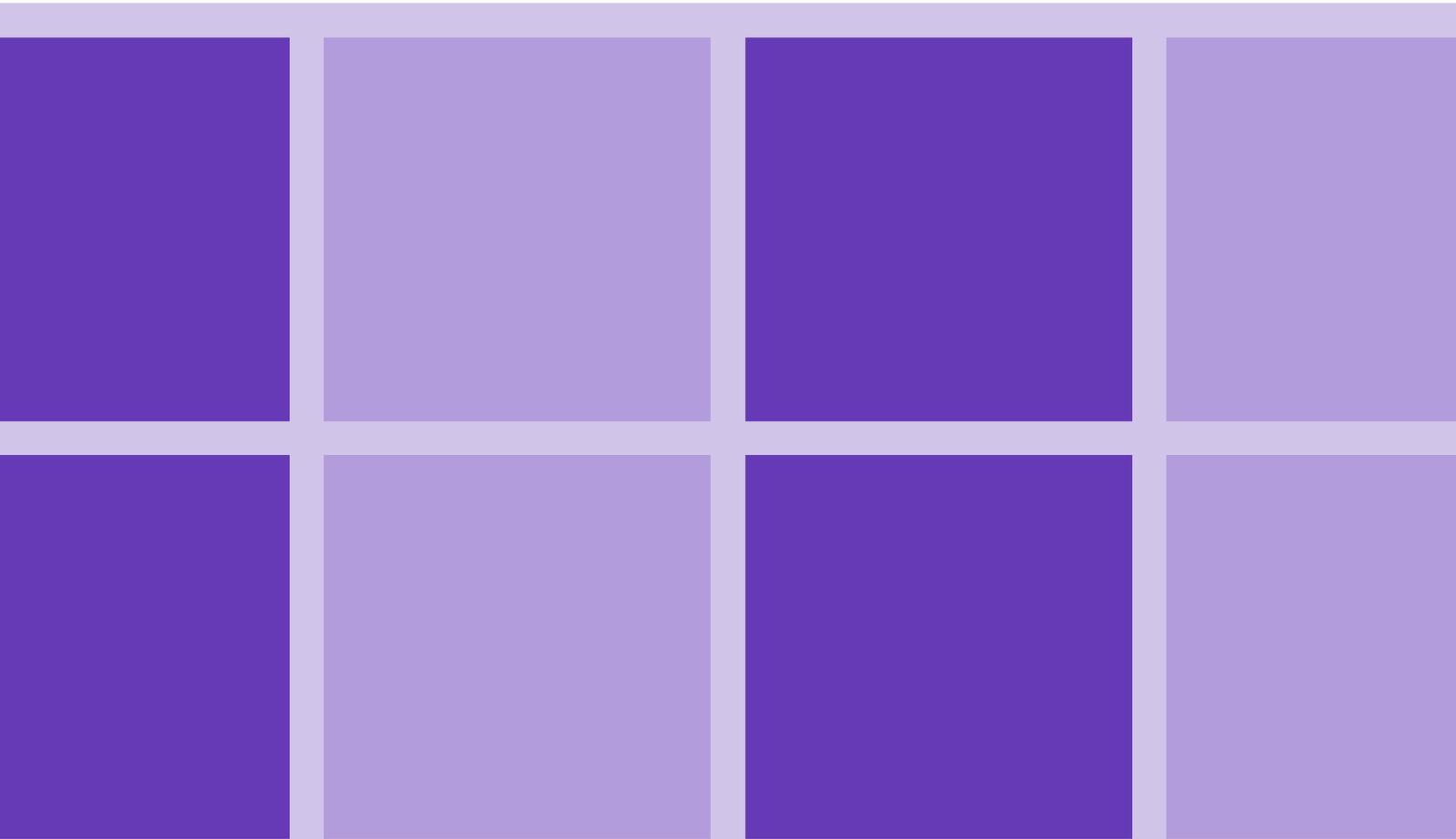


# Technical Paper - Housing Growth



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## 1 Introduction

**1.0.1** Under the Local Development Framework, all local authorities were required to prepare development plan policies and determine planning applications in accordance with an up to date Regional Strategy (RS). However, since the introduction of the National Planning Policy Framework (NPPF) in 2012, and the revocation of Regional Strategies on 20th May 2013, the task of identifying housing requirements has been left to local authorities to decide in consultation with local residents and stakeholders.

**1.0.2** Therefore, the purpose of this technical paper is to set out the Council's approach to the borough-wide housing requirement set out in the draft Local Plan, as well as responding where appropriate to the main issues raised through the local plan consultation process. The paper should therefore be read in conjunction with the draft Local Plan and other related evidence.

**1.0.3** The aim of this paper is to set out the justification for planning to grow the borough by 15,555 dwellings over the period 2011 to 2031.

## 2 Summary

**2.0.1** In determining the housing requirement the Council has taken into account a range of factors. These relate to:

- The overall housing needs of the borough up to 2031 (or 'objectively assessed need');
- Ensuring that the future level of housing growth is complementary to the council's economic strategy, which is promoting significant inward investment into the borough.
- National planning policy, in particular the tests set out in paragraph 14 of the NPPF;
- A number of technical factors that are necessary to qualify the figure;
- The potential to adjust the level of planned growth to assist in addressing the need for affordable housing; and
- Consideration of land supply, deliverability, and sustainability issues;

**2.0.2** Based on the commentary set out in this paper, the Council proposes a housing requirement of 15,555 additional dwellings for the plan period (2011-31) set out in Policy HO1 of the Telford & Wrekin Local Plan. This is considered to be appropriate on the basis of the overall need of the borough, the capacity of the borough to support additional growth above its need, and on the need to satisfy national planning policy which seeks to significantly boost housing supply. It is also a reflection on the challenges that face the borough in continuing to deliver above-trend growth up to 2031 and to ensure that this is both deliverable and sustainable.

## 3 Background

### 3.1 National Context

#### 3.1.1 National Planning Policy

**3.1.1.1** At this point it is worth summarising the main national policy that shapes how local authorities must plan for the future.

**3.1.1.2** The key policy driver for growth stems from central government, as set out in the National Planning Policy Framework (2012) (the NPPF). A core planning principle of the NPPF states that, "...Every effort should be made objectively to identify and then meet the...needs of an area, and respond positively to wider opportunities for growth..." <sup>(1)</sup> and that local planning authorities should "...use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area...and...boost significantly the supply of housing..." <sup>(2)</sup>. The government's objective is to deliver 'positive' growth, making economic, environmental and social progress for this and future generations, and to use the planning system to make this happen <sup>(3)</sup>.

