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Bath & North East Somerset Core Strategy

Participant Statement

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Introduction

Savills is appointed by the Hignett Family Trust to represent its land interests at the Bath & North East Somerset (B&NES) Core Strategy Examination hearing session on 10th and 11th December. This Statement contains our evidence for that hearing session.

The Statement should be read alongside the earlier submission PBA submitted in respect of the Draft SHMA. This statement has been structured around the key issues raised in ID/42. This Statement provides evidence on the following areas:

- Relevant documents / evidence;
- Population projections;
- Household / dwelling projections;
- Labour supply for planned growth;
- Other factors;
- Student Population; and
- Calculating the overall housing requirement.

Under each heading we have responded to those questions posed in ID/42 where we consider our input will be of assistance to the Examination. In the interests of clarity, we have paraphrased the relevant questions in the sub-headings and referenced the paragraph numbers from ID/42 to which they relate.

Overview

The starting point is whether the Council's objectively assessed housing requirement which they calculate to be 7,560 homes for the period 2011-2029, or 420 /annum, is NPPF compliant? To put this in context, the Council's requirement figure is actually smaller than¹:

¹ Please refer to the figure in Appendix 2 which shows the proposed housing requirement emerging from the SHMA in the context of the previous assessments of housing need.



- the previous Local Plan 1996-2011 overall housing target of 6,885 homes, or 457 dwellings /annum;
- the draft Core Strategy 2006-2026: 11,000 dwellings or 550 dwellings /annum; and
- the draft RSS 2006-2026: 17,000 dwellings or 850 dwellings /annum.

Fundamentally, in the context of NPPF and the market signals in B&NES, one needs to answer the question “does the Council’s overall assessment sound about right”?

Our resounding response is not at all, indeed it would simply perpetuate the undersupply of housing that has continued in B&NES for the last two decades, with the resultant affordability issues and market signals remaining, as discussed below.

The principal thrust of our Statement is that there are a number of serious shortcomings with the evidence and data upon which the SHMA 2013 and associated Addendums are based. In particular, the over-reliance on recently adjusted population changes and household formation rates to project forward a housing requirement embeds the effects of past under-delivery in the projections of need and does not provide a full understanding of the relevant considerations consistent with the requirements of the NPPF.

This Statement raises the concerns we have with the methodology and a number of the assumptions used in the SHMA 2013, casting considerable doubt on the reliability of the SHMA 2013 as the sole basis for the derivation of the objectively assessed housing need. It then provides a series of indicators relating to market signals – the missing evidence from the SHMA 2013. This evidence is addressed in the ‘other factors’ section of our Statement.

It is our contention that it is only from a combined understanding of all the evidence, including market signals, that it is possible to derive an objective assessment of housing need which is consistent with the NPPF and the emerging National Planning Policy Guidance. In the final section of this Statement we commend what we consider to be an appropriate housing requirement for the plan period based upon the evidence as a whole.

Relevant Documents / Evidence

National Planning Policy Guidance (paragraph 3.2 – 3.3)

The beta version of the National Planning Policy Guidance (NPPG) builds upon and is consistent with the National Planning Policy Framework (NPPF)². As it currently stands, the guidance within the NPPG is a material consideration in the plan-making process, albeit one which does not have the status of the NPPF.

The section of the NPPG relating to the assessment of housing requirements provides a helpful explanation of the principles and approach to the calculation of a housing requirement for a Local Plan.

The need to base the policies in the Local Plan on a robust and credible evidence base is firmly embedded in the NPPF. All that the guidance in the NPPG does is to enlarge upon the NPPF requirement and provide helpful information to assist in interpreting the Government's intentions in the NPPF. Since all it is doing is interpreting the provisions of the NPPF with which it is necessary for the Core Strategy to comply, the NPPG is in our view a material consideration and should in this instance be afforded significant weight in the calculation of the strategic housing requirement.

Relationship with 2007 Guidance (paragraph 3.4)

The 2007 Guidance and the draft NPPG contain very similar principles in their approach; both advocating assessment of affordability etc in determining affordable housing needs.

The fundamental difference however is the context. The 2007 Guidance was predicated on the housing requirements for a local authority area having been determined through the RSS process. There was therefore a higher level plan dictating to the local planning authority the appropriate level of growth.

Following the revocation of the RSS there is no longer the regionally derived housing requirement and it is necessary therefore to consider a range of indicators to determine the objectively assessed housing need.

