

Responses to Section 3 of ID/33

3.1 Is the SHMA March 2013 (CD9/H4) intended as a complete replacement for BANES of the SHMA 2009 (CD4/H11), as indicated in the Schedule attached to BNES/40?

Yes – a complete replacement. Note the need for an addendum in respect of the answer to 3.2

3.2 Is Annex 1 supplementing the SHMA by filling in background information used but unexplained in SHMA; or is it introducing further work done by ORS, but not included in the SHMA? Although there are general references to ORS or the SHMA in Annex 1, there is a lack of clear cross-referencing to specific tables or paragraphs to help explain the Council's case. Also, the use of different terms for what might be the same thing (eg moderate trend in Annex 1, but possibly mid trend and average in the SHMA) further confuses.

Paragraphs 3.8-3.16 of Annex 1 of the March 4th Council Report were written from the perspective that the SHMA generated population projections for the period 2011-31 by using trends evident within the interim ONS 2011-based population projections, which themselves only extended until 2021.

Instead, trends evident within the rolled forward mid-year population estimates were used, adjusted to take account of levels of net international migration evidenced by the 2011 Census. Whilst the former approach was considered during the preparation of the SHMA, it was the latter approach that was actually used.

Whilst Annex 1 quoted the outputs from the 'rolled forward' approach, the explanation for the derivation of these outputs related to the 'interim approach' ~~implemented~~ and this has understandably caused confusion for some respondents to the consultation on the proposed Changes to the Core Strategy.

The attached **Paper 1** amends the explanation given in relevant sections of Annex 1 to explain to set the record straight in detail and to clarify the outputs that different approaches yielded.

This retrospective rewriting of Annex 1 is now largely academic given the release of the revised mid-year population estimates on 30th April 2013. These supersede the rolled forward set of estimates and the adjusted data (re net international migration) used by ORS in the Draft SHMA.

As the fundamental baseline data in respect of past trends is revised by the ONS so too must the SHMA be revised. The timing of this data release is somewhat frustrating for all parties, including the Council, but it would simply be negligent not to review the implications of this data. The consequent update to the SHMA will take the form of addendum documentation prepared by ORS. This analysis will be set out **'SHMA Addendum 1 (available from w/c 22nd July)**. Even from a cursory analysis at the revised mid-year population estimates (presented at the end of Paper 1) it can be seen that the implications for the trend based migration-led scenarios are significant. Additional time is needed to prepare Addendum 1 as it involves an extra level of complexity than required to directly answer the specific questions of ID/33.

The reason that the consultation version of the SHMA was labelled as 'Draft' was in anticipation of imminent release of the revised set of mid-year population estimates and the need to take them account.

3.3 I cannot relate the explanation of the process given in Annex 1, 3.11-3.12 to the SHMA other than Table 2a in Annex 1 has the same 3 alternative dwelling requirements as Table 43 in the SHMA. Is what is stated in Annex 3.11 explained in the SHMA? If not, is this what the SHMA is actually based on or something done subsequently?

See first part of answer to 3.2 and amended Annex 1

3.4 Annex 1, 3.12 picks a moderate migration level purportedly from the varying levels of migration projected over the period 2012-2021. I do not understand this paragraph - it does not relate to what is in the SHMA. The SHMA explains its calculation of various migration trends in relation to various averages from the period 2001-2010. What is the moderate migration scenario? What is the reason for identifying the moderate migration scenario in paragraph 3.12 when the SHMA's low trend projection is ultimately the Council's preferred option, as explained in paragraph 3.21? Table 4 in Annex 1 is referred to as the ORS moderate growth scenario, but in fact it is the low trend scenario.

See first part of answer to 3.2 and amended Annex 1

3.5 Is there an error in Table 42 of the SHMA, as explained in Pegasus Planning's Critique of ORS BANES SHMA Appendix 1 (representation on behalf of Crest Nicholson SW Ltd rep no 4711)? If there is an error, an Addendum to the SHMA should be prepared, reworking all

consequential figures. Does any such error change the Council's choice and calculations in Annex 1? If so, an Addendum should be prepared.

Yes there is a minor error. The figure of 534 should be 634. This is a typo and has marginal consequential impacts on a range of other outputs as set out by Pegasus. This error is now irrelevant given the release of the revised mid-year population estimates and the need to update the outputs of the SHMA in light thereof. Therefore, no addendum has been prepared re the impact of this error. Instead a more comprehensive addendum has been prepared to take into account the revised set of mid-year population estimates as referred to in the answer to 3.2. This will be available in the w/c 22nd July.

3.6 Annex 1, 3.14 states that the student population has been excluded from the calculations and that Tables 2a and 2b do not contain a student component. Is this actually the case - where is this explained in the SHMA? The only apparent explanation is in SHMA 6.13. In that respect what year is the current level and does the same assumption apply to all 4 projections in the SHMA? What does the SHMA approach mean in practice compared with the ONS methodology? Does the ORS approach exclude any growth in the student-age population whether actually students or not?

SHMA 6.13 alludes to the adjustment but not does present the methodology in detail. 2011 represents the current level as this is the baseline for the plan period. this applies to all the projections of the SHMA.

The projections presented in the Draft SHMA hold the total number of students and their age structure constant, but other population of student age was not constrained. This means that the baseline (2011) level of students are not allowed to age (to become people in the early 30s in 10 years' time or early 40s in 20 years' time.) This is because this population cohort is transitory.

Following the release of further data from ONS, the SHMA population and household projections have been updated and new figures will be presented in Addendum 1 to the Draft SHMA, which will be published w/c 22 July. In response to concerns raised about the transparency of some calculations underwriting the Draft SHMA analysis, this revised analysis will include additional details about the way in which the student population is managed.