**3.1.1.3** The NPPF <sup>(4)</sup> also establishes the key test that all local authorities must apply when considering setting its housing requirements. It states that councils should positively seek opportunities to meet the development needs of their area, and should meet their objectively assessed need with sufficient flexibility to adapt to change. This is the approach that local authorities should apply, unless any adverse impacts of doing so would significantly and demonstrably outweigh the benefits when assessed against the policies in the NPPF taken as a whole, or where specific policies in the NPPF indicate development should be restricted.

**3.1.1.4** At a strategic, or sub-regional, level local authorities should work jointly with other public bodies on strategic priorities that cross administrative boundaries <sup>(5)</sup>, otherwise known as 'strategic matters' <sup>(6)</sup>. This would, where appropriate, include planning strategically for the development needs of those areas, in particular the future need for housing.

**3.1.1.5** Related to this, the Council must also ensure that the housing requirement it is promoting through the local plan is soundly based <sup>(7)</sup>. In particular, councils must ensure that their plans include any unmet requirements from neighbouring authorities, where it is appropriately evidenced and consistent with achieving sustainable development.

**3.1.1.6** The key implication of the NPPF is that councils should consider the issue of housing growth by boosting supply and assisting, where appropriate, in meeting the needs of their neighbours and not consider the need for future development in isolation.

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1 NPPF (2012) paragraph 17

2 NPPF (2012) paragraph 47

3 NPPF (2012) page 1

4 paragraph 14

5 as detailed in paragraphs 178-181 of the NPPF

6 The legal definition of strategic matters is set out in section 33a(4) of the Localism Act 2011

7 The soundness test for local plan-making is set out in paragraph 182 of the NPPF

**3.1.1.7** As will be explained in the rest of this paper, the Council has taken full account of the national policy summarised above in determining an appropriate housing requirement for the borough up to 2031.

## 3.1.2 Planning Practice Guidance

**3.1.2.1** In March 2014, the government issued more detailed guidance to assist policy makers in preparing local plans, the online resource Planning Practice Guidance (PPG). The PPG provides specific advice on how local authorities should determine the objectively assessed need for housing. The guidance advises that all assessments of housing need should use national population and household projections as a starting point, and consider other relevant factors, such as market signals, that might lead to an upward adjustment of the base need<sup>(8)</sup>.

**3.1.2.2** The PPG also makes it clear<sup>(9)</sup> that, where appropriate, councils should also consider how best to address their own need for particular types of housing, for example, affordable housing.

**3.1.2.3** How the guidance has been applied to the objectively assessed housing need work is explained more fully in section 5.

## 3.2 Local Context

**3.2.1** The previous section considered the implications of national policy and guidance for determining the emerging housing requirement. This section considers the local factors that influence the direction the council has taken. The key factors are considered to be: historic legacy; the local growth agenda; capacity for delivery; and housing demand in the wider West Midlands.

### 3.2.1 Historic Legacy

**3.2.1.1** In planning terms, the recent history of the borough has been dominated by the designation, in 1969, of Telford built-up area as a new town (originally named 'Dawley New Town') under the New Towns Act. This has meant that over the last forty years or more the borough, and Telford in particular, has been planning for a growing town that not solely met the needs of its own population. This has benefited the borough by attracting new businesses from all over the world to locate in the town, in close proximity to a readily available labour supply. The increase in local jobs has, in turn, helped to reinforce and complement the growth in homes by attracting people from outside the area who could both live and work in the borough, as well as enabling investment into local infrastructure and services as a result of regeneration and redevelopment activities, for example in Southwater.

**3.2.1.2** An important consequence of the new town era has been the significant amount of land that has been identified and brought forward for development, principally in Telford. Such a position reflects the new town status of the town and is relatively unique to this area when compared to other parts of the country and the wider region. It has seen the town grow at a significant rate during the new town period. This has been due, in part, to the substantial areas of land that were acquired and brought into central government ownership by the Homes and

<sup>8</sup> Paragraph 2a of the PPG provide detailed advice on assessing overall housing need at the borough-wide level

<sup>9</sup> Paragraph: 029 Reference ID: 2a-029-20140306

## 3 Background

Communities Agency (HCA) and by its predecessor Telford Development Corporation (TDC), beginning in the 1970s. This is coupled with the development in recent years of land in private ownership brought forward by a number of major house builders.

**3.2.1.3** The recent history of the area demonstrates the record that successive public bodies have in boosting the supply of housing and jobs within Telford and Wrekin. This has involved, in no small part, its positive working relationship with the development industry, registered social landlords (or 'registered providers'), and national inward investment organisations such as UK Trade & Investment (UKTI). These are factors that should not be ignored when considering the scale of development that should be planned for in the future. The influence of land supply and capacity on the question of future housing provision are addressed in more detail later in this paper (section 5.5).

### 3.2.2 Local Growth Agenda

**3.2.2.1** In taking forward the emerging Local Plan through the various stages carried out thus far, including at Strategy and Options and the Proposed Housing and Employment Sites (PHES) consultation, the Council and its key partners, for example the Local Strategic Partnership, has maintained an ambition to see the borough grow and prosper in the future, whilst safeguarding the important green assets that are a key feature of the borough's environmental quality and attractiveness. This remains the overarching vision and objective of the emerging Local Plan, as detailed in the draft plan.

**3.2.2.2** To ensure that the Local Plan is consistent across the various policy areas and their related policy objectives, it is important that the growth aspirations of the plan are not compromised by setting targets that undermine such ambitions.

**3.2.2.3** At the subregional and regional level, Telford & Wrekin Council is a key partner in the Marches Local Enterprise Partnership (the LEP) and is a focus for growth and development in the western part of the midlands. This includes not only housing, but also economic development and job creation. The Council has secured funding through the National/Local Growth Fund, as part of the Marches LEP, to assist in the provision of infrastructure that will facilitate major development opportunities, which are also planned for in the draft plan i.e. Muxton. Further details on infrastructure provision are set out in the Infrastructure Delivery Plan (IDP), which accompanies the local plan.

#### **Enterprise Telford - the borough economic development strategy**

**3.2.2.4** Clearly, any plan that promotes the growth in new homes must be linked to a sound economic strategy that supports the growth in local employment.

**3.2.2.5** Telford and Wrekin Council, in partnership with the Telford Business Board<sup>(10)</sup>, has developed a strategy that will encourage enterprise and innovation, to enable the business community to drive the borough's economic growth alongside measures to promote growth in new homes. At the heart of the strategy is the vision of Enterprise Telford, which is, "*to promote Telford's role as a major contributor to the West Midlands economy; to focus on those things*

<sup>10</sup> Telford Business Board (TBB) brings together business leaders from all the key sectors alongside universities, colleges and influential leaders from the housing and voluntary sector. Sectors represented include manufacturing, construction, tourism and leisure, professional services, IT and young entrepreneurship

*that will do most to unlock jobs and create growth that will improve the lives of all of the people who live in our borough; and to make Telford a natural home for investors, innovators and entrepreneurs" <sup>(11)</sup>.*

**3.2.2.6** The council is also taking more direct action through its unique growth deal secured with Homes and Communities Agency (HCA). The deal will see the council take control of over 400 acres of employment land and sites for close to 3,000 new homes, with a commitment from central government to invest over £44m into site preparation and essential infrastructure to facilitate delivery of this land to the market.