² most notably the third 'core principle' in paragraph 17 and the housing evidence base requirements in paragraph 159

Population Projections

Reliance on mid-year estimates (paragraph 3.5) and 10-year average for migration and other changes (paragraph 3.6)

We have considerable concerns regarding the reliability of population estimates and household forecasts which are based on data from the 2011 Census and which do not seek to address the effects of past under-delivery of housing. Past under-delivery in B&NES has not only suppressed population growth but in all likelihood it has also impacted on the age profile of the population and headship rates.

The scale of under-delivery can be observed by comparison with national, regional and sub-regional trends. Figure 33A of the SHMA 2013 (CD9/H4) provides a comparison of housing stock change over time, compared to the three other authorities within the West of England. As a comparison, we have also assessed the dwelling stock changes for England and the South West Region³.

Figure 1 below shows the output from this analysis. The results demonstrate how stark the under supply of housing in B&NES has been in the period 2001 – 2011 compared to neighbouring authorities, the South West region and England.

Figure 1: Comparison of housing stock growth in B&NES with the other local authorities in the West of England, the South West and England⁴

	Housing Stock at 2001	Housing Stock at 2011	%age increase 2001-11
B&NES	73,050	75,930	3.94%
Bristol	166,380	188,440	13.26%
North Somerset	82,640	91,690	10.95%
South Gloucestershire	100,870	109,980	9.03%
England	21,207,000	22,976,000	8.34%
South West	2,180,780	2,401,300	10.11%

³ This assessment is based on CLG Live Table 125.

⁴ We have used the data from CLG Live Table 125 for the purpose of benchmarking the impact of under-delivery. It is recognised that this deviates from the Councils record of dwelling stock additions in the AMR. Nevertheless this provides a comparable basis on which to assess the impact of national and regional housing stock figures.

In assessing the historic undersupply, one should also not lose sight of the fact that nationally there has been an under-delivery of housing during this period which has impacted upon affordability and created what many commentators argue to be a housing crisis.

Such a significant suppression of housing delivery compared with the national and regional trends and achievement in neighbouring authorities will undoubtedly have an impact on population and household growth. It clearly follows that if additional housing stock is not being built then there is nowhere for potential immigrants to live. Indeed, it is recognised at paragraph 5.14 of the SHMA 2013 (CD9/H4) that *“lower levels of development will provide disincentives to in-migrants”*. This is an entirely logical conclusion given that the population is unable to increase in size if the housing is not available to accommodate that increase.

The NPPG also identifies this shortcoming in population and household forecasting. In so doing it states that *“the household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends. For example, formation rates may have been suppressed historically by under-supply and worsening affordability of housing. The assessment will therefore need to reflect the consequences of past under delivery of housing”* [our emphasis].

Contrary to the NPPG, the methodology used in the SHMA 2013 appears to make no allowance for the population having been suppressed by historic under-delivery or worsening affordability. Whether the NPPG is a material consideration or not is irrelevant to this point. The methodology for calculating the objectively assessed housing need must be accurate and robust and to do so it must take into account the effect of previous under-delivery and affordability on the forward forecasts. Failure to do so will embed the effects of past under delivery and worsening affordability in the calculation of the objectively assessed housing needs.

It is not straightforward to ‘correct’ the level of past under-delivery of housing on forward looking population projections and we have great sympathy with the Council and its advisors in this regard. However, it is contrary to both the NPPF and NPPG to simply ignore the effects.

We have made a crude assessment of the impacts of under-delivery against three indicators. These assume that the housing stock increased (a) in line with the national average; (b) the regional average; and (c) by the previous Local Plan shortfall (1,169 dwellings).

According to CLG Live Table 125 the dwelling stock in B&NES rose by 3.94% in the period. In the same period the housing stock nationally rose by 8.34% and by 10.11% across the South West. Using 2001 as a benchmark we have compared the impact of identical rates of increase on the housing stock in B&NES and converted this, using a headship rate of 2.3 persons per dwelling, into an increase in the population.

With regards the Local Plan shortfall, it is common ground between the main parties that there has been an under delivery of 1,169 dwellings compared to the strategic housing requirement from the previous plan period. Not only should this be added to the housing requirement, but it also strongly implies that housing delivery has been suppressed by previous under delivery of housing. For this analysis we have translated the Local Plan shortfall into a population figure.

