

**South Somerset District Council Local Plan 2006 – 2028**

**Independent Examination, May 2013**

**South Somerset District Council Supplementary Hearing Statement/Response  
to Inspector's questions on Household statistics (item 1), RSS revocation (item  
2) and status of development concept plan, Shudrick Lane Ilminster (item 3)**

**1st May 2013**

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**Item 1**

**Question 5 Inspector's question to the Council on Household statistics**

**The latest national statistics on the projected number of households in England and its local authority districts were published on 9<sup>th</sup> April. Could the Council answer the following questions please**

**1. Do the latest figures identify a different level of household need in South Somerset to that established in the previously available evidence**

- 1.1.1 The Proposed Submission South Somerset Local Plan (PSSSLP) [CD 3] identifies a range of household need in tables 2 and 3. These range from 9,800 dwellings associated with a slower growth economic based projection to 14,000 dwellings associated with the positive private sector led growth economic based projection in Table 2. In table 3 further population based and household based projections brought forward 5 other household requirement figures within the range identified from the economic projections. The Council in considering representations on the PSSSLP and new evidence updated these projections in Proposed Modification 42 and 48 [CD3b]. Proposed Modification 42 presented two economic based projections at 13,600 associated with a slower growth economic based projection and 17,650 dwellings associated with positive private sector led growth economic based projection. Proposed Modification 48 which is a reworking of table 3 has refined 5 projections to 2 – a population projection of 15,450 and an unaltered household based projection of 17,000dw.
  - 1.1.2 The household projection presented in the PSSSLP and M48 was the latest available until 9<sup>th</sup> April i.e. the 2008 based household projections published in 2010. Whilst the new census based household projections published on 9<sup>th</sup> April, 2011 only project forward to 2021 a reasonable interpretation of these forward to 2028 (as indicated to be not unreasonable in ONS advice) present a new figure for household need for South Somerset of 13,200 dwellings.
  - 1.1.3 The three other projections are not directly changed as a result of the new household projections. The matter of whether they should be changed as a consequence of changing household and population projections leading to a potential change in assumptions on average occupancy levels used within the calculations to derive them is addressed below in the response to the second question under the overall Question 5. The conclusion is that they should not be changed.
- 2. If there is a difference does it have any implications for the Local Plan and if so how does the Council envisage addressing those implications**

- 2.1.1 Under the methodology used by the Council and explained in the Housing Topic Paper [CD15] the population growth identified for South Somerset through population projection or through job growth projections and their resultant implications for population growth are converted into housing requirement through application of assumption on average house occupancy. The future projected population is divided by average occupancy rate expected at 2028 to establish the future overall housing stock required for the future population and then by subtracting the existing current stock one establishes the need for new homes to be built. The outcome of the calculations are very sensitive to small changes in occupancy rate assumption. The assumption used by the Council is that the average occupancy rate at 2028 will be 2.10 persons per dwelling. This is derived from the latest complete projections on household occupancy available i.e the 2008 based projections published in 2010. It is only with the publication of household projections on 9<sup>th</sup> April to go with the population projections produced earlier that an alternative occupancy rate for 2028 could be derived based on up to date publically published figures.
- 2.1.2 The average occupancy rate projected for 2028 on the basis of the latest population and household projections is 2.19 persons per dwelling (rounded up to 2 decimal places) when applied to the 68,000 household total at 2006 identified plus 13,200 projected household growth from then to 2028 in the latest household projections. This compared with 2.10 persons per dwelling applied to date. The potential implications should this different occupancy rate be applied in calculations is significant and Objectors to the plan have already identified this in their Statements and have a second opportunity to state these in the Inspector's invitation to consider the household projections to which this Supplementary Statement is this Council's response.
- 2.1.3 The Council contend that the assumption about future occupancy rate for 2028 to apply in the calculations for determining future household requirement should remain at 2.10 persons per dwelling for the following key reason.
- 2.1.4 The 2011 Census identified occupancy rate at 2.27 persons per dwelling and the 2011 based household projections derived from the Census and the 5 year period before it reflect the country and district's experiences during an abnormal period in its history – the worst and longest economic recession since the second world war. It is contended therefore that the new projections and newly derived occupancy rate is the result of short term fluctuations which are likely to come back to trend in the medium term and that trend is that demonstrated in the 2008 based projections. The Cambridge Centre for Housing and Planning Research in its publication "Choice of Assumptions in Forecasting Housing Requirements" published in March of this year addresses this point and makes the following observation