**3.2.2.7** This approach follows on from a number of initiatives that have been brought forward recently to assist in raising the profile of the borough. These include the recently completed mixed-use development at Southwater, Telford which has transformed an area of land to the immediate south of Telford Shopping Centre, in an investment worth £250m leveraged by the public sector leading to a further £200m to be invested by the owners of Telford Shopping Centre. In addition, measures have been taken to improve the quality of local facilities, in particular the enhancement of primary and secondary school provision across the borough, which is still in progress.

**3.2.2.8** The drive to support growth and change in the borough is therefore a key objective at the local level but also supports Telford's continued role within the wider region.

### 3.2.3 Housing Demand in the West Midlands

**3.2.3.1** Under section 110 of the Localism Act 2011, there is a legal duty for local authorities to co-operate with a number of 'prescribed bodies' on issues relating to the future planning of their areas. In addition, section 2a of the Act requires local authorities, "*...to engage constructively, actively and on an on-going basis...so far as relating to a strategic matter..*" This affects all authorities where strategic matters impact on at least two planning areas.

**3.2.3.2** Since the draft local plan (regulation 18) consultation in 2015, discussions have been continuing with those local authorities in the wider region on strategic matters relating to housing shortfall in the west midlands conurbation. The Council has progressed discussions with two of its neighbouring authorities, Shropshire and Stafford, to the point where formal memorandums have been agreed <sup>(12)</sup>, principally relating to the overall and distribution of housing growth during the plan period alongside other issues specific to each authority. Further details on cross-boundary cooperation can be found in the Duty to Cooperate Statement accompanying the Submission Version of this Plan.

#### Implications

**3.2.3.3** The implications to be drawn when considering these three issues is that growth and development is a priority for the Council, that capacity and demand exists to deliver additional development, but that this would not need to extend to meeting the shortfall in land supply in other parts of the region.

11 Enterprise Telford Driving growth and prosperity: Economic Development Strategy 2016, TWC/TBB, p4

12 Formal signed agreements will be submitted to the Planning Inspectorate as part of the examination of the plan

### 4 Method Statement

**4.0.1** The previous section considered the national and local context for determining what might be an appropriate housing requirement for the borough for the plan period 2011-31. The section sets out the methodology used to produce the requirement figure for the draft local plan.

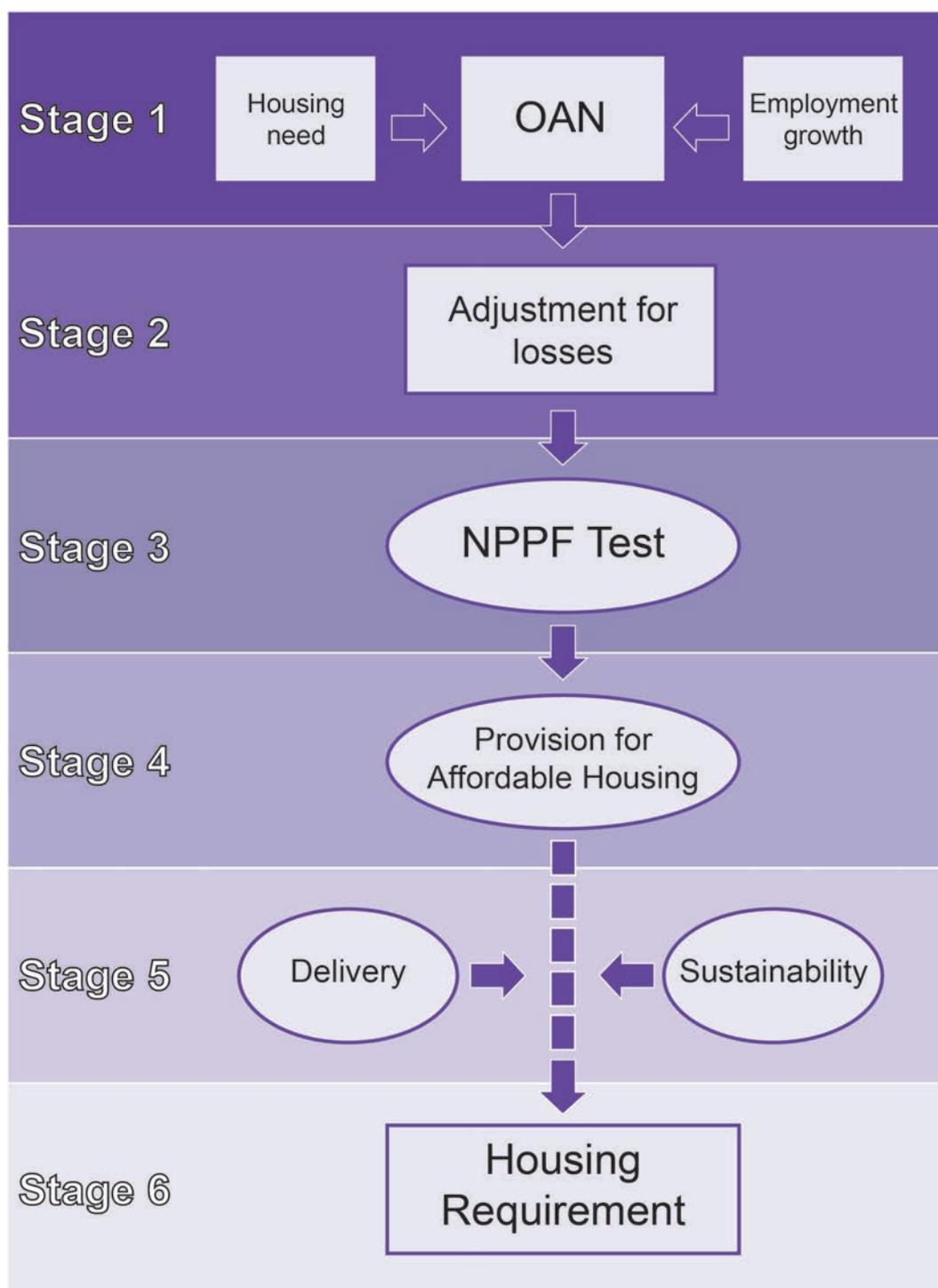
**4.0.2** It should be recognised at the start that there is no single or published methodology similar to that set out in the Planning Practice Guidance (PPG). The only policy advice available is the reference to the 'adverse impact' test set out in paragraph 14 of the NPPF. The responsibility for setting plan targets or requirements has therefore been devolved to local authorities, who must consider the individual issues and circumstances relating to the area in question. The council considers that it has applied a sound approach in devising and applying the methodology set out below.