Figure 2: Impact of Alternative Housing Delivery Levels on Population 2001-11

	Housing Stock at 2001	%age increase 2001-11	Projected Housing Stock at 2011	Effect on Population	Increase over Baseline
Baseline	73,050	3.94%	75,928	6,620	0
(a) National Average	73,050	8.34%	79,142	14,012	7,393
(b) Regional Average	73,050	10.11%	80,435	16,986	10,367
(c) Local Plan Shortfall	73,050	5.54%	77,097	9,308	2,688

This scenario testing has been produced for illustrative purposes only. However it does provide a helpful indication of the impact that increased housing delivery in B&NES would have had on the population and the household projections. From it we draw the following conclusions:

- Under any of the alternative scenarios of housing stock growth it is reasonable to conclude that the under-delivery of housing has impacted upon population increase between 2001-11;
- The market signals are that there are high levels of unsatisfied demand for housing in B&NES, indicating that any additional supply of housing will be occupied readily.
- Based upon the national average increase in housing stock over the period 2001-11, the population would have increased by approximately 7,393

persons. This would have resulted in a total population in B&NES of 183,409⁵ persons; similar to the figure that had been projected forward in the original ONS Mid-2011 Population Estimate (182,121 persons).

- The SHMA 2013 Addendum 1a (paragraphs 5-7) adjusts the population forecasts in 2011 to reflect the findings of the Census. If the Council had instead delivered housing at the national or regional rates, the additional housing would have delivered an increase in the population during that period. This would have had a major bearing on the Census population and would not have resulted in the application of reduced migration assumptions in Figure 1 of the SHMA 2013 Addendum 1a (CD/H4/1). The effect would be to reduce the impact of 'other changes' and to increase the forward projection of migration as a consequence. Indeed, the increased population would have led to an upward adjustment of the population and household growth forecasts rather than the significant downward adjustment which has been applied in Addendum 1a (Figure 1).

We consider the shortcomings in the use of population and household projections which have been adjusted following the 2011 census reduce the weight that should be attached to such forecasts in determining the objectively assessed housing need for B&NES. In particular, this should be the case where low levels of past housing supply have constrained the projections, introducing circularity into the assessment.

Alongside these forecasts it is essential to consider evidence of market signals and affordability in establishing the objectively assessed need. The evidence supporting our assessment of market indicators and affordability take this analysis further and provide an indication of the scale of growth required which is not constrained by an analysis which is inherently affected by a historical under-delivery of housing.

Difference if 2011/12 mid-year estimates are included (paragraph 3.8) and
Further ONS outputs during the remainder of the Examination (paragraph 3.9)

Notwithstanding the issues raised above, as a general principle, we believe it is both necessary and appropriate to ensure that the evidence base underpinning the objectively assessed needs is as up to date as possible. There are two more up to date factors which should be taken into account.

⁵ 176,016 + 7,393 = 183,409



First, the 2011/12 Mid-Year Estimates show a significant level of net immigration (1,853) which is substantially greater than the 552 annual migration figure within the SHMA 2013. This evidence is available and there is no reason of which we are aware why it cannot be incorporated into the methodology used to calculate the objectively assessed need.

Second, is the November 2013 population growth forecasts from the ONS which projects an increase in the UK population of 9.6 million over the next 25 years. The implications of the most up to date forecasts need to be understood and addressed in the housing requirement for the emerging Core Strategy. The Housing Requirement Report attached at Appendix 1 addresses these factors and how they should be interpreted in deriving the housing requirement.

Household / Dwelling Projections

(i) Headship Rates (3.10 - 3.13)

Paragraph 35 of the SHMA 2013 (CD9/H4) provides commentary on the use of headship rates in calculating the housing requirement for the plan period. It states that *“it could be argued that the current economic circumstances are unrealistically suppressing household formation and if new households were more readily able to form and live independently, then headship rates might return to the levels assumed in the 2008-based projections. Conversely, it could be argued that the 2008-based headship rates were perhaps inflated by the availability of credit in the period before the recession; and more prudent lending may constrain household formation and headship rates in future”*.

We have two specific observations on this assessment of the situation. Firstly, it is entirely logical to assume that headship rates have been artificially constrained by economic circumstances. This is consistent with the conclusion of Dr Alan Holmans⁶ that the headship rates within the interim 2011-based projections are constrained by the state of the housing market since 2007. Further details of this are provided in the Housing Requirement Report attached at Appendix 1.