*"Given that the census was carried out at a time when the country had been in an economic downturn for three years following a period of sharply deteriorating house price affordability, it is to be expected that the rate of household formation was depressed and hence the number of households was below the long term*

*trend. It follows that to make a case for the lower household numbers than suggested by the 2008 based household projections local authorities would need to show that the actual household numbers in their area in 2011 were lower than projected but also to argue convincingly that the shortfall was not due to short term factors that would re balance during the plan period.”*

- 2.1.5 Corroborating evidence to this position that the new household projections (and consequently the newly derived and higher occupancy rate projections for the District and nationally) for South Somerset reflect abnormal factors that will correct themselves over the medium to long term and therefore within the plan period to 2028 are:

Evidence of abnormal factors determining 2011 based household projections

- National average age for first time buyers is now 28-29 but almost all those buyers have parental help. For those without that sort of assistance the average age is nearly 40 (Oxford Economics, reported in the Daily Telegraph 1 February 2013).
- Declining mortgage availability/take up – “The contraction in UK mortgage lending since 2007 has been the most severe on record. In both 2008 and 2009, fewer than 520,000 loans for house purchase were granted – lower than in any year since 1974. ....In the preceding decade, loans for house purchase averaged almost 1.2 million a year, so the fall has been in excess of 50%.” (Council of Mortgage Lenders, news & views, Issue no. 23, November 2010).
- Increases in South Somerset Housing Waiting List (as set out in the paper to PMB workshop 20 [CD117] which shows an increase in the waiting list for South Somerset from 3708 households in 2009 to 5790 in April 2011 and rising to in excess of 7,000 households in that year 2011/12 (effectively a 100% increase).

Evidence of correcting factors

- Economic cycle and expectation of recovery
- National policy initiatives to promote the economy and specifically to promote the housing market and housebuilding – examples include a) royal assent this month for the Growth and Infrastructure Act which has provision within it for developing the Housing market b) .Government’s Help to Buy scheme that enables all purchasers to put down a 5% deposit for a new home and a new mortgage guarantee scheme c) an extra £15 billion for new road, rail and construction projects by 2020 announced in the 2013 budget.
- Declining house price to wages ratio from 8.39 in 2008 in South Somerset to 7.2 in 2011 [paper to PMB workshop 20 CD 117]
- Approval of the South Somerset Economic Strategy 2012 – 2015 [CD119] that envisages a reinvigoration of the Council’s interest in directly securing the provision of land and infrastructure to enable economic development.
- Provision of £8.2 m of Council funds to promote economic infrastructure to reflect the commitment in the Economic Strategy. These funds were approved in November last year with the Council’s economic service now charged with beginning the process of evaluating potential sites for development