3.7 In my note last year identifying why the submitted plan was unsound I said: As part of a revised, NPPF compliant, approach to assessing the housing requirement, the Council should assess the likely changes in student numbers and the effect on demand for student

accommodation (ID28 Annex 2.10). I have not seen any such updated assessment. On what evidence does the Council consider that student numbers will be the same and not make any additional demands on the housing market?

The Council has been in contact with the University of Bath and Bath Spa University to understand the scope for change re student numbers. Overall, student numbers will increase during the Plan period.

The Council has updated its Student Numbers and Accommodation Paper (Dec, 2010) (CD6/D1) and the update is the evidence base that it relies upon for the Core Strategy Proposed Changes. Previously the data in this paper ran only until 2021, but both institutions have recently extended the time horizon of their growth plans to 2026 (Bath Uni) and 2030 (Bath Spa) and so the time horizon of the paper has been extended.

The outputs of the Paper in relation to student housing requirements are additional to the outputs currently presented in the SHMA for conventional housing. These components are kept separate in terms of assessing requirements and in respect of monitoring delivery. The Council thinks this enable a greater level of clarity in respect of this matter. A student cluster flat would not for instance count towards the need for conventional housing, only the student specific requirement.

A summary of the headline conclusion of the evidence is presented below. Full details are available in the updated version of the Student Numbers and Accommodation Paper (July, 2013) (CD ref TBC), which is attached to this response.

Bath Spa University is planning for consolidation during the plan period, that is to say, student numbers will remain stable. However the university will continue to invest in the Newton Park campus and this will include 1,000 new bedspaces (gross) or 606 (net).

The University of Bath is planning for growth in the range of 1% per annum to 2026, or 3% per annum to 2020, stabilising thereafter to 2026. When these growth rates are applied to the 2011 base data it yields the following conclusions.

1% pa scenario	2,431 more students to 2026 (or 3,145 to 2031) 1,751 more bedspaces needed to 2026 (or 2,265 to 2031)
3% pa scenario	4,419 more students to 2026 (and to 2031) 3,182 more bedspaces needed to 2026 (and to 2031)

The difference between total student growth and bed space needs reflect the fact that not all enrolled students live within BANES due to distance learning, placement year etc and of those that do there are a number of part time and postgraduates students who live within conventional housing whether a long term renters or homeowners. The details are set out in the Paper itself.

The paper also presents a 1.5% pa and a 2.0% pa scenario for each year up to 2031, but these do not reflect the University of Bath's best estimates. They are for information only to illustrate the impacts of alternatives

Against the two projections presented here, the University of Bath is planning to deliver 2,400 bedspaces on its Claverton campus. This will absorb 1% pa growth with a surplus leftover, or meet 75% of the 3% scenario. The shortfall against the 3% scenario is 782 bedspaces. Half of this can be met by the minimum of 375 bedspaces to be provided as part of the Crest outline application for BWR. This leaves a residual of 407.

There are currently planning applications being determined in relation to 183 bed spaces on James Street West and 328 bed spaces at Twerton Mill (511 in total). Therefore the 3% scenario can also be absorbed.

As set out in the University of Bath's master plan "accurately predicting student growth rates over a long period is very difficult" but in the analysis presented here it seems that there can be some confidence student growth in the future will not be as strong as since 2001. It also seems plausible that this growth need not make any additional demands on the wider housing market. To put this in a strategic context - there are an estimated 2,880 student related HMOS in Bath. This represents 7.2% of the 40,000 dwellings in Bath at 2011. With total dwellings in Bath planned to increase to 47,000 during the plan period, the HMO share falls to 6.1%. There is scope for the number of HMOS to drop by 250-500 to 2026 and this would change the share to 5-5.5%.

3.8 I do not understand Annex 1, paragraph 3.21. How do all the figures and dates relate to the material in the SHMA? It seems a repeat of the approach explained in 3.12. What are Fig 1 and Fig 2 referred to here? Why does the Council consider that the SHMA's low-trend projection is compatible with its intentions for job growth, since the SHMA (6.21) indicates that this combination is unlikely to be realistic?

First, second and third sentence - see answer to 3.2

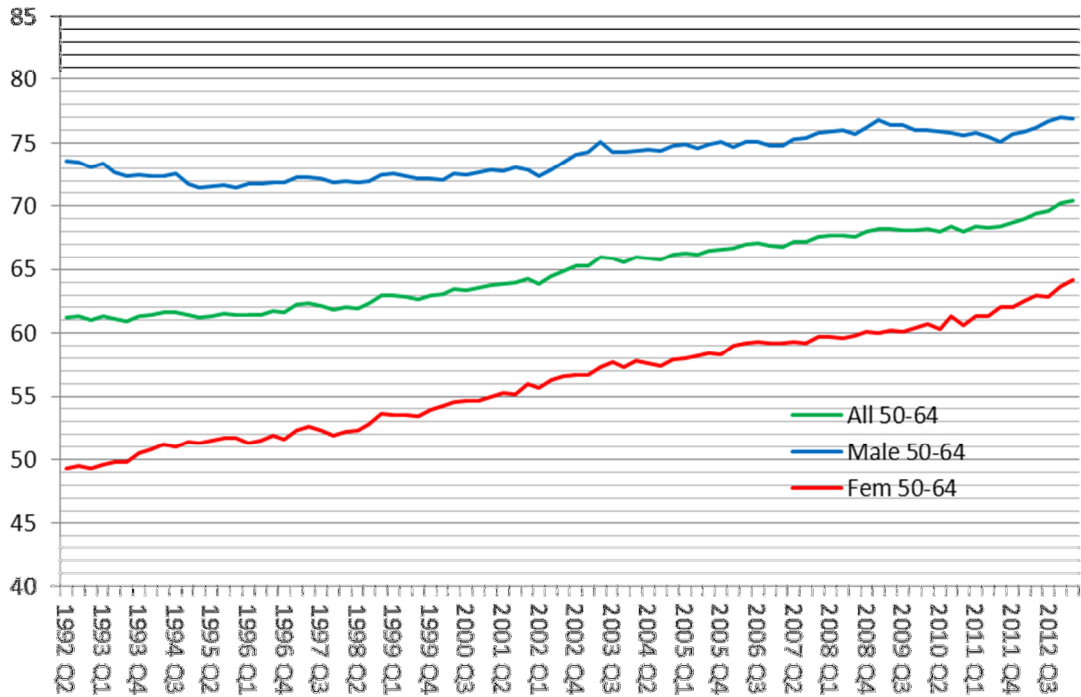
In referring to Figures 1 and Figure 2 the Council actually meant Figures 3 and Figure 4 of original Annex 1. The figures were renamed during drafting and the text simply didn't catch up. Please be aware that additional figures have been added to the amended version of Annex 1 (Paper 1 to this response) as so the numbering has been completely revised.