Secondly, we do not agree with the concerns raised about the 2008-based headship rates. These are based on a long-term trend which is not therefore unduly influenced by any one stage in the economic cycle. Setting aside these observations, the two sentences in paragraph 35 of the SHMA 2013:

- highlight the inherent uncertainties in the use of projections to determine the objectively assessed need; and
- encapsulate one of the fundamental shortcomings in Household Projections – that they project forward past trends only and embed under-delivery of housing and recent economic recession into those projections.

In analysing the data from the Census and projecting forward headship rate assumptions, it is very easy to lose sight of the objectives of the plan and the

⁶ “New estimates of housing demand and need in England, 2011 to 2031”, Alan Holmans, Town and Country Planning Association, Tomorrow Series Paper 16

implications of the strategic housing requirement. Indeed, what should the plan seek to achieve? Should it perpetuate and roll forward the past trends or seek to positively influence the rate of housing delivery and economic growth to meet future needs. In our view the correct approach is the latter.

The headship rate is a function of a large number of social and economic factors including not only the availability of credit but also demographic changes, availability of housing stock, income levels etc. Due to the inter-relationship between these variables, it is not possible to isolate individual components and accurately estimate the difference that would have occurred if there had not been a past under-delivery of housing. The SHMA 2013 provides three alternative scenarios for the headship rates which result in a range of outcomes.

Both the 2011-based and the hybrid headship rates reflect the under-delivery in housing in the period 2001-11 and will to some extent suppress household formation due to lack of affordability. The 2008-based projections are based on a longer term trend and are not therefore so heavily influenced by economic considerations.

Reliance upon a headship rate, which is itself predicated upon a constrained credit market and a suppressed past rate of housing delivery, will undermine the Government's explicit support for a significant boost to housing delivery.

Rather than restrict housing delivery through the application of a headship rate derived from a period of under-delivery and a recessionary economy, it is in our view more prudent and consistent with Government support for growth, to apply a headship rate which will enable household change should this occur. This would avoid artificially suppressing housing delivery and consequently the ability of new households to form.

In summary, there is no clear evidence pointing to the right answer in the choice of headship rates. We cannot quantify the degree to which the headship rate would have decreased if the housing delivery had not been suppressed and/or the economic recession had not occurred. It is the implications of the alternative rates which is in our view more important and the impact that the lower 2008-based rate would have on the ability of new households to form indicates that this is a more appropriate rate to use in determining the objectively assessed housing need.

Labour Supply for Planned Growth

B&NES share of the LEP job growth aspiration (paragraph 3.16)

Policy DW1 makes it expressly clear that the overall jobs provision will lead to a net increase of 10,300 jobs. This means sufficient accommodation and population increase to address this overall net figure. In places this could be as high as 13,000 new jobs and as a consequence, we support this employment provision. The Council's planned labour supply BNES 48, falls short of this figure.

Future economic activity rates (paragraphs 3.18 - 3.19)

The SHMA 2013 (CD9/H4) seeks to project forward economic activity rates based solely on past trends at the national level. There are two significant shortcomings in this approach which cast doubt over its value in determining future economic activity levels.

First, the trend is derived from UK wide data from the Labour Force Survey. The individual trends for local authority areas will inevitably vary from the average based on geographically specific socio-economic factors. For example, the economic activity of the over 65 age groups is likely to be dependent upon the affluence of the local area. A more affluent post 65 age group is likely to be less reliant upon continued employment than less affluent parts of the country. Without any analysis of the local labour force profile the SHMA 2013 has presented no evidence which indicates that the UK wide trends are representative of the B&NES area.

Second, the future assumptions contained within Figure 10 of the SHMA 2013 Addendum 1a (CD9/H4/1) are based upon a very simplistic linear trend derived from the period 2001 – 2011. Reliance upon such a simplistic means of determining the change in labour force is not in our view a reasonable approach.

One example serves to demonstrate this point. If the past rate of change was applied to the female 50-64 age group and projected further forward, it would not be far into the future before the projections would indicate that over 100% of the age group were economically active. This example is particularly pronounced but it has been highlighted in order to illustrate the point that one should not simply rely upon a linear projection of past trends to determine future growth in the labour force.

The alternative is to consider the constant rates which have been analysed and presented in the SHMA 2013 Addendum 1c (CD9/H4/3). This demonstrates the significant variance between the constant and trend based projections of economic activity, albeit based upon population projections which have the embedded effect of past under delivery of housing.

