

BATH AND NORTH EAST SOMERSET COSE STRATEGY EXAMINATION

Inspector's Note (2) June 2013

Clarifying the Council's calculation of the housing requirement

1. Introduction

1.1 I have already identified a significant concern (in ID/32) in relation to the SHMA not addressing needs in the whole of the 2 Housing Mark Areas which are identified in the SHMA as covering BANES. This note concerns the detailed content of the SHMA and does not seek to explore further the outstanding issue relating to the geographic coverage of the SHMA.

1.2 Change SPC23 proposes 12,700 dwellings over the new plan period. If the Examination were to continue, I would need to explore whether this is derived from an objective assessment of housing needs in accordance with the requirements of the NPPF and in all respects is justified.

1.3 Although the SHMA provides much of the technical background which the Council draws on to calculate the figure of 12,700 in SPC23, the figure does not emerge directly from the SHMA, but is a result of further assumptions and calculations set out in Annex 1 of the Report to Council 4 March 2013 (CD9/PC3 section 2 - *The Housing Requirement*).

1.4 Unfortunately, there are parts of the SHMA that I do not understand and much of the relevant section of Annex 1 I find confusing and impossible to relate to the material in the SHMA. This confusion is shared by a number of informed representors. Accordingly, I am seeking early clarification of a number of matters from the Council so that I am better able to set out appropriate questions for any subsequent hearings (to which relevant participants would be able to submit pre-hearing statements if they wished).

1.5 I am seeking from the Council an explanatory paper on the matters set out below. I am not inviting new evidence, only an explanation based on the evidence already published. However, if the Council does intend to refer to new evidence leading up to the hearings then all such evidence should be included as an addition to the paper requested so that it is in the public domain before other parties have to prepare statements for the hearings. So that it can inform any advanced preparation I am undertaking for any later hearings I would like this paper by **19 July 2013**. Please let me know if this is not practical.

2. Underlying assumptions and Statement of Common Ground

2.1 A number of representors have highlighted the need to know the assumptions that ORS have used in undertaking their population/household projections. This is clearly essential to enable any questioning of those assumptions and the resulting outputs. Accordingly, this information should be provided as soon as possible and need not wait for the explanatory paper I am requesting from the Council.

2.2 A request has also been made by a representor for a technical seminar between interested representors, the Council and ORS so that all parties better understanding the methodology. I see considerable merit in this approach. The background assumptions used by ORS and the requested explanatory paper should be made available first. Such a seminar, if conducted in a constructive way, might well help clarify a number of matters enabling arguments to be

focussed on the important issues rather than misunderstandings. It would also provide the best means to prepare a statement of common ground on technical aspects of the modelling methodology and alternatives. I would therefore strongly encourage the Council to arrange such a meeting soon. All those who have made representations on the contents of the SHMA should be invited. I would not attend such a seminar to avoid any party using it to present me with new evidence or argument (or the perception by others that this might occur).

2.3 Irrespective of whether such seminar is held, I request that the Council and those who have submitted specific representations on the forecasting methodologies used in the SHMA seek to prepare a statement of common ground (or areas of disagreement). The purpose is to help me identify, leading up to any hearings what are the key areas of dispute that need to be explored and to present in summary form and in as consistent a manner possible, the SHMA's/Council's main projections alongside those from representors, with the key differences highlighted. Lengthy reasoning/justification should be avoided but cross reference made to the background evidence or representations as appropriate. It should not include any projections which are irrelevant (such as the SHMA's *net nil-migration*).

2.4 The Statement of Common Ground would need to be produced before parties have to produce statements for the hearings and before I finalised my pre-hearing questions. Although the later timetable for the Examination is uncertain, a working deadline for such a SCG should be **6 September 2013**.

2.5 Some parties consider that there must be errors in the ORS methodology (eg Pioneer on behalf of respondent 110). I would ask the Council and its consultants to take seriously any such concerns, check whether any errors have been made and, if necessary, produce an Addendum.

3. Questions and Clarification

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?

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.

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?

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.

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.

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?

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?

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*?

3.9 The Council's intention in relation to jobs growth is not clearly expressed in Annex 1, 3.7. 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.

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?

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)?

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?

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.

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?

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?

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?

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.

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.

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.

Simon Emerson
INSPECTOR
21 June 2013