If SHMA paragraph 6.21 is read/quoted in its entirety it goes onto introduce the critical importance of assumptions in respect of the participation rates of older workers in the labour market in the context of an aging population. A trend has been underway for 50-64 year olds since 1992 and for 65+ year olds since 2001. This is now a key area of research analysis and is beginning to be picked up in the planning policy sphere in respect of the implications for labour force projections and employment-led housing scenarios.

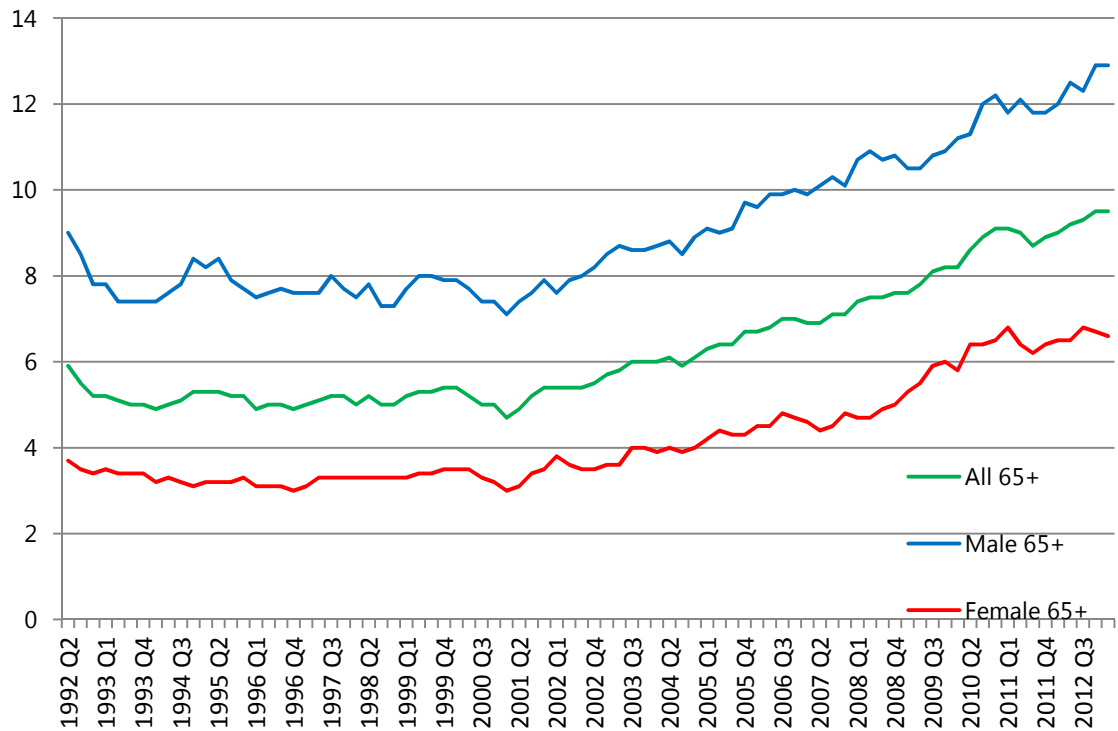
Following the release of further data from ONS, the SHMA population and household projections have been updated and new figures will be presented in Annex 1 to the Draft SHMA, which will be published w/c 22 July. In response to concerns raised about the transparency of some calculations underwriting the Draft SHMA analysis, this revised analysis will include additional details about the assumptions about economic activity rates and the likely impact of changing labour market participation amongst specific age/gender cohorts of the population.

This matter is critical not only to BANES but to the UK as a whole in relation many aspects economic and social policy. To introduce the concept and the trend to the following graphs are presented for the 50-64 age group and 65+ age group (sourced from the Labour Force Survey). It is important to understand that the drivers of the current trends will only increase in their magnitude during the plan period, re a range of factors such as the equalisation and increase in SPA, healthy longevity expectations after SPA, end of final salary pensions schemes, economic necessity etc. Whilst it is challenging consider such matters, it would be negligent if they were ignored

Economic Participation Rates for People aged 50-64 Q2 1992 to Q1 2013



Economic Participation Rates for People aged 65+ Q2 1992 to Q1 2013



3.9 The Council’s intention in relation to jobs growth is not clearly expressed in Annex 1, 3.17. If it is the Council’s aim is to achieve its proportionate share of the West of England job growth of 95,000 (2010-2030), which is the ambition of the LEP, and maintain BANES’s proportion of the West of England’s overall jobs at the current 15%, the loss of 2,800 MOD jobs at Bath (but moving to Bristol) would mean that proportionately more jobs have to be provided in BANES to compensate. I do not understand the justification for simply deducting the MOD job losses from the Oxford Economic forecast. Please explain.