Notwithstanding the two points raised above in relation to the reasonableness of the proposed economic activity rate, it is also pertinent to consider the consequences of the projected increase in labour supply. The figures in Figure 11 of the SHMA 2013 Addendum 1a demonstrate the impact of projecting forward the 2011 population projections based on the trend based economic activity rates. We have grouped the economically active rates for 2011 and the 2031 mid-trend migration figures by sex and age bands (including students). The results are shown in Figure 3 below:

Age Bands	2011	2031 Mid-Trend Migration	Difference	Percentage of Difference
16-24	14,024	16,568	2,544	19.15%
25-64	72,133	78,699	6,566	49.42%
65+	3,638	7,815	4,177	31.44%

It is clear from this analysis that the projected increase in workforce based upon the changing economic participation rates will result in a substantially difference age profile in the growth of the workforce compared to the existing profile. Significant proportionate increases will arise at the lower and upper ends of the age range. Indeed, these age brackets will account for more than 50% of the increase in the economically active population.

Other Factors

How has the SHMA/housing requirement taken full account of relevant market and economic signals (paragraph 3.21)

Paragraph 17 of the NPPF (bullet point 3) is very clear that planning should:

“proactively drive and support sustainable economic development to deliver the homes, business and industrial units, infrastructure and thriving local places that the country needs. Every effort should be made objectively to identify and then meet the housing, business and other development needs of an area, and respond positively to wider opportunities for growth. Plans should take account of market signals, such as land prices and housing affordability, and set out a clear strategy for allocating sufficient land which is suitable for development in their area, taking account of the needs of the residential and business communities” [our emphasis].

There are two significant components of this core planning principle which it is important to highlight. First, both the plan-making and decision-taking functions of the planning system must proactively drive development to deliver the homes that this country needs. It is important therefore to consider B&NES in the context of the national growth requirements and provide an understanding of how the authority is contributing towards delivering the country’s needs.

Second, this core planning principle requires that plans take account of market signals, including land prices and housing affordability. The NPPG helpfully expands upon this core principle stating that *“the housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals⁷, as well as other market indicators of the balance between the demand for and supply of dwellings”*.

The only evidence provided in the SHMA 2013 which is identified as a market signal in the NPPG is affordability. Figure 35 of the SHMA maps the average earnings to average house price ratio over time. The supporting narrative in paragraph 5.17 confirms that the *“ratio in 2012 is almost back to the peak of the market in 2007”*.

⁷ In so doing it specifies the following as a non-exhaustive list of market signals: Land Prices, House Prices, Rents, Affordability, Rate of Development and Overcrowding.

The NPPG provides some helpful assistance to plan-makers in how they should respond to market signals. In essence, it recommends an upward adjustment of the planned housing numbers compared to ones based solely on household projections where market signals indicate that this is justified. The principle in the approach is very sound: use population and household projections to provide a base understanding of the housing need and then add to this an additional scale of provision to address market signals. This is particularly important where the population and household projections are also fettered by the past under-delivery of housing.

Despite this, whilst the SHMA 2013 and the Core Strategy (CSA3 1.19b) clearly identifies an average income to average house price ratio well above the national and regional trend, no account has been taken of this in determining the strategic housing requirement. Indeed, the SHMA presents the affordability data in order to set the context, but makes no allowance for the findings in the methodology to establish the objectively assessed housing need.

It is our view that the SHMA 2013 fundamentally fails to address the core planning principle contained within the NPPF. In so doing, it fails the 'positively prepared' and 'consistent with national policy' tests of soundness in paragraph 182 of the NPPF.

In order to rectify the unsoundness of the plan, Savills has produced the Housing Requirement Research Paper appended to this Statement. The paper considers and analyses a number of market signals at national, regional and district levels in order to establish the minimum level upon which to base the objectively assessed housing need which responds to market signals and affordability evidence. In addition, more detailed assessment of the spatial distribution of housing need within the District is factored in, to see if local market signals conform with these conclusions.

The conclusions of the Report are as follows:

Both the NPPF and the draft NPPG state that the objective assessment of housing need should take account of market signals. In B&NES it is clear that:

- Affordability of housing is significantly worse than the national and regional averages, with a ratio of lower quartile house prices to lower quartile incomes of 8.8 in 2012, compared with a national average of 6.6. Affordability deteriorated relative to national and regional averages during the 2002-2007 period, when the level of new housing supply in B&NES was very low, equivalent to an average expansion of housing stock of just 0.3% per annum.

