

Bath and North East Somerset Core Strategy Examination

Inspector's Agenda - Hearing: 10 and 11 December 2013

The housing requirement and all matters relating to the Strategic Housing Market Assessment (SHMA)

I previously indicated that the agenda for the hearing would largely follow the structure of my pre-hearing questions and it does so. I highlight some of the disputed matters where discussion is needed. The numbers below are taken from the numbers of the questions in my pre-hearing questions (ID/42). Two days are available for this hearing which should be more than sufficient. It will not continue into a 3rd day. If there are any matters which I consider need further discussion they would need to be weaved into any later hearings.

In the time available, I have not been able to incorporate into this agenda relevant questions relating to all the conflicting evidence from parties' statements, but I am continuing my preparation and will seek to provide focus at the hearing as appropriate.

Relevant Policy and Guidance

(3.2) What is the appropriate national policy and guidance to which the Council and I should have regard in making an assessment of housing need and identifying the housing requirement?

Population projections

(3.5) Is the Council's reliance now on the ONS' corrected mid-year population estimates for 2001-2011 an appropriate starting point?

Inspector's comment. This point does not seem particularly disputed as a starting point, but other parties consider that a number of other factors should be taken into account in developing the projection. These will largely emerge in discussion on other matters.

(3.6) Is the Council's reliance on a 10 year average (2001-2011) of 552 per year for *migration and other changes* reasonable? (Table 1 and 2 SHMA Addendum 1a). How does this compare with the assumptions used by the ONS in producing the 2011 interim population projections to 2021?

- The treatment by ORS eg in SHMA Addendum 1a Fig 1 (CD9/H4/1) of the ONS *other changes* negative adjustment is disputed particularly by Barton Willmore (for Taylor Wimpey and Bovis, Statement, 5.1 – 5.9 and Appendix 3). Does ORS's methodology conflict with advice from ONS? If so how should the *other changes* adjustment in the past be taken into account if at all?

- Should the net migration figures used for forward projection be the 10 average year or the most recent 5 years; should this include the ONS data for 2011/12 (Q3.8). Are ONS projections always based on the past 5 years?

- Would the addition of 2011/12 make a significant difference to the averages being used (Council say *No* statement 3.8c; others say yes eg Barton Willmore 5.7 and Table 2 and 6.23).

- Does a comparison between the selected ORS migration rate compared with the ONS net annual migration rates for 2008, 2010 and 2011 suggest that the ORS rates are too low (see Barton Willmore Statement: Table 7, p13).

3.7 The mid-trend population increase 2011-2031 in Addendum 1a is 16,600 (as shown in the summary table Figure 15). This is broadly similar to the *Demographic led POPGROUP scenario* for the same period in Open House's *West of England's Sub Regional Housing Study* (16,967, Table 7.3) submitted on behalf of Bovis Homes/Taylor Wimpey (Reps 0251 and 0255), albeit derived differently. Does this similarity lend support to the Council's selection of the mid trend population projection?

- Barton Willmore say *No* (statement paragraph 6.21) because the Open House projection had not been able to take into account the ONS revisions to the past mid year estimates. (*Is my understanding correct?*)

- How does the ORS population projection for the period 2011-2021 compare with ONS 2011 projection for the same period? What most accounts for any difference?

3.9 What is an appropriate cut-off date to any further updating of the housing assessment? If I were to consider that the Council's approach to calculating the housing need/requirement is now reasonable, could subsequent ONS outputs during the remainder of the Examination be ignored?

Household/dwelling projections

Headship rates Qs3.10, 3.11. 3.12

It is broadly agreed that the 2011-based headship rates should not be used for the whole plan period and, in part at least, reflect recessionary effects on household formation which should not be embedded over the whole plan period.

- Does the Council's/ORS's hybrid approach (which the Council adopts) follow the same methodology as supported in the Interim Conclusions of the Inspector for the South Worcestershire Examination (included as Appendix 3 of Statement by Gladman Developments Ltd and also referred to in Pegasus' Statement for Reps 170 and 180, paragraph 18).

- In practice, the hybrid outputs are comparable to the 2011-based headship rate outputs (see Council's statement 3.11 a-k for the further explanation I requested). Given this (unexpected) outcome, does the household projection derived from the hybrid headship rates properly compensate for the recessionary effect problem of the 2011 headship rate? If not, what should be done?

Other points

(3.14 Should aspects of housing need (eg homelessness, concealed households etc) be added at this stage to the baseline household projection or are they better considered in the context of the need for affordable housing?

Inspector's comments: I am unlikely to be assisted by further discussion of these points at this stage – arguments in favour tend to be based on avoiding embedding the effects of past suppression in forward projections by the use of the higher input assumptions leading to use of the high-trend migration rate. To be discussed in the context of affordable housing.

3.15 Should the assessment of the housing requirement include any "bottom up assessment" for the different spatial areas or assessment by settlement in the rural areas? (See reps by Wedco Ltd 110 and Crest Nicholson SW 4711.)

Inspector's comments: I am not convinced that this is a necessary approach for soundness. The spatial distribution of the overall housing requirement (the spatial strategy of the plan) will need to be considered at a later hearing.

Labour supply for planned growth

Inspector's comment: I have not seen evidence to change my overall approach set out in ID/28, bearing in mind the inevitable uncertainty in economic/jobs forecasting. Whilst I will want to clarify parties' positions, I will not want to spend a disproportionate time on this topic.

3.17 Does any more recent evidence (since the hearings in January 2012) indicate that the Council's jobs target is too low?