The Council’s methodology takes its cue from the ambition of the West of England LEP to deliver 95,000 net additional jobs between 2010 and 2030. This was itself informed by a suite of forecasts published by Oxford Economics in June 2010. The ambition of the LEP lies between Oxford Central and Oxford Stronger Projections. The LEP ambition for the WoE is for 13,500 more jobs than the central scenario and 21,600 less than the stronger scenario.

Oxford Central and Stronger Scenarios for the West of England 2010-2030

2010-30	Central	Share	Stronger	Share
Bristol	27,200	33%	42,400	36%
Bath	9,000	11%	14,300	12%
S. Glos	15,700	19%	20,300	17%
N.Soms	29,600	36%	39,600	34%
Total	81,500	100%	116,600	100%

In the forecasts underpinning the LEP ambition, BANES receives 12% of employment growth. If this is applied to the LEP ambition of 95,000 then 11,400 net additional jobs are generated.

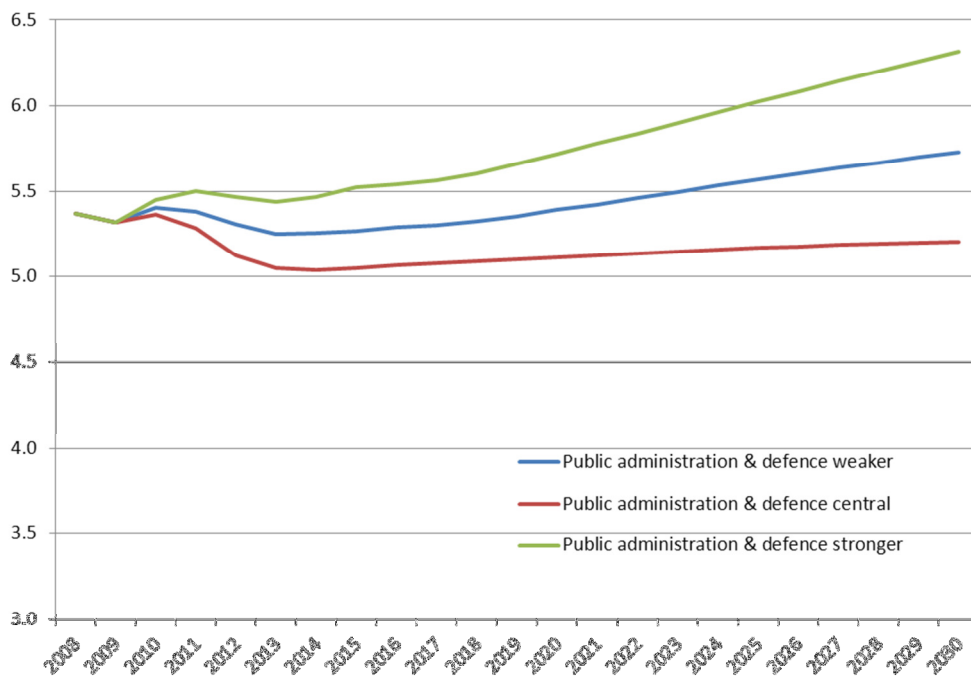
However, BANES currently accounts for 15% of jobs in the West of England and the Council is keen to claim the Districts current share of jobs in respect of the LEPS future employment growth aspirations. Therefore a figure of 14,300 net jobs formed the initial basis for exploring a jobs target for 2010-2030. The Council wanted to see if this was achievable. By coincidence this figure (14,300) matched the number of jobs that BANES could achieve if it were to receive 12% of a stronger growth scenario for the WoE. Therefore, BANES, by planning for 15% share of the 95k aspiration, is planning for the outputs of stronger West of England trend.

This adjustment is therefore in line with the ‘stronger’ economic forecast from Oxford Economics, and this is based on stronger recovery of the UK economy from the economic downturn. The Oxford projections were initially developed in 2010. Since then a ‘stronger’ growth path has obviously not materialised (see for instance the the continual downgrading of OBR projections since 2010). Therefore the growth ambitions of the Council can be regarded as ‘ambitious’ in light

of the flat recovery to date. One could characterise the projection as embodying significant flexibility i.e. the Council will be planning for the implications of the OE stronger growth projection for key growth sectors should this materialise.

A second adjustment was then made to the 14,300 LEP-based targets for B&NES in order to allow for the major economic shock of the MOD shedding some 2,800 jobs in Bath. In order to compensate for this shock, the 14,300 net additional jobs ambition has been reduced by 2,800 jobs, to a net additional growth target of 11,500 jobs. This is regarded as being a valid adjustment given that the Oxford forecasts assumed no such shock to the public admin and defence sector, as shown by graphed sectoral projection by OE for this sector in BANES. The impact of the shedding of 2,800 MOD jobs is to slice in tow, at a stroke the employment in this sector

Oxford Economics – Public Admin and defence scenarios - BANES (2008-30)