- House price growth has been significantly above average in B&NES, with the average house price having recovered to 3% less than the 2007 peak in September 2013, compared with a South West average of a 10% gap and a South East average of a 4% gap.
- The stock of homes in long term vacancy in B&NES is lower than national and regional averages, at 0.6% of housing stock in 2012, compared with a South West average of 0.9% and a South East average of 0.8%.
- The market signals show that there is significantly above average level of demand and need for additional housing in B&NES.

The market signals indicate that housing need is above average in B&NES, that is, in excess of an additional 1.0% of housing stock per annum. The draft NPPG is clear that plan makers should not apply constraints (such as the availability of land) to the overall assessment of need, but that such constraints should be applied when setting policies to meet that need.

Expansion of the housing stock of B&NES by 1.04% per annum equates to 794 additional dwellings per annum and a planned provision of 14,292 homes, net of backlog or shortfall. Therefore, when considering the range of estimates of need that emanate from adjusted household projections, the assessment should give greatest weight to assessments in excess of 794 additional dwellings per annum.

Location of housing need in the Bath HMA

Whilst the spatial distribution of the planned provision is for another hearing date, the spatial distribution of the objectively assessed housing need is nevertheless important evidence. Not only should the planned provision be located as close as possible to the source of assessed need, it should be of an appropriate scale, size, tenure and type to meet those needs and to provide a wide choice of high quality homes (NPPF para 50).

In the case of the Bath HMA, the evidence of market signals demonstrates that those parts of the district that have the greatest need ie Bath itself, suffer from even greater affordability problems than is shown for the District as a whole. Consequently, the market signals show that within the Bath HMA, Bath has significantly above average level of demand and need for additional housing. This demand and need has become progressively worse over the period 2001-2011 as the rate of student growth within the City has exceeded 9,000 additional students



and the District's backlog of supply has been concentrated almost exclusively within the city.

Given the Council's overall objectives in the Core Strategy, to reduce in-commuting to Bath and to address climate change, the objective assessment of housing need does need to make appropriate adjustment in the context of Bath and its needs, its lack of affordability and its historic failure to deliver sufficient housing.

Conclusion

Expansion of housing stock in B&NES by 1.04% per annum will boost supply of housing sufficiently to meet the forecast assessment of need. The addition of backlog and shortfall will further redress past under provision and if focussed to areas of greatest need and where market signals show significantly above average level of demand and need for additional housing, then this will help meet key objectives as set out in the Core Strategy.

The Council's overall assessment of housing need is summarised on table 2b, page 4 of BNES 48. This assumes mid trend migration rates and addendum 1c – hybrid headship rates amounting to 7560 dwellings.

Savills assessment more closely accords with High Trend Draft SHMA –adjusted 2008 headship rates on the same table 2b resulting in 13770 dwellings.

Table 2b is net of backlog /shortfall and so the overall difference in either assessment can be seen as a growth of housing stock of 0.55% or of 1.0% each year 2011-2029.

The Council's planned provision through the latest Core Strategy changes is 12,956 new dwellings (CSA 6 Table 1B) which amounts to a growth of housing stock of 0.95% each year 2011-2029.

We suggest that the housing requirement should better reflect the national forecasts for growth and, that with appropriate adjustment for market signals in B&NES, this takes the overall assessment of housing need to 14,292 homes. Finally, to this adjusted figure should be added the backlog/shortfall.

Student Housing

The Inspector has raised questions about the future modelling of students at the Bath Universities, which forms part of the SHMA Addendum. Before addressing this point, we would like to address the historic consequences of the student population, its impact on the 2011 census, population and household formation and market signals.

The scale of the student population in Bath is disproportionately large 23,000+ 2011/12 and growing. This large population has grown significantly during the Census Yrs 2001-2011, with a 9,645 extra students (BNES 43 Bath 4,955 + Bath Spa 4,690). This period of rapid growth has seen the number of Part Time students grow by 2000 students, resulting in the overall growth of Full Time students at both Universities of approximately 7,500 students.

The total population increase in the whole of B&NES 2001-2011, is recorded as 6,500 people as shown in the Census 2011. Assuming that the majority of the Full Time Students live in B&NES, this growth of student population accounts for all of this population increase.