**4.0.3** The methodology applied to the task can be broken down into the following five stages:

- Stage One - establish the borough's Objectively Assessed Housing Need (OAN) during the plan period (2011-31);
- Stage Two - apply any 'technical' adjustments as necessary i.e. an adjustment for vacancies and potential future losses in the existing stock (demolitions). This would equate to a 'base' housing requirement to be considered the minimum that could be justified in the draft local plan;
- Stage Three - apply the tests set out in paragraph 14 of the NPPF ('NPPF Test');
- Stage Four - assess the potential for an adjustment in line with the PPG i.e. support the provision of affordable housing;
- Stage Five - consider the implications of adjusting the housing requirement i.e. delivery, sustainability;
- Stage Six - identify the housing requirement for the local plan.

**4.0.4** The method should therefore be seen as a process by which the various stages inform the setting of the requirement, both directly (stages one and two) and indirectly (stages three, four and five). Figure 1 below sets this out in diagram form.

**Figure 1 Setting the housing requirement process**



**4.0.5** The Analysis and Discussion section considers in more detail each of the stages and the implications they have for determining the requirement.

## 5 Analysis and Discussion

**5.0.1** This section presents the findings and discussion on the various stages on how these have influenced the setting of the housing requirement.

### 5.1 Stage One: Identifying the OAN

**5.1.1** This section of the paper presents additional commentary on the assessment of overall housing need, the first stage in moving towards a new local plan housing target. Where relevant, reference is made to the main issues raised through the consultation process.

#### Housing Market Area

**5.1.2** Representations have been received regarding what should be considered an appropriate housing market area from which to derive the OAN. Some suggestions have been made that Telford and Wrekin borough cannot be considered a separate HMA for the purposes of plan-making given its historic role and function within the wider west midlands region.

**5.1.3** In response, there does not exist any HMA that is 100% exclusively 'separate' from any adjacent or neighbouring area in terms of its housing and labour markets. It is not suggested anywhere in the council's evidence base that T&W exists 'independently' from any adjacent area. That would mis-represent the council's position on this matter. In reality, HMAs involve a certain measure of 'overlap' at the edges and so boundaries cannot be drawn exactly. Nonetheless, for the purposes of planning, boundaries must be drawn in order to allow each local authority to first quantify and then respond to its own development needs in line with the Planning and Compulsory Purchase Act and NPPF. Or if not, plan to meet any of its own shortfall by working with other local authority areas within its HMA. This is a wholly practical and common sense approach.

**5.1.4** Based on current evidence set out in the PBA report and in this paper, it is considered that, on balance, T&W currently performs as a separate HMA. This pragmatic position is agreed by all neighbouring local authority areas and authorities further afield. Representations received from other objectors also accept this position. Some representations also appear to suggest that T&W is part of a 'wider' housing market comprising Birmingham and the Black Country and therefore, by inference, should accept the unmet needs from that HMA.

**5.1.5** Table 1 shows, for 2014, the level of internal migration that took place into Telford & Wrekin from areas comprising the Greater Birmingham HMA, alongside Shropshire and other parts of the UK, for comparison. It can be seen that less than 20% of in-migration emanates from the Greater Birmingham area.

**Table 1 Internal migration into Telford & Wrekin - June 2014**

Local Authority area	Number of moves	%
Greater Birmingham area <sup>(1)</sup>	1,140	18.3

<sup>1</sup> For the purposes of this calculation, the local authority areas related to the Greater Birmingham HMA comprise Birmingham, Dudley, Wolverhampton, Walsall, Sandwell and South Staffordshire

Local Authority area	Number of moves	%
Shropshire	1,340	21.5
Rest of UK	3,740	60.1
Total	6,220	

Source: Office for National Statistics: Migration Statistics Unit (table IM2014-T7, IM2014-T8)

**5.1.6** Table 2 illustrates the relative flows of migration from Telford and Wrekin to these areas, which show a greater extent of moves to Shropshire and rest of the UK compared to Greater Birmingham.

**Table 2 Internal migration out of Telford & Wrekin - June 2014**

Local Authority area	Number of moves	%
Greater Birmingham area <sup>(2)</sup>	740	11.7
Shropshire	1,540	24.4
Rest of UK	4,030	63.9
Total	6,310	

Source: Office for National Statistics: Migration Statistics Unit (table IM2014-T7, IM2014-T8)

**5.1.7** It can be seen from the evidence that the vast majority of moves (both to and from Telford & Wrekin) actually involve parts of the country excluding the Greater Birmingham area. This is not unsurprising given Telford's historic role and function as a new town, and the growth in foreign direct investment that underpins the local economy. Therefore, in the Council's view, some representations seek to overplay the links or sphere of influence evident between the West Midland conurbation and Telford & Wrekin. Furthermore, given the relative populations of Greater Birmingham compared to the borough's immediate neighbours including Shropshire, the scale of the moves from Greater Birmingham are considered to be even less significant.

**5.1.8** Some representations also question the migration trends applied to the assessment because it 'builds in' past migration that relates to a period of relatively lower levels of completions in the borough, principally during 2006-2011. To ensure that short term phenomenon such as this are not built into the longer term projections of housing need, Peter Brett Associates (PBA) recognise this potential problem and therefore use a ten year trend (2003-13). This covers both the recessionary and pre- and post-recessionary years, ensuring a more balanced assessment is carried out.

**5.1.9** Data analysis of commuting trends is set out in chapter 2 of the PBA report, and also referred to in the arc4 report.

<sup>2</sup> For the purposes of this calculation, the local authority areas related to the Greater Birmingham HMA comprise Birmingham, Dudley, Wolverhampton, Walsall, Sandwell and South Staffordshire

# 5 Analysis and Discussion

## Demographic-led projections

**5.1.10** Telford & Wrekin Council commissioned Peter Brett Associates (PBA) to look specifically at this issue, and published their report in March 2015 <sup>(3)</sup>.

**5.1.11** The study sought to address a number of important questions relating to the preparation of a robust assessment of housing need, including the identification of a functional housing market area for the borough, the appropriate application of official population and household projections, and the relationship between the projected need for homes and the future supply of labour taking into account future employment forecasts. The issue of affordable housing need was also considered within the overall housing need assessment. In progressing the study, due regard has been given to Planning Practice Guidance (PPG) in devising the technical approach and the methodology applied.

