

EXETER LOCAL PLAN 2021-2041

INDEPENDENT EXAMINATION

MATTER 2, ISSUES 1 AND 2

HOUSING, EMPLOYMENT AND RETAIL NEED

HEARING STATEMENT

ON BEHALF OF

SALTER PROPERTY INVESTMENTS





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RA Ref: SALT0013
LPA Ref: -
Office Address: Number One
Queen Square Place
Bath
BA1 2LL

Telephone: [REDACTED]
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1. Introduction

- 1.1 This Hearing Statement sets out a brief response on behalf of Salter Property Investments (SPI) to the Inspectors' questions in relation to Matter 2, Issues 1 and 2.
- 1.2 This Hearing Statement should be read in conjunction with the written representations made on behalf of SPI to the Regulation 19 Plan.

2. Issue 1 – Local Housing Need and the Housing Requirement – Policy H1

5. To determine the minimum number of homes needed, paragraph 61 of the Framework states that strategic policies should be informed by a local housing need assessment conducted using the standard method in national planning guidance ('the PPG') – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals.

Q1. What is the minimum number of new homes needed over the plan period? Are the calculations accurate and do they reflect the methodology and advice in the PPG?

- 2.1 SPI accept that the minimum number of new homes that the plan is aiming to provide over the plan period is in accordance with the transitional arrangements, and is therefore based on the pre-December 2024 standard method for determining local housing need. However, that does not mean that the minimum number reflects the new homes that are 'needed', and which the local housing need arising from the revised standard method indicates is significantly higher.
- 2.2 SPI would emphasise that the plan period requirement is a 'minimum' figure which, for reasons set out in responses to other questions, it would be prudent to plan to exceed. It is noted that the annual average number of new homes completed over the 10 year period 2015-2025 (746 homes per annum)¹ falls some way short of the latest assessment of local housing need using the revised standard method (800 homes per annum). It follows that, if the plan aims only to meet the minimum requirement, then the gap between housing delivery and the actual need for homes will continue to widen.

¹ TOP-01, Table 1

Q2. Have any changes in the methodology, since the preparation of the Plan, resulted in any meaningful or significant changes to the calculation?

- 2.3 Yes, the introduction of the revised standard method that was published on the same day that the plan was submitted to the Secretary of State, has resulted an escalated housing requirement, by circa 25%, or 158 homes per annum. That escalated requirement took effect from that date, and therefore there is already a deficit of more than 158 homes that has not been provided for in the fourteen months since that date.
- 2.4 This is not just a numerical exercise. It means that an additional 158 households per annum will be forced to remain in unsuitable or substandard accommodation or, worse still, into homelessness. The scale of affordable housing need in Exeter indicates that there is a housing crisis in the city, and to defer planning to meet the escalated need risks compounding that crisis. Moreover, if, as the Council contends, the draft Plan's housing requirement does not equate to less than 80% of local housing needs, then, in accordance with the transitional arrangements, there will be no compulsion on it to begin work on a new plan immediately. There will therefore be no short term urgency to begin to address the under-provision of homes in relation to actual needs. *Ipso facto*, the housing crisis is likely to deepen, affordability worsen, which will be reflected in an escalating scale of need for which the next plan must make provision, and by which time it will be more difficult to alleviate.

Q3. Is there any historic unmet need that should be taken into account?

- 2.5 The latest assessment of housing need belies the statistical data of housing delivery assessed against plan period requirements. When considered in relation to 'actual' needs, the evidence indicates that there is historic unmet need that was foreshadowed in the Secretary of State's projection of actual need at the time that the Core Strategy was prepared.
- 2.6 The housing requirement incorporated in the adopted Core Strategy (12,000 homes) fell short of the objectively assessed need identified by the Secretary of State (15,000 dwellings) through the Regional Spatial Strategy². The latest evidence based on the revised standard method, combined with the evidence of acute affordable housing need, indicates that the

² Exeter Core Strategy, paras. 4.2-4.5

lower housing requirement adopted by the Council has failed to keep pace with actual housing needs, and failed to deliver the homes that were necessary in the period to 2026.

- 2.7 The evidence of the market signals is therefore clear and unequivocal, that there is historic unmet need that should be taken into account now, to avoid continuing the past trend of under-delivery in relation to actual needs, and to start responding to the housing crisis that has arisen in consequence. To impact positively on the lives of those who are unable to access a decent home that meets their needs, that response should start now, and should not have to wait for a further period of years until the Council gets round to a further review of the plan.
- 2.8 The Council's track record of plan reviews is woeful given that, in accordance with the terms on which the Examination Inspector allowed the Core Strategy to proceed and which are incorporated in the adopted Plan³, a review should have commenced in 2012 due to the continuing shortfall in the supply of deliverable housing land. Therefore, unless actual unmet needs are taken into account now, it could be many years before they even start to be addressed.