In addition, we know that during this period 2001-2011, new housing completions amounted to 3613 dwellings, which might result in a household population increase of 8300 people.

Consequently, households and resident populations are under extreme constraint as a result of student population growth. The 2011 Census suggests that the totality of population growth can be accounted for by just student increase.

The details of housing delivery suggests that if there is no net population increase shown in the 2011 Census then students are displacing resident population in Banes and headship rates are going down. Overall the supply of affordable homes is under enormous pressure.

Alternatively and perhaps more likely, the 2011 Census has not picked up the substantial growth in the student population in which case, the assumptions about population growth and adjustment put forward by the Council are undermined.

The 2011 Census age distribution is reported by ORS (B&NES 43 Addendum 1A) giving a total resident University Population estimated at Fig 3 to be approximately 12500 -14000 students. Indeed, the Census data may actually record significantly less than this. If the resident population remains relatively constant in BNES during the



ages 15 to 25 i.e. 1,900-2,000 residents per year group, then the actual recorded resident student population i.e. lower than 10,000 students. This is set against a reported Combined University population of 23,000+, of which 18,000 students are Full Time.

The impact of the student population is very significant especially upon the City of Bath where housing and population are already heavily constrained. 2011 Census data does not appear to accurately record this student population or its increase in 2001-2011. These factors have profound effects on market signals, which are all too evident today.

By adjusting the population and household forecasts to reflect the 2011 Census, the Council are simply maintaining the status quo in B&NES and not addressing market signals.

Turning to future modelling, in Addendum 1A, the outlook is entirely predicated upon the delivery of substantial on campus and off campus student accommodation. To date the Universities have never kept pace with student population growth through such accommodation and therefore what certainty is there that this will not just continue. What are the housing consequences of a delay or failure in delivery of on-campus accommodation? Greater housing constraint in Bath and the surrounding areas.

The University of Bath considers a healthy growth going forward and forecasts suggest that the additional Full Time students could rise by 4,000-6,000 students (BNES43). How is this figure built into the future population growth figures for B&NES.

Overall, like housing need, there is a substantial backlog in provision of accommodation during 2001-2011 set against a substantial growth in Full Time student population. This seems set to continue although the likely forecast is that at best, it will not get worse however it will fail to address the historic backlog of supply.

Calculating the Overall Housing Requirement

Addition of the Local Plan shortfall (paragraph 3.32)

Firstly, the addition of any under provision from an earlier plan is a fundamental requirement regardless of the methodology used to determine population and household projections. Arguments may rage about the timing of the deliverability of such under provision in the housing trajectory, however the consequences of under provision are much more damaging to the local economy than can be simply solved by making it up in the next Plan.

Indeed, Government has expressly indicated its dissatisfaction with this practice (NPPF para 47) requiring Local Planning Authorities in future to 'significantly boost supply of housing' and in addition, to penalise those with a persistent record of under-delivery by increasing the buffer on the 5 Year Supply by 400%. There could be no clearer statement about the importance of addressing under provision.

In the case of B&NES, this under provision is not as a consequence of the economic downturn in 2006-2011, indeed housing completions almost achieved the Local Plan annual target of 450 dwellings/yr (demolition of affordable housing reducing the net figure by 168 homes). The substantial under provision was established prior to 2006 (see Extract from B&NES AMR 2007 attached). When the backlog was 851 homes (B&NES 32 para 2).

At the end of the Local Plan Period in 2011 the backlog was up to 1169 dwellings (B&NES 32 para 3). In addition, due to the overlap of the Core Strategy which originally commenced in 2006, the Council accepted the shortfall during 2006-2011 had risen to 783 homes (B&NES 32 para 5) resulting in a backlog and shortfall of 1634 dwellings (B&NES 32 para 6).

Therefore to return to a baseline starting in 2011, the Council have an under provision (backlog and shortfall) of 1634 dwellings.

Secondly, and in our view of greater importance, is the implication that previous under provision of housing has had on the population and household projections. As evidenced elsewhere in our Statement, the under delivery has impacted upon the growth in population between 2001 – 2011 and also the household formation rates. It is precisely because there has been a prolonged under provision in housing that we

have such significant concerns over the robustness of the SHMA 2013 and its use in the derivation of the objectively assessed housing need.

The addition of the backlog and the shortfall to the final housing requirement figure is a necessary step but one that does not overcome the negative consequences of past under provision as well as the consequential impact upon household and population projections which are then predicated upon a past suppressed rate of housing delivery.