**5.1.12** The full details of the study, and the assumptions used to underpin the analysis, can be accessed in the report on the Council's supporting evidence web pages. In summary, for the period 2011 to 2031, based on their preferred demographic-led scenario ('Trends 2003-13') the assessment projects an increase in population of approximately 16,800 people. This is translated into a household growth in the region of 9,600, or 482 households per year, and, after applying an adjustments for vacancy in the existing stock of 3.1% derived from the Census 2011, the overall housing need equates to 9,940 dwellings, or 497 dwellings per annum.

**5.1.13** In determining the figure of 9,940, the assessment has also considered the potential for under-supply of housing land, having applied a number of market signals relating to house prices and affordability. The assessment has not identified any clear signals that supply has been constrained in terms of house prices or affordability of housing across the borough.

## Household formation

**5.1.14** The Council received a considerable number of representations during the consultation stages (both Regulation 18 and 19 stages) of the Local Plan on the subject of household formation and how this should be accounted for in the projection of future housing need.

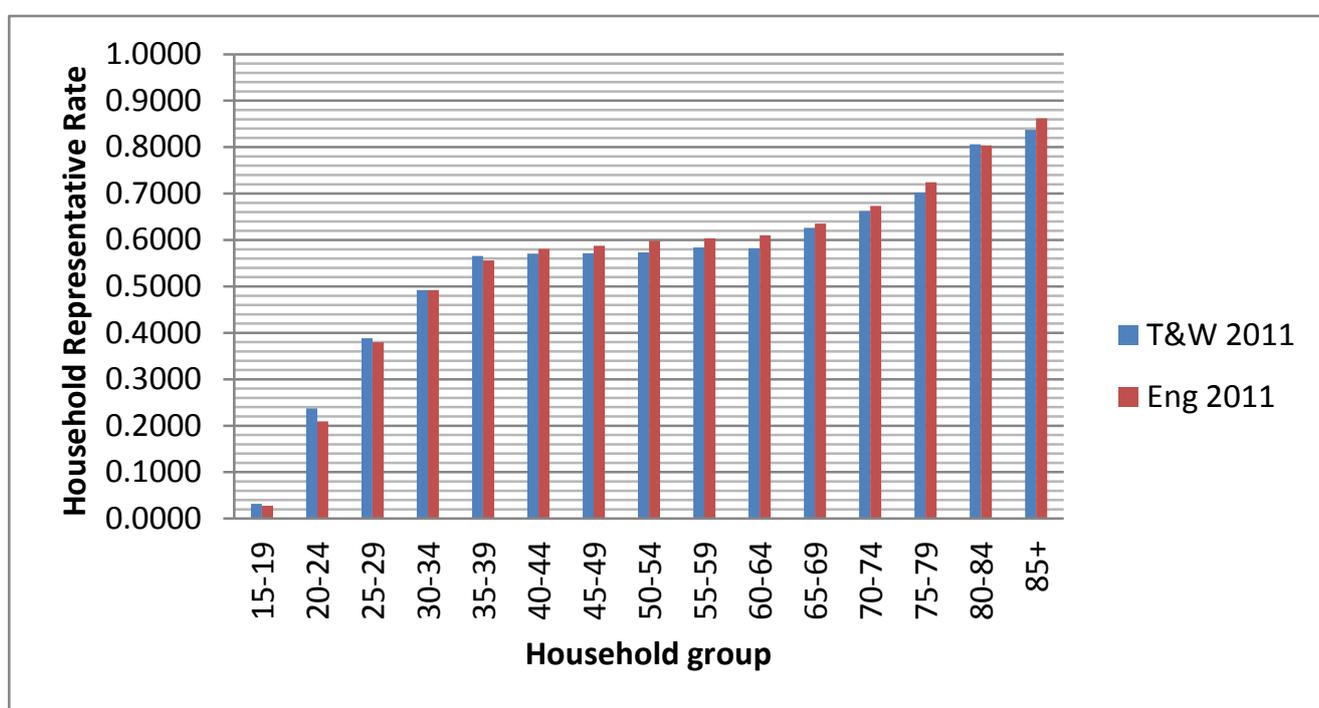
**5.1.15** The main issues raised by these representations concern the household representative rates<sup>(4)</sup> (or HRRs) used by PBA to convert population projections into household projections, which leads then to calculating the OAN. To summarise, it has been suggested by a number of objectors that the OAN does not take into the phenomenon known as 'household suppression', in particular past household suppression amongst younger households (broadly covering the 25-44 age band). A number of representations argue that this suppression is inherent in the HRRs that underpin the 2012-based household projections and that an upward adjustment should be made to the HRRs to compensate for the apparent suppression. The assumption is also made by some objectors that the 2012-based HRRs will move back during the plan period towards the higher levels that were inherent in the 2008-based projections, the previous full set of projections, which were also of a higher magnitude than the 2012-based projections. By not taking into these issues into account, it is argued that this results in a lower than expected household projection, and hence a lower OAN, for Telford and Wrekin.

3 Peter Brett Associates *Telford & Wrekin Objectively Assessed Housing Need Final Report*, March 2015

4 The household representative rate is the probability of a person from a specific demographic group (based on geography, age group, sex and marital status) being considered the household reference person. The value of the household representative rate will be between 0 and 1.

**5.1.16** The Council do not accept these arguments. Whilst the number of objections on the issue of suppression in the household projections were numerous, no convincing evidence has been submitted to support this, at least in terms of any observed effect on household formation in Telford & Wrekin. For example, figure 2 illustrates a comparison between Telford & Wrekin and England of the CLG 2012-based HRRs at 2011 (the base date for the local plan), by age group. This indicates that age groups up to and including age of 39 years are slightly above, or equal to, that of the national benchmark (England). For persons aged 40 and over, HRRs for Telford & Wrekin are slightly below the national level. Whilst local HRRs might be below national indicators in the older age groups, this may be due to reasons other than poor access to housing, for example economic factors (i.e. changes in incomes, access to mortgage finance, or impact of the wider recession). The legacy of the new town and the impact this has had on the make up of the local population may also be a factor here.