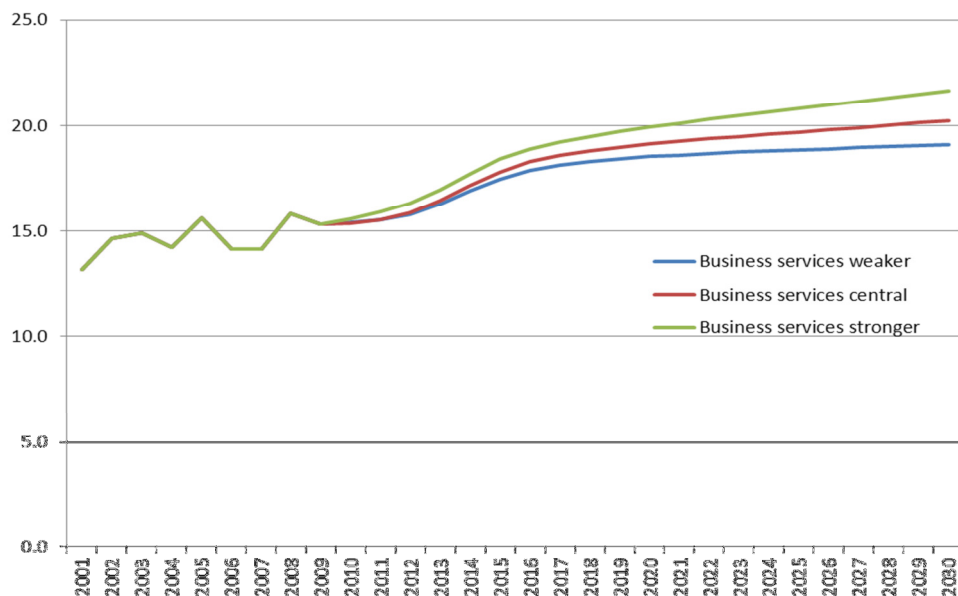
NB: that 'central' yields lower growth than 'weaker' is not an error. This is what the OE Projections state.

Where a forecast assumes no reduction to employment levels in public administration and defence, but where there patently will be a reduction, and a very large one, it is necessary to adjust the forecast. That is what BANES has done, and that is one side of the equation. The other side of the equation is that jobs in other sectors (additional to what is forecast under the strongest scenario evidenced by Oxford Economics) cannot simply be 'provided' on paper to 'compensate'

for losses not forecasts in another. There are limits in respect of the ability of other sectors to grow to compensate for MoD losses.

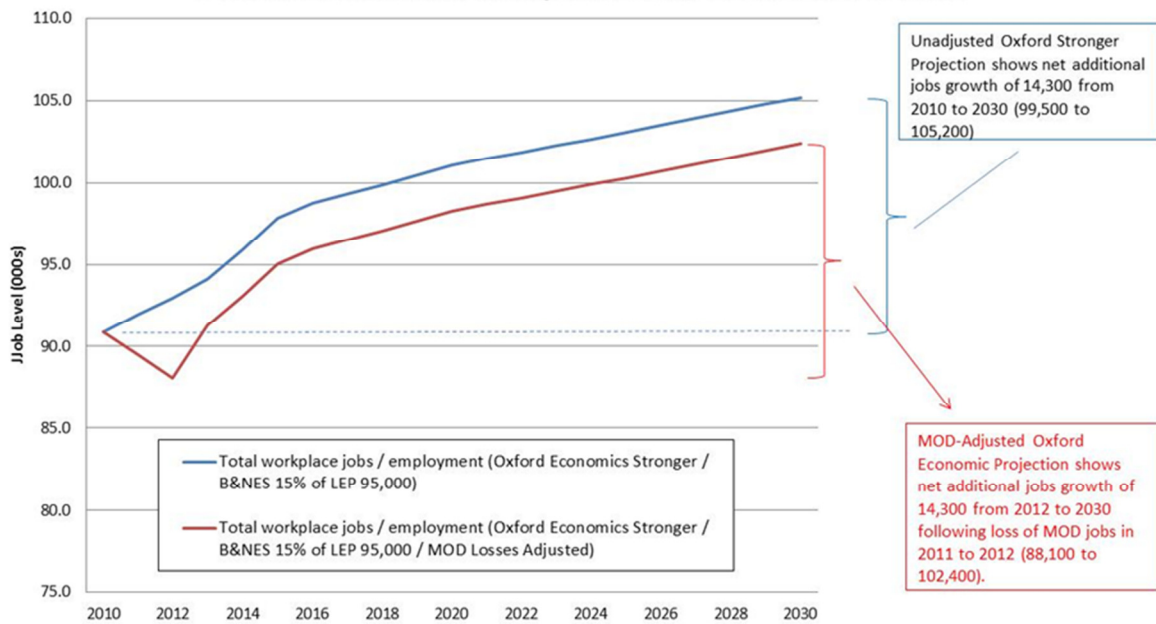
For example, the Council is already planning for the strongest levels of growth in BANES that have been evidenced by Oxford Economics for the key Business Services sector. The Council is planning for 290 per annum – which is in line with the stronger scenario of 300pa, whereas 245 represents the central scenario, and 185 the weaker scenario. There isn't any other evidence that has been used by the LEP to suggest that this trajectory can be boosted further. The LEP does not object to the BANES interpretation of what its aspiration means for this area.

Oxford Economics – Business Services Scenarios - BANES (2008-30)



The following graph fully reinforces the points being made.

14,300 Net additional Workplace Jobs in BANES 2010 to 2030



Finally, a third adjustment has been made to account for the fact the Core Strategy period covers 18 years whereas the LEP period covers 20 years. Quite simply the 20 year figure of 11,500 has been converted to 10,350 (18/20 of 11,500).

Previously the Council was planning for 8,700 jobs over 20 years from 2006-2026 (435pa). Now it relies on a 20 year growth target of 11,500 over 20 years and is actually planning for 10,350 jobs over 18 years from 2011-29 (575pa). Now that the deep recessionary period of 2008-10 no longer forms part of the plan period there is reason to plan for a stronger average annual rate of growth over the new plan period, hence the uplift.

ID/28 1.27 states that "it is reasonable to conclude that the Council's intentions with regard to employment align with the aims of the LEP". This was in the context of 8,700 jobs. The Council now relies on a 20 year job growth target of 11,500 and considers that alignment is still evident and that the Council is planning for the top end of what is defensible as being achievable.

3.10 Although the MOD jobs are being lost from BANES, if staff living in BANES continue in those jobs by commuting they would not be available to take up new jobs. If this is likely to be the case, does it suggest that in calculating any employment-led housing requirement the number for MOD jobs lost should be added to, not subtracted from, the jobs figure?