Delivery of the additional market-led housing (paragraph 3.33)

This question is predicated on the assumption that the Councils assessment is correct in the first place or in the alternative that it is simply maintaining past suppressed housing delivery. If the former, then there is no requirement for additional affordable housing, if the latter, then the Council's assessment is flawed and there is a requirement for this housing. We contend that the assessment is flawed.

Our evidence of market signals as well as up to date national forecasts, which are appended to this Statement clearly demonstrates that there is sufficient demand for housing within BANES to deliver the additional market-led housing to meet local need. Indeed, were the land available, it is our view that the market could deliver a substantially greater scale of housing during the plan period.

Calculation of the five year housing land supply (paragraph 3.34)

The NPPF (paragraph 47) is very clear. It requires local authorities to identify a supply of deliverable sites "*sufficient to provide five years' worth of housing against their housing requirements*" [our emphasis]. In the case of B&NES, where there is clear evidence of persistent under delivery of housing, the NPPF also requires an additional 20% buffer on the five year supply.

The staged process for determining the five year supply should therefore be as follows:

- (1) Identify the Objectively Assessed Need for the Plan Period;
- (2) Consider whether there are any environmental reasons which should impact upon the delivery of the objectively assessed need;
- (3) Applying the appropriate buffer (in the case of B&NES this should be 20%);
- (4) Identifying the historic accumulated shortfall in delivery and add this to the requirement;



(5) Identify the method of addressing the shortfall (Sedgefield / Liverpool).

There is no suggestion in the NPPF that the five year supply figure should be calculated on anything other than the housing requirement / planned provision.

The Council's proposition that the five year housing requirement should be based on the objective assessment of housing need (including the SHMA) is not consistent with the NPPF. The objective assessment of housing need is part of the evidence base which informs the plan-making process, but it does not necessarily translate into the housing requirement itself.

There is a very clear distinction between the housing requirement and the objectively assessed need and if the NPPF had intended that the five year supply calculation was to be predicated on the latter, it would have stipulated this in paragraph 47.

Conclusion

The evidence provided within this Statement raises considerable doubts over the reliability and robustness of the Council's calculation of the objectively assessed housing need. The SHMA 2013 attributes considerable weight to population and household forecasts adjusted for the 2011 Census which are inherently undermined by the embedded effects of past under delivery of housing within the authority area and the recessionary economy. Whilst the SHMA 2013 provides a helpful understanding of future population and household growth based upon suppressed housing delivery conditions and a recessionary economy, it would be unsound to rely upon it as the sole evidence to establish the objectively assessed housing need.

Both the NPPF and draft NPPG advocate the use of market signals to inform the strategic housing requirement. Signals based upon national and regional indicators are extremely helpful in understanding the context for the local housing market and benchmarking factors such as affordability. In order to derive a robust and objective assessment of housing need, the evidence of market signals must be used to inform the housing requirement.

The analysis produced in the appended Housing Requirement Research Report provides the missing evidence which is needed to ensure the calculation of the objectively assessed housing need complies with the NPPF. This Report concludes that a minimum of 794 dwellings per annum are required over the 18 year plan period in order to ensure that the Core Strategy addresses the identified market signals. In order to fully address past under-delivery, the figure should be added to the shortfall in housing delivery from the previous plan period.

As a result of the shortcomings, we believe that only limited weight should be placed on the findings of the SHMA 2013. We have not sought to adjust the population and household projections in the SHMA to provide an appropriate alternative forecast. Instead, and as a reasonable measure for this Core Strategy in advance of a review based on the WoE SHMA, we endorse the use of the minimum figure that will address the relevant market signals.

Our assessment of the housing requirement based upon market signals results in a need for 14,292 homes during the plan period. This more closely accords with High Trend Draft SHMA –adjusted 2008 headship rates on table 2b of BNES 48 than chosen assumptions in the SHMA 2013. Add to this the backlog and the total housing



requirement is 15,461 dwellings. This would provide a necessary increase in housing stock, consistent with market signals.

The resultant assessment of housing need is not significantly greater than the total calculated by the Council. Indeed, the total 15,461 dwellings proposed over the plan period represents only a 22% increase on the 12,700 dwellings requirement contained in the Core Strategy. The relationship between these figures can be seen on the amended Core Strategy housing trajectory attached at Appendix 3. Nevertheless, this increase is essential to ensure compliance with the NPPF.