**Figure 2 Household Representative Rates - T&W and England (2011)**

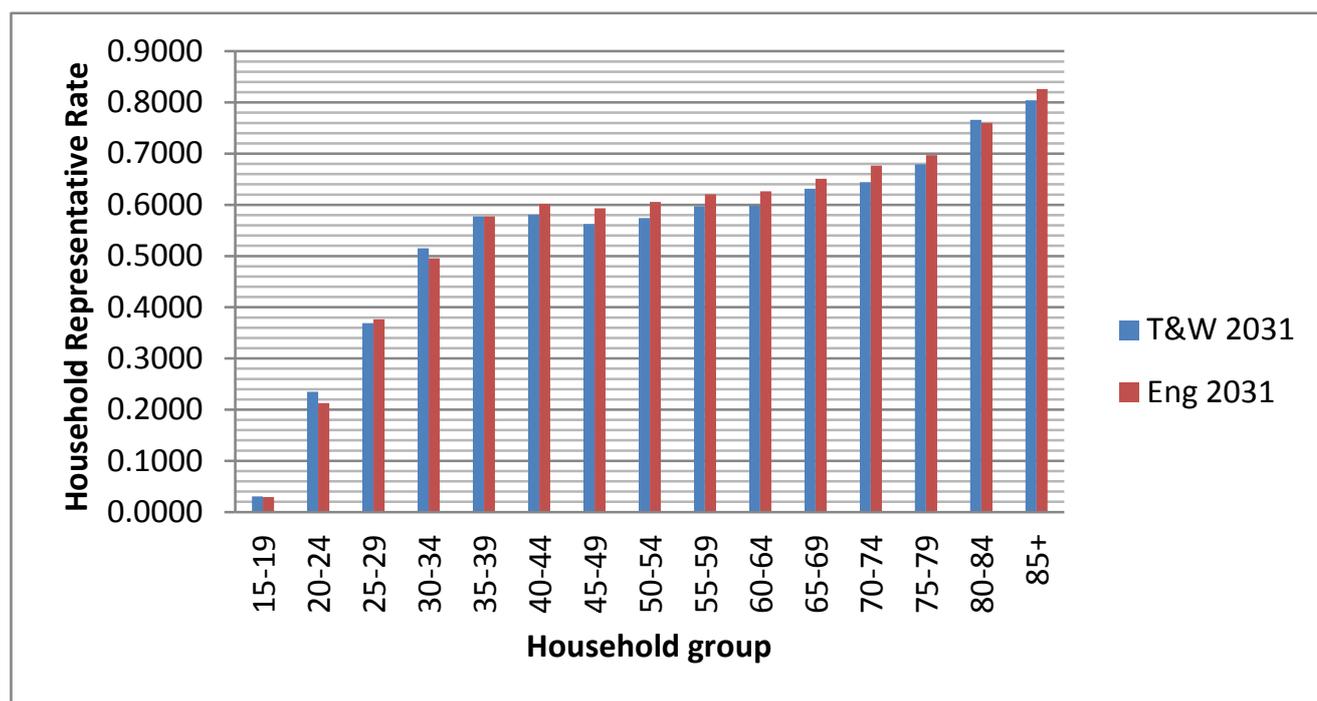


Source: CLG 2012-based household projections, PBA

**5.1.17** Figure 3 below illustrates the same comparison at the end of the plan period (2031). What this shows is that the HRRs at local and national level are only very slightly different. It could also be seen that household formation is actually projected to increase slightly between 2011 and 2031 in the younger age groups (up to age 34). This is not unsurprising given the nature of Telford and its recent growth and expansion as a new town since 1969 driven in no small part by the in-flux of households into the town.

# 5 Analysis and Discussion

Figure 3 Household Representative Rates - T&W and England (2031)



Source: CLG 2012-based household projections, PBA

**5.1.18** Consequently, it cannot be said with any certainty that past household formation in the younger age groups of Telford & Wrekin has been constrained due to lack of housing supply. Furthermore, no evidence has been submitted during the plan preparation process to contradict this view.

## Market Signals

**5.1.19** A number of representations submitted during the local plan consultation process suggest that there is local evidence that justifies an upward adjustment to the demographic measure of housing need based on market signal analysis. The council does not accept this.

**5.1.20** As highlighted earlier in this paper, the council has considered the issues of under-supply as part of the work carried out by PBA on the borough's objectively assessed need, which analysed the significance or otherwise of a number of market signals, and whether any effects justified an adjustment to the OAN<sup>(5)</sup>. The key indicators, based on the advice in the PPG<sup>(6)</sup>, cover overcrowding, concealed families, housing affordability, and past delivery of housing. The analysis is summarised below.

### Overcrowding

**5.1.21** The PBA report shows that at the 2011 Census overcrowding in Telford and Wrekin was lower than England and the West Midlands region, though higher than Shropshire – as one would expect, given the rural nature of Shropshire. Below, we add to this analysis by looking at change in overcrowding between the 2001 and 2011 Censuses.

5 For details, please refer to the Telford & Wrekin Objectively Assessed Need Final Report, March 2015

6 ID 2a-019-20140306

**Table 3 Over-occupied dwellings as proportion of all dwellings, (2001 & 2011), in percentages**

Telford & Wrekin		Shropshire		West Midlands		England	
2001	2011	2001	2011	2001	2011	2001	2011
3.5	3.4	3.5	2.3	5.6	4.5	7.1	4.6

Source: Census 2001 & 2011

**5.1.22** The incidence of overcrowding ('over-occupied dwellings') in Telford & Wrekin was virtually unchanged between the two censuses. Meanwhile all the comparator areas experienced reductions in over-occupation. Nevertheless, the rate in Telford & Wrekin remains lower than the regional or national benchmarks, though it is higher than in Shropshire.

**5.1.23** As a caveat, it is important to note that the proportion of households that is over-occupied is always very small (the majority of dwellings are under-occupied). Therefore comparisons between areas and over time should be treated with caution, because the smaller a number the more prone it is to random variation ('noise in the system').

#### Concealed families

**5.1.24** Table 4 below shows at the incidence of concealed families at the 2001 and 2011 censuses. Numbers are even smaller than for overcrowding, so comparisons should be interpreted even more cautiously.

**Table 4 Proportion of concealed households in percentages (2001 & 2011)**

Telford & Wrekin		Shropshire		West Midlands		England	
2001	2011	2001	2011	2001	2011	2001	2011
0.9	1.7	0.8	1.3	1.4	2.2	1.2	1.8