First some basic facts; Approximately 50% of the 2,800 staff affected live in B&NES with the majority of the remainder located in Wiltshire and Somerset (MoD figures) . The moves are part of the Strategic Defence Services Review which aims to achieve savings of £560mill over 4/5 years: a large part of this will be achieved through efficiencies in co-locating staff which could result in a reduction in overall staff numbers of up to 20% which will further affect the B&NES based employees.

The employment-led methodology focuses on increasing the supply of labour in line with net additional jobs growth. Net change results from growth in some sectors and contraction in others.

If all the newly forming jobs for the plan period were to be generated in very short term, the Inspector's point made in 3.10 would become a valid and it would not be realistic for the Council to rely on the dwellings in BANES currently occupied by MoD workers being (1) reoccupied by workers taking up new jobs in the city, or (2) all current MoD workers within those houses switching to a BANES based job. Additional housing would be needed in the short term to compensate.

However, this is an 18 year plan and gross jobs growth will occur gradually. Over the longer term the behaviour of people living within MoD related homes will change (one way or another) and many of these homes will likely form part of the churn of housing sales across the district. So, one has to consider both the behaviour of the current worker and the potential reoccupation of the dwelling and the behaviour of the new occupier.

For the last three years annual housing sales rates were 2,400 per annum which equates 43,400 over an 18 year plan period. Before the recession annual sales rates were 3,500 per annum – that's 63,000 over 18 years. There were currently 75,670 homes in the district in 2011 and Core Strategy proposes that this increase to 88,370. Therefore the level for churn in relation to the total stock is considerable. This will also yield a churn in economically active people and non-economically active people.

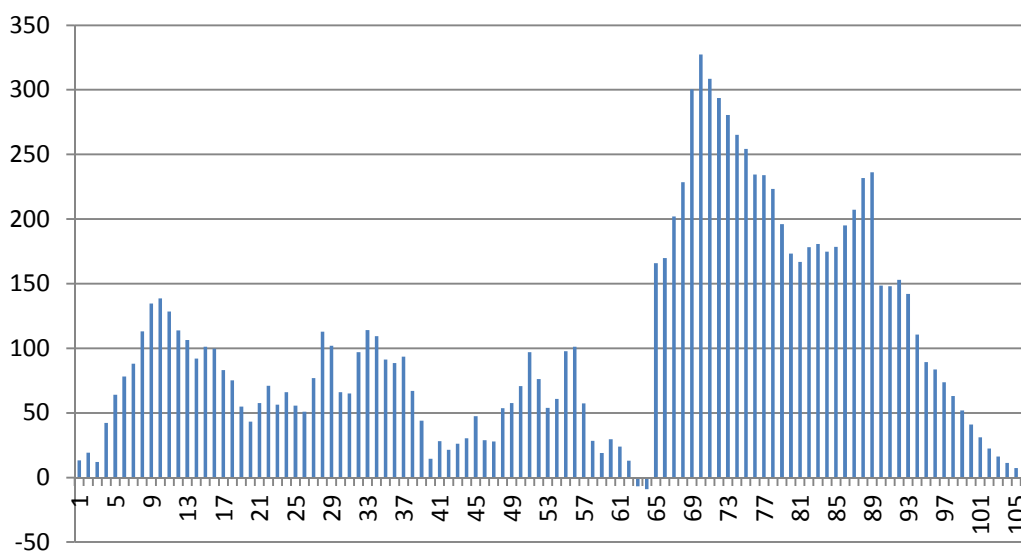
Some MoD workers will stay in BANES and commute to MoD Abbey Wood for another 18 years; some will switch jobs after a few years and find new employment in BANES or elsewhere in the region; some will move out of the district to move closer to their new place of work (either at the MoD or elsewhere); some will retire and stay in their current homes; some will retire and move home (some retirees will stay in BANES others will move elsewhere); some of the houses will be sold and be re-occupied by economically active people, others by non-economically active people.

Many different paths will be followed by individuals; a householders and it is not possible to predict exactly that will mean for the occupation of the MoD workers dwellings they currently occupy. What is certain is that there will be a lot of 'churn' and this reflects itself in the end state population projections utilised in the SHMA by age/gender.

What is also predictable is that the total population in BANES will age significantly. This is the key issue in respect of the labour market and jobs growth. The MoD issue that will play itself out and is minor in comparison. The bigger issue by far is the impact of an aging population on economic development, whether this will act as a brake or whether older people (50+ to 74) will remain the labour market to a much greater extent than is currently the case.

To reinforce the point, projected population change by single year of age for the UK 2010-35 is shown below. This is taken from the ONS projection published in Oct 2011. Total growth is 10.96m. Prime age growth re economic participation rates (24-50) is just 1.64m, rising to 2.6m for ages 24-65. This observation relates to 3.8 and the further information that is being provided on this matter.

UK projected Pop Change by single year of age 2010-2035



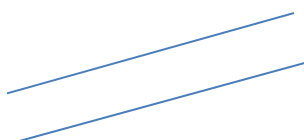
3.11 SHMA (6.16) describes the employment led scenario as one which constrains future population and household growth to the economic baseline forecast. What is the Council's justification for such a constraint? Is that not the same approach that I previously found unacceptable in the Council's methodology (given the likely migration of non-economically active households to BANES)?

Constraining population growth to an employment forecast can only be sensibly done in the context of a complete population projection that covers all people – thus making an implicit allowance for non-economically active households. That is what is meant by a constrained growth scenario. It does not mean that this scenario that all new housing will be occupied by economically active people. The population projections underlying the employment-led household projections (and the migration-led projections) are key to demonstrating this. They show that under the constrained employment-led projections growth is expected in active age groups as well as inactive. They actually show a reduction in the number of people in this area within some 'prime' age groups re economic participation and significant growth in the very elderly. Further details about economic activity will be included in Addendum 1 to the Draft SHMA, which will be published w/c 22nd July.