Q4. Has the Council identified land to accommodate at least 10% of their housing requirement on sites not larger than 1 hectare, as required by paragraph 70 of the Framework? Does this include sites which have already been completed?

- 2.9 SPI does not have any submissions to make on this point.

³ Ibid, para. 1.7

6. The PPG advises that there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method. Circumstances where this may be appropriate include situations where there are growth strategies for an area, where strategic infrastructure improvements are proposed or where an authority is taking on unmet housing needs from elsewhere.

Q1. Do any of these circumstances apply to Exeter?

- 2.10 The Council has not identified any such circumstances.

Q2. Does the PPG list only those circumstances where it would be appropriate to plan for an alternative level of housing provision than the standard method, or could locally specific reasons justify a higher figure?

- 2.11 It is clear from the Framework that the list of circumstances is not exhaustive in that the provisions are prefaced by the words ‘for example’⁴. Therefore locally specific reasons can justify a higher figure. There are good reasons for doing so in this instance which have been alluded to in responses to earlier questions and are summarised below.
- 2.12 First, and foremost, the evidence from the revised standard method that the actual level of local housing need is significantly higher (25%) than the needs for which the current plan is providing. Those needs exist now, and the planned provision is therefore already failing to meet them. This is not simply an arithmetical exercise, it foreshadows real hardship and negative impacts on the lives and life chances of those who are unable to secure a suitable home.
- 2.13 The evidence contained in the adopted Core Strategy is that it failed to plan for the full objectively assessed need in setting a housing requirement of 3,000 homes below the level of need identified at the time by the Secretary of State. As is acknowledged in the PPG, the affordability adjustment now incorporated in the standard method is applied to take account of past under-delivery⁵. The significant escalation in the local housing need that has now been confirmed through the revised standard method may therefore be seen as pathological,

⁴ NPPF, para. 67

⁵ PPG, Paragraph: 011 Reference ID: 2a-011-20241212

a product of decreasing affordability due to past under-delivery that is now factored into the assessment of current needs for which provision must be made. Since some of that need has been accruing over the twenty year period of the Core Strategy since 2006, there is an imperative to respond to it without further delay.

- 2.14 On the theme of delay, if the level of need for which the current plan is providing does not fall below 80% of the revised scale of need based on the revised standard method, then by dint of the transitional arrangements there will be no compulsion on the Council to proceed with a new plan immediately. This will mean a further indeterminate period of time before the current level of housing need even starts to be addressed, meaning that it is likely to be further compounded, an even higher proportion of households will be unable to satisfy their housing needs, the scale of affordable housing needs will escalate accordingly, and more individuals and families will face the ultimate risk and stigma of homelessness. Given the Council's track record in failing to bring forward timely reviews of its Development Plans, this in itself is strong reason to plan for a higher level of need than the minimum requirement at which the current plan is aiming, and which has now been shown not to reflect the actual level of housing need.
- 2.15 The level of affordable housing need identified by the Exeter Local Housing Needs Assessment identifies an acute need for affordable housing of circa 805 homes during the plan period. The scale of that need cannot be understated, and is reflected in the fact that, on its own, it exceeds the total number of homes (market and affordable) that the plan is aiming to provide, by a margin of 25%.
- 2.16 What this means is that, even if each site from which an affordable housing contribution can be levied delivers a policy compliant level of affordable housing, it will barely scratch the service of the level of affordable housing need, which will continue to accumulate year on year. Given that the current plan is not aiming to meet the current level of actual housing need as reflected in the revised standard method, the already acute level of affordable housing need is likely to increase exponentially during the plan period. This is a very serious situation indeed.
- 2.17 However, the situation as regards affordable housing delivery is likely to be even worse having regard to the site allocations on which the plan is relying. For reasons that are outlined in submissions in relation to Matter 9, the largest allocation in the plan (Water Lane),

accounting for approximately 35% of the allocated capacity, seems unlikely to deliver any affordable housing whatsoever due to the abnormal costs of development.