Source: Census 2001 & 2011

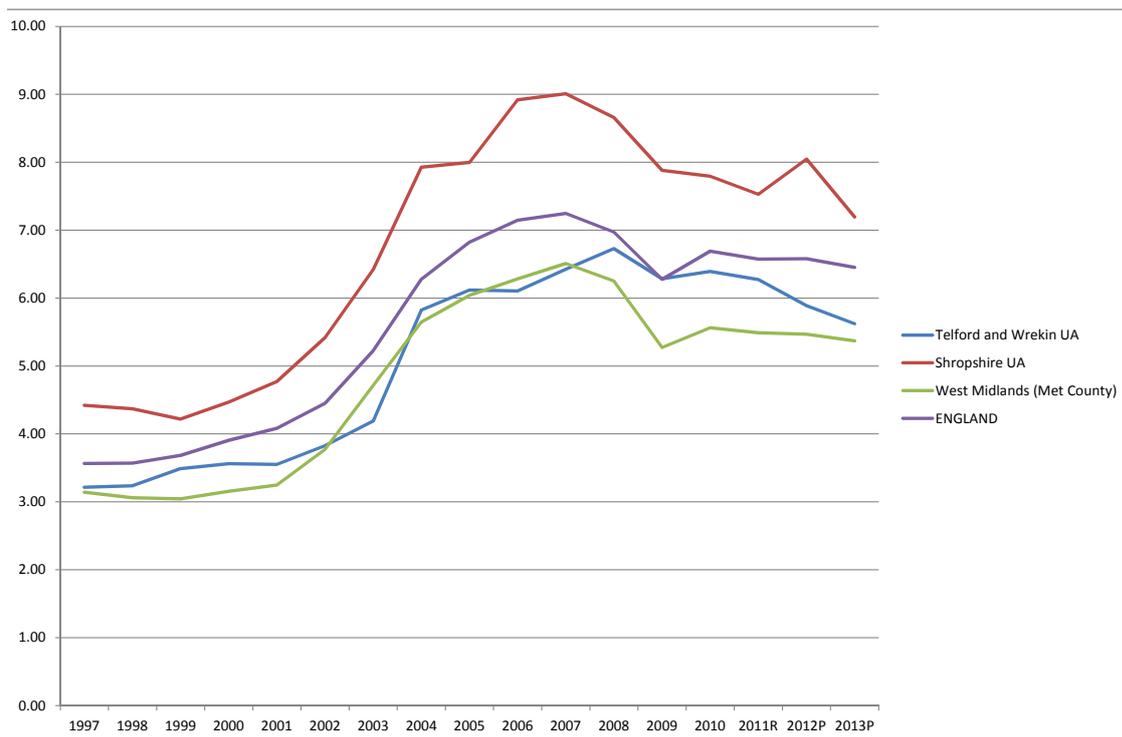
**5.1.25** On the latest data available, from the 2011 Census, 1.7% of families were concealed households. This is close to the national and regional benchmarks, though higher than Shropshire. Since 2001 the proportion of concealed households increased in all areas.

#### Housing affordability

**5.1.26** The Council's housing needs report showed that on the latest data available affordability in Telford & Wrekin was better than in comparator areas. In figure 4 below we add to this analysis by showing the changing affordability ratio over time. It is important to bear in mind that the index is a ratio of prices to earnings; therefore a high ratio denotes low affordability and vice-versa.

# 5 Analysis and Discussion

Figure 4 Affordability ratio, 1997-2013



Source: CLG Table 576 Ratio of lower quartile house price to lower quartile earnings

**5.1.27** It is true that the ratio for Telford & Wrekin has been on a rising trend over the long-term. In the long economic boom the ratio increased; since 2008 it has been falling, but not enough to return to the level of the late 1990s. However this trajectory is not specific to Telford; all the comparator areas showed the same pattern. Telford & Wrekin's affordability remained consistently better than the comparator areas, except for one year, 2009, in which it almost equalled the England and West Midlands figures before diverging again. Figure 4 also indicates that the affordability ratio has been decreasing since 2010, and indicates that the ratio in 2013 was lower than it was in 2006.

## Aligning homes and jobs

**5.1.28** An important part of the assessment is the need to consider whether or not a demographically-led projected housing need would provide enough workers to support the area's expected jobs growth. The PBA study considered this issue by producing an employment forecast based on the preferred demographic scenario outlined above, utilising the employment forecast model produced by Experian. This ensures that rather than applying a baseline employment forecast that is solely trend-driven and detached from the future projection of homes, the modelling of future jobs and homes is carried out in an integrated fashion, as advised in the PPG.

**5.1.29** The full analysis is set out in section 5 of the study. In summary the main conclusion, in terms of the overall balance between job demand and labour supply, is that if the plan were to rely on a baseline employment forecast from Experian, there is likely to be a deficit of labour from 2019 onwards (equating to approximately 610 jobs at 2031). However, the preferred

demographic-led 'Trends 2003-13' scenario would ensure that a larger population of resident workers are available to fill the deficit in labour supply that might arise from the baseline Experian scenario.

**5.1.30** Consequently, labour supply is not likely to be a constraint on job growth in the borough should the number of homes needed be delivered. The implication of the analysis is that an objectively assessed need based on the 'Trends scenario' identified in the study would not need an upwards adjustment for jobs. Taking into account both demographic and employment growth factors, this is considered to be a robust assessment of the overall housing need, or objectively assessed need, derived from up to date information.

## 5.2 Stage Two: Technical Adjustments

**5.2.1** There are also a number of 'technical' issues that need to be taken into account when translating the overall housing need into a housing requirement for the local plan. These covers:

- Empty homes or 'vacancies'; and
- Losses in the current dwelling stock

### Empty Homes

**5.2.2** The Census 2011 identified 2,122 homes (or 3.1% of the total housing stock), with no usual resident <sup>(7)</sup>. The Council's own figures held by the Home Improvement Agency indicate that some 1,569 homes were empty as of March 2015, lower than the ONS figures.

**5.2.3** Whilst this may suggest a falling trend, the future scale of empty homes is very difficult to predict with any degree of certainty due to the dynamic nature of the local housing market. Consequently, for the purposes of determining the housing requirement, reliance will be placed on the Census 2011 figure published by Office for National Statistics (ONS) with the assumption this will remain broadly the same throughout the plan period.

**5.2.4** By applying the vacancy rate in this way, this ensures that empty homes are properly accounted for in setting the requirement for additional dwellings in the Local Plan, following advice set out in the Planning Practice Guidance (paragraph 039).

**5.2.5** For the purposes of accounting for future vacant dwellings, the OAN includes an additional allowance of 3%, therefore it is not necessary to add to this.

### Losses in the existing stock

**5.2.6** To ensure that the housing requirement figure does not underscore the need for future dwellings, account must be taken of the likely losses in the current stock through demolitions. The now revoked Regional Strategy for the West Midlands (2004) made an allowance of five dwellings per year that would be lost through demolition or clearance up to 2021. However, since 2002, the number of demolitions or other losses have averaged about 58 dwellings per year. This has included two relatively high years (2005 and 2011), which involved the loss of a number of high rise blocks within the social rented stock, but these have been fairly rare events during that time.

7 See Table KS401EW 2011 Census, Office for National Statistics

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**5.2.7** Clearly, the issue of predicting future losses is not straightforward and is prone to error if specific figures are applied. Therefore, it is not considered prudent to simply project a past trend forward over the entire plan period or apply the numbers based on likely clearance programmes. The preferred approach is to recognise that demolitions will happen year-on-year and to establish a housing requirement that can properly account for these during each monitoring year. To support this approach, the housing requirement will be based on completions net of losses, thus accounting for this factor each year in the assessment of delivery against the requirement.