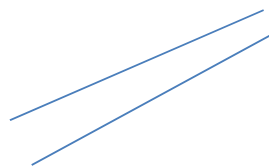
3.12 I do not understand the explanations for the Static and Change variations in SHMA 6.29. The assumptions of each alternative and likely outcomes need to be more carefully explained. Why has the Council selected the Change projection from table 45 in the SHMA?

Static means the relationship between 50+ male & female participation rates stay the same as both increases into the future. Change means the female rate converges with male rate but not to the extent that they meet. The Council has chosen the change variation as this has been the trend and this is forecast to continue into the future. These simple diagrams below illustrate this point.

Static



Change



As previously noted, the SHMA population and household projections have been updated and new figures will be presented in Annex 1 to the Draft SHMA, which will be published w/c 22 July. This revised analysis will include additional details about the assumptions about economic activity rates and the likely impact of changing labour market participation amongst specific age/gender cohorts of the population. This additional information should help clarify the assumptions taken.

3.13 I do not understand the SHMAs approach to assessing the need for intermediate and social/affordable housing. Several parties indicate that they find this analysis incomprehensible. It appears radically different from the assessment of the need for affordable housing reflected in past SHMAs, including the West of England SHMA 2009. I

therefore invite the Council to provide a clearer explanation of the methodology and why it is considered consistent with existing Guidance on such assessments.

Chapter 8 of the ORS report clearly sets out the structure of the model that was used for assessing the need for intermediate and social/affordable housing. It also presents key outputs from the model on the basis of a range of different assumptions. Further details about the specific analysis that was undertaken together with outputs at interim stages of the analysis will be provided by ORS to help explain the methodology. In time two explanatory technical papers are provided to set out how the housing mix model works. One is the full version (13 pages), the other is a briefer version (4 pages).

The analysis is different from the assessment of housing need reflected in past SHMAs, which typically consider the need for affordable housing in isolation of the overall housing requirement. Instead, the analysis adopts a method similar to an approach originally developed by Alan Holmans and Sarah Monk (Cambridge Centre for Housing and Planning Research) which forms the basis of numerous publications, including "Housing Need and Demand in Wales 2006 to 2026" (Welsh Assembly Government Social Research, 03/2010). Their approach is well-established and uses propensity rates to directly link the future need for social rented housing with the demographic projections that underwrite the overall requirement for all types of housing.

The ORS model is well-established and has developed the propensity rate approach used by Holmans and Monk by overlaying an affordability analysis to determine the future need for all affordable housing, including the need for intermediate housing products. Therefore, the ORS model directly links the future need for intermediate and social/affordable rented housing with the household projections that underwrite the overall requirement for all types of housing.

SHMA Practice Guidance (CLG 2007) states that *"a strategic housing market assessment should be considered robust and credible if, as a minimum, it provides all of the core outputs and meets the requirements of all of the process criteria in figures 1.1 and 1.2"* (page 9) and goes on to say that *"No one methodological approach or use of a particular dataset(s) will result in a definitive assessment of housing need and demand. The quality of the data used is the important consideration in determining whether an assessment is robust and credible rather than its nature."* (page 11, emphasis added).

Given that the SHMA provides all the core outputs and the Practice Guidance is not prescriptive on methodological approach, it is consistent with existing Guidance and the model has been used to inform the evidence base for numerous Local Planning Authorities across England.

3.14 The SHMA (eg in tables 51, 53, 59) divides each of its housing projections into varying proportions of market, intermediate and social/affordable dwellings, depending on various changes to the input assumptions. My understanding taken from SHMA is that for each projection, the number of social/affordable housing units required is the number of new units that should be provided to prevent the number of households in the private rented sector with housing benefit support from rising (paragraph 8.52) and that any attempt to reduce the number of housing benefit claimants in the private rented sector would require a significant increase in affordable housing (paragraph 12.44). Is this correct?

Yes

3.15 It appears that the methodology does not take into account the number of people on the Council's register as being in need of accommodation - in effect it ignores the existing backlog of need. Is this correct? If so, why does the Council consider this justified? In addition, why has Council chosen as a matter of policy to seek to maintain the existing number of housing benefit claimants in the private rented sector and regard new affordable housing provision as responding only to future growth requirements?

The methodology does not explicitly count the number of people on the Council's register as being in need of accommodation, but the methodology does not ignore the existing backlog of need.

People on the Council's register that are not already living in established households (i.e. those currently "living with" family or friends) will be counted within the household projections at the time the new household forms. To also count them on the housing register would double count their needs. Similarly, established households that live outside the LPA area will be counted within the household projections as in migrants, so to also count them on the housing register would double count their needs.

The model also takes account of people on the Council's register living as established households within the LPA area, although not all will necessarily be counted as housing need due to the strategic nature of the analysis. For example, whilst it would be appropriate for affordable housing to be offered to a household living in a poor condition housing in the private rented sector – but in practice, this enables the poor quality dwelling to be vacated and another household to move into that home. Therefore, despite an affordable home being provided for the household originally in need, the consequence of another household taking the dwelling would be that the overall number of households in housing need does not change. To resolve this need requires investment in the

existing housing stock and not provision of additional affordable housing – so it is not appropriate for the model to count such established households even if they are on the Council's register as being in need of accommodation.

With regard to those people on the Council's register living as established households and receiving housing benefit to pay private sector rents (as they are unable to afford suitable housing without financial support), the model explicitly takes account of these households by varying the future levels of housing benefit support for private rented sector housing. To also count them on the housing register would double count their needs.

The assumption about future levels of housing benefit required to support the private rented sector is sensitivity tested by the model. Outputs from this sensitivity testing will be presented in Annex 1 to the Draft SHMA, which will be published w/c 22 July.