3.19 Is the SHMA's assumption about increasing economic activity rates reasonable – will past trends of increased rates continue (Addendum 1a, paragraph 23-28 Figures 10 and 11).

- To what extent should projecting forward recent trends be tempered by uncertainty about future behaviours?
- To what extent is the incorporation of such trends now accepted practice in employment forecasting for planning purposes?

Is the estimates contribution of the student population to the workforce reasonable (see Council statement p 18).

3.20 Overall, will the planned housing requirement (*now proposed as 12,956 to 2029*), facilitate and avoid constraining reasonable expectations of economic growth over the plan period? (*Paragraph 29, BNES 48 states that the Council consider that an appropriate employment-led housing requirement is 7,100. Table 6 indicates that if participation rates were unchanged the future dwelling requirement would be between about 11,100 and 14,100 depending on the choice of headship rates.*)

Other factors

3.21 How has the Council's SHMA/housing requirement taken *full account of relevant market and economic signals* (NPPF paragraph 158)?

- What factors are relevant here?
- Does the objective assessment of need/housing requirement require further adjustment to reflect such signals?

Affordable housing

3.22 *The Council's identification of the affordable housing requirement is summarised in BNES 48, tables 7 and 8, drawing on Fig 6 in Addendum 1c. The Council's further explanation of the methodology (responding to my earlier questions) is in BNES 43, sections 3.13-3.17.*

3.23 Is the ORS methodology for assessing the affordable housing requirement consistent with the applicable national guidance (see 3.2 and 3.4 above).

3.24 Does the methodology adequately take account of the existing backlog of affordable housing needs?

3.25 The SHMA of March 2013 states (paragraph 8.51): *For social housing the requirement identified is that which would be necessary to prevent the number of households in the private rented sector with housing benefit support from rising.* Is that still the starting point for the assessment of future affordable housing needs? Is this assumption the same as expressed in paragraph 32 of the SOCG?

3.26 If the above remains the Council's position:

- *Is preventing the number of households in the private rented sector with housing benefit support from rising a policy choice which should have been tested against alternatives (eg reducing reliance on the private rented sector)?*
- *If so, where have alternative been considered and is it a justified approach?*
- *Is it compatible with the Council's expressed intentions (eg in the Sustainable Community Strategy) and Core Strategy's objectives in relation to the provision of affordable housing?*
- *Is it a realistic expectation in terms of the future availability of housing benefit and the availability of lower-value private rented accommodation being available to those in receipt of housing benefit?*

Student housing

3.29 Is the explanation in BNES 43 (section 3.6) still applicable, namely that students are not allowed to age because this population cohort is transitory? Is this assumption in the SHMA reasonable? Is there any evidence for the proportion of students who subsequently stay in the area after graduation?

- see Council's statement 3.29 a) and b): *The SHMA assumes that there will be no growth in the numbers of working graduates in Bath in addition to the numbers who are present in the City at the start of the plan period.* But 13% of the annual student leavers are working in Bath 6 months after graduating. Whilst not all of these will stay over the plan period, will not a proportion each year do so leading to a cumulative increase in the working graduate population arising from the universities? Should any such increase be included in the estimates of household requirements?

3.30 On the basis of the current intentions of both Universities, as summarised in the Council's *Student Numbers and Accommodation Requirements Evidence Base* (July 2013) is it reasonable to assume that future growth in the student population will not add to housing pressures (BNES 43, last paragraph under section 3.6)?

Calculating the overall housing requirement

3.32 On the assumption that I find the Council's methodology reasonable in identifying a base housing need of 7,560 (mid trend migration with hybrid headship rates (Table 2b, BNES43) is the addition of the local plan shortfall of 1,169 (as per ID/28, paragraph 1.37) still justified? *This is generally agreed.*

3.33 The Council has increased the housing requirement from its assessment of objective need/demand plus local plan backlog in order to deliver the additional affordable housing needed. On what basis does the Council consider that this additional market-led housing will be delivered, given that it is more than its assessment of need/demand?

Has the Council considered whether the additional affordable housing needed could be provided, in part, from other sources eg 100% schemes, purchase of existing stock by RSL, rather than wholly provided via market developments?

Inspector's comments: The further amendments published for consultation by the Council in November 2013 make explicit in the plan that market housing is being increased to deliver the Council's estimate of needed affordable housing. These amendments are likely to generate a number of further representations on the justification for the overall numbers in the plan, including from parties who are not participants at this hearing. Accordingly, the relationship between market, affordable and total housing provision is likely to have to be explored further at any later hearing and I will not be able to come to any firm conclusion on this aspect yet.

3.34 Should the 5 year supply be calculated as the Council suggest (BNES 48, paragraph 39) on the basis of the identified housing need plus local plan backlog (ie 8,727) or on the overall planned provision of 12,700.

I see the principle in relation to the NPPF's expectations of a 5 year supply as ensuring that Councils are measured against what their Plans set out to achieve. From the Council's statement, I now better understand the intentions and possible outcomes of the Council's disaggregated approach which seems more sophisticated than my previous impression that it would just be applied to 8,727.

- If incorporated into the adopted plan would a disaggregated approach along the lines of CSA14 and CSA54 be workable to demonstrate whether or not the Council had a 5 year supply at any time and whether NPPF paragraph 49 should apply at an time in the future?

- What would happen in future decision making on planning applications if one element of the requirement has a 5 year supply and another does not?

The Council brings into play the challenge of delivering the high initial requirements that arise. This is best discussed in terms of the SHLAA and delivery generally and is thus best left for another occasion.

Simon Emerson
Inspector
6 December 2013