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Date: 3 May 2013

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By Email Only

Dear Inspector,

Medway Core Strategy Examination: Revocation of the South East Plan and New Household Projections

Thank you for your letter dated 18 April concerning the above and I am pleased to be able to set out the Council's response.

Unfortunately it has taken a little time to compile, as some of the matters raised required a certain amount of research and I hope this has not caused you any difficulty.

Revocation

You suggest that revocation of the South East Plan constitutes a "*significant change in circumstances*" but we would question whether that is really the case.

Although revocation has now occurred that does not alter the fact that the Core Strategy, when submitted for examination, had to be in conformity with that plan. Fortunately we were very aware that revocation was likely during the course of the examination and hence the many references in the Core Strategy itself (including paragraphs 3.12-3.15), the background papers (particularly LD01 Conformity and LD04 Housing and Employment Growth Targets) and appearance statements (mainly Matters 2 and 3a).

You make specific reference to paragraphs 47 and 50 of the NPPF but we would not regard these as being significantly different to paragraphs 10, 32 – 33 and 53 – 57 of PPS3 that applied prior to submission. We also note that the matter does not feature in Annex D of the Planning Inspectorate advice on the NPPF as originally published on 27 March 2012 and updated on 13 August 2012. That is, matters deemed to represent a change in policy as a result of the impact assessment of the NPPF.

We fully appreciate that paragraph 47 of the NPPF exhorts local planning authorities to ensure that local plans "*meet the full objectively assessed needs for market and affordable housing in the housing market area*" but also note that it goes on to qualify this with "*as far as is consistent with the policies set out in this Framework, including identifying key sites which are critical of the delivery of the housing strategy over the plan period*".

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In our view therefore it simply reflects the longstanding need for balance in plan-making and does not imply that “*even greater weight*” should be applied to the first part of paragraph 47 as a result of revocation.

SHMA versus South East Plan

You will recall that there was a quite detailed discussion at the Matter 3 Housing hearing between the Council and Judith Ashton acting for Barratt Strategic over what the SHMA was saying in relation to housing need and how that compared with the South East Plan target. Ms. Ashton was unable to attend the carried over discussion on this and this led to her submitting further representations and the Council responding to those –EX17 Council Response to the Further Representations by Barratt Strategic (re: Matter 3) refers.

I would draw your attention in particular to the third item in this statement. This clarifies the fact that, when comparing the same time periods and excluding a period preceding the South East Plan period, there is no conflict between the Plan and the SHMA. For convenience it is reproduced below.

“3) The SHMA identifies a significantly greater need than the SEP- the NPPF stresses the need to ‘meet in full’ the objectively assessed evidence base. No evidence has been put forward as to why this can not be achieved;

Disagree. Double counting occurs here. The 815 dwelling requirement was multiplied up to accommodate the backlog from 2001-2006. This shortfall was already assessed. See paragraph 6.79, p. 96 of the North Kent SHMA.

In summary, the 878 p.a. dwelling requirement is not a separate or alternative figure from the annual requirement figure of 815 dwellings. It is, instead, a reflection of the 815 dwelling figure applied back over time to 2001, taking account of the lower completion rates achieved in the early years of this century. This is shown in Figure 99 (p.103) of the North Kent SHMA. This identifies Medway’s total housing requirement figure for 2001-26 as 20,400 (816 x 25), less actual dwelling delivery 2001-08 of 4,600 (an average of 657 dwellings), thus resulting in a residual requirement 2008-26 of 15,800 (878 dwellings p.a.)

Therefore, apart from relating to a period pre-dating the plan periods for the Core Strategy and South East Plan, it would also be entirely wrong to then apply the current housing requirement figure of 815 dwellings to that earlier time period, when different and lower housing number requirements were operational in order to address a large non-existent backlog. To do so, would make the Plan unsound.”

SHMA Methodology

The first chapter of the North Kent SHMA (ref EB94) confirms that it was compiled in accordance with:

- PPS3
- Practice Guidance for undertaking Strategic Housing Market Assessments, Department for Communities and Local Government March 2007 and updated August 2007
- PPS12

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We would refer you, in particular, to paragraphs 1.2 – 1.8 of the SHMA that explain this.

This guidance for the preparation of SHMAs remains extant. It has not been altered by the NPPF. It follows therefore that it did “*identify the full objectively assessed needs for market and affordable housing*” and the requirement to “*plan for a mix of housing based on current and future demographic trends.*”

Household Projections

As you point out the 2010 North Kent SHMA uses 2008 based projections – these being the most up to date available at the time. We further note that a new but partial projection has very recently been issued but would suggest that it presents difficulties to any local planning authority attempting to use it. This is because it only runs to 2021 and so does not give the longer time series necessary for a plan covering a period of at least 15 years. It is also labelled as “*interim*”.