## 5.3 Stage Three: Applying the NPPF (Paragraph 14) Test

### Policy Constraints

**5.3.1** Any plan requirement should not only meet objectively assessed needs but should also support the delivery of sustainable development. As referred to earlier, paragraph 14 of the NPPF identifies the test that should be applied when judging if the assessed need can be met in a sustainable way. The test itself is focused on identifying '*any adverse impacts*' that would '*significantly and demonstrably outweigh the benefits*' after applying the policies set out in the NPPF '*as a whole*' and including those policies which '*specifically restrict development*'. This part of the paper will consider those issues raised in applying the NPPF test.

**5.3.2** The context for any application of the test outlined above is the level of assessed needs (the 'OAN') summarised in section 5.1. Bearing in mind that 4,498 net dwellings have already been completed since 2011, with extant planning commitments totalling 8,331 dwellings at April 2016, the current level of supply in actual fact exceeds the likely future demand for housing. However, to assume all dwellings with permission will be delivered is not sensible as permission only confers an approval rather than guarantees that development will happen.

**5.3.3** To this end, certain allowances have been applied to the existing supply from commitments to reflect the uncertainties regarding future delivery from this category of site<sup>(8)</sup>. After adding in the total number of completions between 2011 and 2016, and dwellings under construction, this figure increases to around 11,000 dwellings. Therefore, the existing supply could well deliver the homes necessary to meet the basic effective demand for 9,940 dwellings. Consequently, bearing in mind that all existing permissions have been granted with all the necessary supporting uses and infrastructure provision accounted for, either on-site or through off-site contributions in-lieu of on-site provision, it is assumed that no 'adverse impacts' would result were those dwellings to be built out as planned.

**5.3.4** Therefore, given the level of commitments identified and the likely effective future demand for housing, it is considered that no adverse impacts would result that would undermine the policies of the NPPF when taken as a whole because all the dwellings approved are in accordance with national policy. In terms of specific policies in the framework (NPPF) indicating where development should be restricted, as listed in footnote 9 to paragraph 14, the above conclusions would also apply as no specific policies are considered to be affected.

**5.3.5** Consequently, there do not appear to be any policy constraints within the NPPF that would prevent the objectively assessed need being met given the level of existing supply and completions already achieved since 2011.

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8 Details set out in Table 1 of the Telford and Wrekin Local Plan

## Assessment of Environmental Capacity

**5.3.6** An important aspect of the debate around future plan-making has been how the issue of environmental capacity or, conversely development constraints, should be taken into account when setting appropriate housing targets. The perceived lack of clarity in national guidance regarding the assessment of environmental constraints has been identified by the Local Plans Expert Group (LPEG) as a principal problem in plan-making<sup>(9)</sup>. This is particularly significant, and more relevant, where local authorities are planning to deliver a level of growth below their respective housing needs.

**5.3.7** In this context, clearly the local plan strategy for Telford and Wrekin does not seek to reduce the housing target below the assessed housing need. And, given the level of supply already identified, this would not be a realistic objective to pursue. Doing so could also jeopardise the future economic prosperity of the borough and would do little to address issues such as the continuing need for affordable housing.

**5.3.8** The current evidence base would suggest little justification for restraining growth at or below future needs. No specific policy restraints exist locally under the terms of the NPPF, for example green belt or sites or areas specifically protected under European legislation. Consequently, the key factors that are relevant to Telford & Wrekin are considered to be landscape sensitivity and infrastructure provision. In terms of landscape, relevant evidence is set out in the *Landscape Sensitivity Study Update for Telford and Wrekin (2014) Final Report*, undertaken by White Consultants. The report concludes<sup>(10)</sup> that there is potential for housing around Telford and Newport, whilst the highest areas of sensitivity tend to be those intrinsically higher in value, those in open countryside not closely associated with a settlement (and hence, by their nature, less likely to form sustainable locations), or which are associated with higher value landscapes or other features that add to local character. The report does not suggest limiting growth in overall terms, but also does not advocate unlimited growth either.

**5.3.9** In terms of future infrastructure provision, the council has prepared an infrastructure plan (IDP) that has assessed the likely future implications for infrastructure provision resulting from the delivery of the local plan<sup>(11)</sup>. The IDP raises no significant issues regarding the future impact of planned growth levels on current and future infrastructure and identifies a package of measures to mitigate any significant potential adverse impacts. Neither does it suggest limiting the scale of growth because of any specific infrastructure constraint. However, the IDP does recognise that over the life of the Local Plan there could be significant and unforeseen issues that could affect the delivery of housing and employment growth. Issues of scale such as a major down turn in the economy can affect the population levels, the composition of households and the amount of jobs in borough<sup>(12)</sup>. Consequently, whilst establishing a housing target well above the assessed housing need, the council is mindful of the potential negative effects of 'setting the bar' too high.

**5.3.10** Matters relating to the wider sustainability of the Local Plan have been addressed through the sustainability appraisal and appropriate assessment processes. A brief commentary on sustainability as it relates to the housing target is set out in section 5.5 of this paper below.

9 Local Plans Expert Group (2016) *Report to the Communities Secretary and to the Minister of Housing and Planning*, LPEG, para 56

10 See paragraph 3.1 of the report

11 Telford & Wrekin Local Plan - Infrastructure Delivery Plan

12 See para 4.6 of the IDP report

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## 5.4 Stage Four: Making Provision for Affordable Housing

**5.4.1** An important element of the overall housing need for Telford & Wrekin up to 2031 is the need for new affordable housing. The current available evidence base relating to affordable housing is the Telford & Wrekin Strategic Housing Market Assessment <sup>(13)</sup>, prepared by arc4 Ltd and issued in March 2016, and the PBA report on objectively assessed need discussed in section 5.1 above. These form the basis for the commentary presented in this section. This section also provides a broad response to the main issues raised during the consultation process.

**5.4.2** In the context of setting an appropriate housing target in the local plan, Planning Practice Guidance (PPG) <sup>(14)</sup> advises that councils to consider the potential to increase the figures included within their local plans where this could *help* deliver the required number of affordable homes. To do this, councils should consider the level of need in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. The council interprets this to be helpful advice, but does not place any legal duty or obligation on it to inflate its housing figures beyond what it considers to be reasonable, or which could undermine other legitimate planning objectives. Indeed, recent decisions elsewhere have

**5.4.3** Taking this advice on board, section 4 and Appendix C of the PBA study considers in some detail how affordable housing need should be treated as part of setting a housing requirement for inclusion in the Local Plan. Paragraph 30 of Appendix C advises a six-stage approach to incorporating affordable housing need into the local plan, which is covered in the rest of this section.

**5.4.4** Table 5 below summarises the approach:

**Table 5 : