (to 2036).
- 8.4 The recently adopted joint Local Plan (2015) includes a number of allocated sites which do not currently benefit from planning consent. As at 1 April 2018, it was

estimated that at least 4,095 new dwellings would be provided on these sites. In addition, new allocations are proposed as part of the local plan review which make provision for 6,215 new dwellings. It is however anticipated that some of these will not be delivered by the end of the plan period and therefore only 4,690 have been included in the supply to 2036. Totalling the supply from allocated sites gives 8,785 new dwellings.

- 8.5 In addition to this, there are a number of smaller sites (10 or more dwellings) that have been identified which are considered to be suitable for development and it is expected that they will be developed within the plan period. These sites are included on the brownfield register or have been identified through the Strategic Housing Land Availability Assessment and are anticipated to be capable of delivering 1,597 new dwellings. The majority of these sites fall within the definition of 'small sites' as set out in the revised NPPF however further work will be necessary to formally identify these within the submission version of the local plan.
- 8.6 The windfall allowance included in the supply is derived from new dwellings completed on minor sites (less than 10 dwellings) over the 6 years from 2011. The five-year rolling average (rounded) of completions on minor sites will be used to inform the windfall allowance as set out in Table 8.2.
- 8.7 No windfall allowance has been included for the first two years of the supply so that minor consented sites (which fall in the extant consents figure) are not counted twice. Only including completions on sites of less than 10 dwellings ensures there is no double counting between the smaller identified sites and the windfall allowance.
- 8.8 Although at the time of the examination of the adopted Joint Local Plan only one neighbourhood plan had been adopted in West Dorset and this plan did not specifically identify a number of homes to be delivered, the total made plans now stands at four. Two of these plans in particular identify specific sites for development and therefore an allowance has been included for housing delivered through neighbourhood plans. It is anticipated, based on the adopted neighbourhood plans, that 45 new dwellings will be delivered above the provision made from other sources of supply.
- 8.9 There are a number of rural exception sites delivering affordable housing to meet an identified local need. The sites included in the supply benefit from grant funding and are anticipated to deliver new housing before the end of the plan period. The total supply from this source is 66 dwellings.
- 8.10 The total number of new homes that are expected to be delivered by 2036 is therefore 19,016. There is also provision made on allocated sites for an additional 1,597 new dwellings which could be developed prior to the end of the plan period.

Table 8.2: Five-year average of completions on minor (less than 10 dwellings) sites

SETTLEMENT	FIVE-YEAR AVERAGE (2012-2016)	WINDFALL ALLOWANCE
Weymouth	63.4	63
Portland	15.4	15
Chickerell	2.4	2
Dorchester	19.6	20
Crossways	1.4	1
Bridport	11.6	12
Beaminster	2.6	3
Lyme Regis	6.6	7
Sherborne	5.2	5
WD Rural	38.8	40
Total		168

3-iii Table 3.3 (reproduced as Table 8.2 above) (and the supporting text that follows) sets out (and explains) the different sources of housing supply to meet (and exceed) the objectively assessed need for housing for the period 2016 to 2036. Do you have any comments on the overall level of provision made or the sources of supply identified?

- 8.11 The five-year supply established through the monitoring of residential development demonstrates that as at 1 April 2017 the councils could demonstrate only 4.94 years worth of supply based on the housing target of 775 dwellings per annum and including a 20% buffer to take into account past rates of delivery.
- 8.12 The housing delivery test will measure the past delivery of housing against the housing target and apply buffers as appropriate. A 5% buffer is required independent of the results of the housing delivery test however a 20% buffer is only required if delivery falls below 85% of the housing target. Further detail on the five-year supply will be published and included in the submission version of the local plan.