Household projections are, of course, only one element needed to determine housing need and they do tend to be volatile as the following table for Medway shows.

| DCLG Household Projection Series | Household count (000's) | | | | Change | | |
|----------------------------------|-------------------------|------|------|------|--------------|--------------|--------------|
| | 2006 | 2011 | 2021 | 2028 | 2006 to 2028 | 2011 to 2021 | 2011 to 2028 |
| 2003 | 105 | 112 | 125 | 130 | 25 | 13 | 18 |
| (SE Plan) 2004 | 105 | 110 | 122 | 127 | 22 | 12 | 17 |
| (Core Strategy) 2008 | 102 | 106 | 116 | 122 | 20 | 10 | 16 |
| 2011 | n/a | 107 | 119 | n/a | n/a | 12 | n/a |

Taking the table into account we would suggest that the following points are relevant:

- The South East Plan was based on a forecast that was higher than the new 2011 partial projection and that used for the SHMA
- All pre 2011 projections will need re-basing when the full 2011 census results are finally available but we would suggest that it would not be reasonable to suspend plan-making because of this
- The notes accompanying the release of the 2011 interim projections state that (at a national level) they “*show a lower growth in households compared with the 2008 based projections, equating to 24,900 fewer households per year between 2011 and 2021 in England*”. As such they paint a mixed picture and do not suggest higher forecasts for all areas
- A household count does not directly translate into a dwelling requirement as a whole host of factors apply, including; vacancy allowances, concealed households, ‘institutional’ households etc.

We would further make the point that household projections would normally be applied early in the plan-making process. Compiling the necessary evidence base and completing the statutory stages for a core strategy generally takes three years. Therefore it is almost inevitable that a new projection will be issued before the plan-making cycle is completed. If it is taken as mandatory that the most recent projection must apply then it is difficult to see how the plan-making process could be concluded.

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Howmanyhomes.org

Thank you for drawing attention to this new ‘tool’ although we are very uncertain as to its status and usefulness for us at this final stage of the plan-making process.

We note that it uses 2008 based projections and information on household characteristics taken from the 2001 census. We also note that the Companion Guide, at paragraph 2.5, states:

“The approach to developing an understanding of the demand for market and affordable housing within a housing market area is through the preparation of a Strategic Housing Market Assessment (SHMA). The key output of an SHMA is to provide evidence of what level, type and tenure of housing is likely to be needed in that housing market area. The Toolkit and this Guide provide a ‘starting point’ for understanding the likely size and composition of the future population for a local authority area. More refined work can then be carried out as part of the SHMA process to produce the core outputs and answer the questions that are currently identified in the SHMA Practice Guidance produced by the Department for Communities and Local Government in 2007 (these can be found at Figure 1.1 and Table 2.1 of that Guidance). The Toolkit and this Guide do not replace the SHMA Practice Guidance, but rather provide a resource to help get practitioners started. The Framework sets out that, in doing so, local planning authorities should ensure that Local Plans are based on a proportionate evidence base that is adequate, up to date and relevant.”

Given this we think that has very limited relevance for a post submission core strategy that is supported by a full SHMA.

Housing Market Area

We agree with your suggestion that there is some ambiguity about what the relevant housing market is for Medway and would offer the following explanation.

DTZ pioneered the concept of housing market assessments and prepared the guidance referred to under ‘SHMA Methodology’ above. Because of this they were specifically chosen to undertake Medway’s first SHMA to support the abortive 2007 core strategy. Their analysis at that time indicated that Medway had a strongly local housing market with 70% of sales being to local people against their threshold for ‘local’ of 60%.

DTZ was then retained by SEERA to undertake the regional SHMA for the SE Plan and this promoted the concept of sub regional markets and led to the identification of North Kent as one such area – despite the findings of the earlier Medway specific study.

Given this situation we followed the sub regional route for the current core strategy but with some misgivings given the earlier Medway specific findings. However that does not alter the fact that the 2010 SHMA fully reflects the relevant guidance.

Conclusions

Given these various points it is our view that:

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- The submission draft Core Strategy is fully compliant with the NPPF and specifically paragraphs 47 and 50
- The full, objectively assessed needs for market and affordable housing are set out in the 2010 North Kent SHMA and this used the most up to date household projections available
- The SHMA remains valid and it is not therefore necessary or appropriate to update it in conjunction with the other North Kent authorities
- It is not necessary to revise or amend the spatial strategy in the Core Strategy in relation to this issue
- As the submission Core Strategy already refers to revocation of the South East Plan a main modification to reflect revocation is not necessary. Minor factual amendments will be made to the text in the same way that has already been agreed in relation to the NPPF and other documents published post submission
- Conformity with the NPPF is a matter for consideration through the examination process and so does not need to be demonstrated within the text of the Core Strategy.

Main Modifications

I am pleased to be able to advise you that the Council is also submitting main modifications relating to gypsies and travellers and monitoring and triggers today and these will fully reflect earlier discussions and correspondence.

I hope this adequately addresses the various matters raised in your letter but we would, of course, be pleased to provide further assistance as necessary.

Yours sincerely,



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