3.16 The SHMA evidence indicates no requirement for intermediate housing for the scenario the Council adopts. How is this evidence and approach compatible with, firstly, the Council's Viability Study Update December 2012 (CD9/H1, paragraph 3.6) which tested viability based on 75% social rent and 25% New Build Homebuy (the latter a type of intermediate housing) and, secondly, the indication that there will be a tenure split (to be set out in a future SPD) as stated in SPC180?

The SHMA identifies that New Build Homebuy will typically be more expensive than many properties in the existing private rented stock, and that the demand for such products will often be from households that can afford market rent (although not afford full homeownership). These households are not in "housing need" (as defined by the NPPF) as they can afford market housing.

Nevertheless, the NPPF recognises that there is a role for assisted homeownership products such as shared ownership, and this is recognised by the SHMA on page 71 of the ORS report. Under the heading "*Delivering a wide choice of high quality homes*", paragraph 50 of the NPPF states that local planning authorities should "*widen opportunities for home ownership and create sustainable, inclusive and mixed communities*".

The SHMA modelled analysis considers housing need purely from an affordability perspective, and concludes that changes in the housing market (in particular the private rented sector) have responded to market forces and provided a significant supply of housing at sub-market rents, mainly through conversions within the existing housing stock. Nevertheless, whilst this provides

housing options at a price that is affordable, it does not satisfy the further objectives set out by the NPPF of widening opportunities for home ownership.

Providing New Build Homebuy would help satisfy this objective and could provide an attractive alternative housing option for some existing social tenants. Enabling households to vacate existing social rented housing in this way provides housing opportunities for individual households whilst also increasing the turnover of social rented homes and therefore indirectly increasing the supply of housing for households needing social/affordable rent. Similarly, New Build Homebuy is likely to ease pressure on the private rented sector.

There are also viability issues in respect of the range of tenures to be provided on site and other participants have written in support of the need to provide intermediate products as part of the mix.

3.17 Please confirm from which table in the SHMA the figure of 3,000 affordable housing need used in Annex 1, Table 4, Column 1 has been taken.

Figure 50: '2011-2031 Low Migration Scenario'

3.18 How, if at all, has the selection of the appropriate housing requirement been informed by Sustainability Appraisal? I have seen Annex L of the SA(CD9/A1/5). This includes Stage 4 Growth Level Assessments which compares 3 housing figures. One of these is 12,700 homes, the make-up of which mirrors the basis of the Council's calculation of the housing requirement in Annex 1 to the 4 March report. Accordingly, the testing of alternatives in Annex L cannot have informed the broad choices underpinning the emergence of 12,700 in Annex 1. Please explain the interrelationship between Annex 1, the SHMA and the SA process.

The SA process has been integral to the identification and agreement of changes to the Core Strategy as described in section 4 of Annex 1 of the Council Report.

Identification of the housing target options through SHMA was a separate exercise to the formulation of the strategy. However these tasks had to be undertaken in parallel in light of the tight timetable.

In the anticipation that the housing requirement might be higher than the submitted Core Strategy, the Council anticipated greenfield land might be required and hence assessed greenfield options in the SA process. As described in para 4.2 of Annex 1, the SA entailed a staged approach.

Stage 1

The first task was to identify, at a very high level, the most sustainable places across the District (ref in Annex L). The conclusions of the SA are set out in para 4.3 of the Annex 1.

Stage 2

Having identified the strategically most sustainable places, the Council then sought through the SA process to identify the most sustainable locations at these places (paras 4.5 – 4.29 with conclusions in para 5)

Stage 3

The next step was to undertake a more rigorous SA of the identified locations in order to understand the sustainability implications of development at these locations, the likely capacities and any site requirements (SA ref & conclusions Table 7).

Conclusions

This process enabled the Council to compare the sustainability impacts of housing requirement options emerging from SHMA. Stages 1 – 3 of the SA process do not conclude on the most sustainable level of growth, but it gives the building blocks to consider growth scenarios. Stage 4 of the SA compares different growth scenarios and what locations / strategy would be required to deliver them (using the results of stages 1-3 of the SA report). This enabled a decision making as set out in NPPF para 14 to be undertaken.

SA stage 4 tested 3 growth options: 10,800 which equates to a 'no new greenfield site strategy (ie the submitted Core Strategy; 12,700 which is required to meet the SHMA low migration led option (but boosted to enable affordable housing & backlog to be met); and 14,000 which would deliver the SHMA mid-trend migration led scenario (but boosted to enable affordable housing & backlog to be met). It did not consider the high trend migration-led scenario because it was evident that the development required at the locations to meet the mid-trend migration led scenario was already at the limit of resulting in adverse environmental impacts that significantly and demonstrably outweigh the benefits of providing this development as set out in NPPF para 14. Without doing stages 1-3 of the SA process it is not possible to test the sustainability effects of the overarching growth options.

In summary, the interrelationship between Annex 1, the SHMA and the SA process is;

- The SHMA provided the basis for generating the housing requirement options
- The SA assessed options for responding to the growth scenarios emerging from the SHMA (both to develop spatial options as well as testing different housing requirement options)

- Annex 1 describes the processes the Council went through in reaching a decision, and it summarises the SHMA & SA processes. Annex 1 only relates to the 12,700 option as this is the option recommended in the report. However, the other growth options were fully considered in the leading up to the preparation of the report.

It is evident from the above description that the SA was integral to the broad choices underpinning the emergence of 12,700 dwellings. The target of 12,700 dwellings could be delivered in a number of different ways depending on the development options/locations chosen, but the SA process assisted the Council to develop the most sustainable strategy for delivering 12,700 dwellings.

3.19 I will need to explore with all parties in due course the credibility of the assumptions which have been inputs into the methodology, but for now I am seeking only an understanding of the Council's position.