- 2.1.6 A further way of demonstrating that acceptance of the new household projections is inappropriate is by demonstrating the consequent implications. Acceptance of a provision of 13,200 dwellings as a target would mean that housebuilding levels (651 dw pa) established during the extremely difficult first 6 years of the plan would need to be reduced to 580dw per annum for the rest of the plan period which should be a period of sustained economic recovery. A housebuilding rate of 580 dw per annum does not reflect a possible level of housebuild for the District nor by implication an appropriate level of housebuild to support and promote the recovery. This argument becomes even more stark if one applies the consequent household occupancy rate to the economic projection.
- Rerunning the Council's economic projections with a 2028 newly derived occupancy rate of 2.19 persons per dwelling results in a requirement of 12,182 dwellings and this would mean an annual build rate expectation of 517 dwellings per annum (79% of the early years' average). The implications of a housebuild rate at this level is for the continuation into the future of house access problems and in due course when the economy picks up house price inflation. Smaller dwelling numbers will mean fewer affordable houses provided on the back of market provision so exacerbating the problem. This will then manifest itself into labour supply problems and difficulties for the local economy (not the least of which would be an underachieving and under utilised construction sector). The Council consider that a housing requirement based on the latest household projections would create a barrier to economic recovery as they reflect a period of deep prolonged recession
- 2.1.6 Proposed Modification M53 sets out the range of household requirements derived from population, household and economic projections. It is clear in Modifications M53, M54 – M56 how the overall provision of 15,950 is derived from the key economic projections set within the range of projections including household and population projections. The Council contend that the 15,450 requirement derived from the population projection and the 15,650 requirement derived as midpoint from the 13,600 requirement slow faltering growth and 17,650 requirement positive private sector led growth should remain unaltered by the new household projections. Whilst the new household projection is lower than previously at 13,200 dwellings it is contended that this is a level of future household formation that is abnormally low reflecting as it does the household forming patterns of a time of extreme recession. The provision of the Council's choice at 15,950 dw required 2006 – 2028 serves to meet the needs of the economy, reflect population growth projections and provide for household growth in excess of the latest projections thereby allowing for the problems of frustrated households to be addressed and for people's aspirations for a home of their own to be accommodated within the District's total housing provision.

## **Item 2**

### **RSS Revocation**

**If you consider that the revocation will have implications for the South Somerset Local Plan Examination of which the Inspector should be aware, then please send your observations to the Programme Officer by 16.00 on Thursday 2 May**

- 2.1 The Council's position regarding the forthcoming revocation of the Regional Spatial Strategy for the South West is set out in the Council's Hearing Statement Issue 1 Basis for the Overall Strategy, including Sustainability Appraisal and Infrastructure provision in paragraphs 1.2 – 1.4 under question 1.1 (page 3).
- 2.2 The Council has now received a letter from the Chief Planner, Department of Communities and Local Government dated 24<sup>th</sup> April informing the Council that an Order to revoke the Regional Strategy for the South West has been laid before parliament and will come into force on 20<sup>th</sup> May 2013.

## **Item 3**

### **Question 6 Inspector's question to the Council**

**Could the Council explain the status of the Development Concept Plan that is included in the attachment to their Statement on Ilminster and describe how it relates to the proposed direction of growth for the town**

- 3.1 Further to the email of the 11<sup>th</sup> April 2013 forwarding the Inspector's Question 6 (Ilminster), and the note to all representors of 12<sup>th</sup> April 2013 the Council's response is set out below.
- 3.2 Appendix 1 of Appendix 9.1G (Dillington Estates and C G Fry & Son Ltd – Statement of Support) of the Council's Hearing Statement for Issue 9 (Ilminster), is entitled an Initial Indicative Framework Plan, and states it is a concept plan for illustrative purposes. Both the plan and the report were produced by Turley Associates on behalf of the landowner and agent, following a meeting held at the request of the agent, with the Council on the 27<sup>th</sup> March 2013. The concept plan shows intent on behalf of the landowner to ensure that his site is developed and in broad accord with the Council's proposed direction of growth. The Council have also been informed this month of the intended timeline to development in further discussions promoted by the prospective developers and which the Council have undertaken on the usual without prejudice basis. The prospective developers currently propose making an outline planning application in May/June 2014 and a start on site in summer 2015.
- 3.3 The Development Concept Plan was appended by the Council to its statement simply to demonstrate that the scale of growth identified by the Council for Ilminster is achievable and deliverable in its proposed direction of growth.

- 3.4 The Initial Indicative Framework Plan has no status in planning terms. The plan's relationship to the Local Plan Proposed Direction of Growth would only become an issue when an application is submitted with the Framework Plan presented in association. It would be at this stage and in this context that the Council would address the detail in the Framework plan and when the plan would have any formal planning status.