- 2.18 The scale of affordable housing need, on its own, and the likelihood that it will escalate still further due to the current plan not aiming to meet the level of actual housing need that has now been identified, provides reason alone that justifies a higher figure in the circumstances of this case. It is a manifestation of years of under-provision for the homes that are needed that was embedded in the Core Strategy from its inception. It should be addressed without further delay if an already acute level of affordable housing need is not to become even worse.
- 2.19 Finally, based on its own assessment, the Council contends that it will be able to demonstrate a supply of deliverable housing land of approximately 5.5 years as of the date of adoption of the plan. That assessment is based on the annualised housing requirement contained in the plan with the inclusion of a 10% buffer. However, from 1st July 2026, for the purposes of decision-making, where the annual average housing requirement is 80% or less of the most up to date local housing need figure calculated using the standard method, it will be necessary for a local planning authority to add a 20% buffer, and therefore effectively demonstrate a deliverable supply equating to six years.
- 2.20 Since the annual housing requirement in the Plan, if adopted, will equate to 80% (rounded) of the most up to date local housing need figure calculated using the standard method, and may well have fallen below 80% by the time that the plan is adopted given that further estimates of housing stock and affordability ratios are likely to have been published by that time, then the benchmark LHN for the purposes of computing the supply will likely have increased further by that time, and in consequence the deliverable supply will have fallen further below five years. It would therefore seem prudent for the Council to aim at a higher housing requirement equivalent to a 20% buffer to ensure that the plan is future-proofed against the housing land supply requirements that will prevail upon its adoption. This would also seem prudent given the Council's long legacy of being unable to demonstrate a compliant five year supply of deliverable housing land for the entirety of the Core Strategy period since its adoption in 2012, which has been acknowledged by Planning Inspectors in determining S78 Appeals.

- 2.21 For all of the foregoing reasons there are locally specific reasons that justify a higher level of housing provision. As is clearly confirmed through the PPG, the Government is committed to ensuring that more homes are built, that it supports ambitious authorities who want to plan for growth, and where authorities plan for higher growth this should not normally have to be thoroughly justified at examination⁶.

Q3. Is the housing requirement of 12,480 homes over the plan period justified and consistent with national planning policy and guidance? If not, what should the housing requirement be?

- 2.22 Whilst the housing requirement may be technically consistent with the transitional arrangements, it is inconsistent with the Government objective of 'significantly boosting' the supply of homes. That objective is integral to the version of the Framework under which the current plan is being examined, and accentuated through the current iteration.
- 2.23 The provisions of the current plan continue the annualised scale of housing growth contained in the adopted Core Strategy. Moreover, as outlined in response to earlier questions, it is clear from the most recent assessment of local housing need that the provisions of the Core Strategy have failed to meet actual needs, and that a significant boost is required going forward.
- 2.24 To the extent that the current plan continues with more of the same scale of insufficient growth, and does not significantly boost provision in response to the latest assessments of need, it is inconsistent with current national policy, and with the incumbent Government's ambition to deliver 1.5 million additional homes during the lifetime of the current Parliament.
- 2.25 For all of the reasons cited earlier, it would be prudent to elevate the housing provisions of the current plan to at least the level foreshadowed in the Regional Spatial Strategy at the time that the Core Strategy was in preparation and adopted, and therefore to 15,000 dwellings (750 dwellings per annum) during the plan period. This would still fall below the latest assessment of local housing need (800 dwellings per annum), but would help slow the deepening of the existing housing crisis until a new plan that meets the full need comes forward.

⁶ Ibid, Paragraph: 040 Reference ID: 2a-040-20241212

Q4. How have projected levels of economic growth been factored into the calculation of the housing requirement?

2.26 This is a matter for the Council to explain.

Q5. How has the limited capacity of the existing power grid network in Exeter been considered? Are any related and necessary strategic infrastructure improvements being proposed? If not, should the housing requirement be lower?

2.27 Again, this is a matter for the Council to explain. However, given the acute housing needs set out in earlier answers, infrastructure constraints would have to be of a seismic scale to justify an even lower housing requirement that would fall even shorter of meeting assessed needs, and thus be completely contrary to the Government's objective of 'significantly boosting' the supply of homes.

3. Issue 3 – Affordable Housing Need

Q1. The Exeter Local Housing Needs Assessment (LHNA) 2024 states that the overall need for affordable housing is around 805 homes per year for the plan period 2021 – 2041. Is this figure accurate and robust? If not, what is the need for affordable housing over the plan period?

- 3.1 SPI is not in a position to confirm or contest the veracity of the figure, or to advise on an alternative projection of need.
- 3.2 However, the Council's projections indicate a very substantial need that is indicative of an affordable housing crisis in Exeter. As already adduced in response to earlier questions, the annual affordable housing need alone exceeds the totality of the plan's annual provisions for housing by approximately 25%.
- 3.3 The consequences of this mismatch between the plan's provisions for housing and the projections of affordable housing need are potentially very serious indeed. Combined with the fact that the current plan is not planning to meet the latest projections of actual housing need, it means that affordability is likely to worsen during the current plan period, affordable housing need will continue to escalate, and increasing numbers of households will be forced to remain in unsuitable accommodation, or worse still, into homelessness.
- 3.4 That is the stark reality of a plan which, whilst it may comply with legislative provisions, will fail to deliver on national political objectives, and most likely culminate in a deepening affordability crisis that will become even more immutable over time.

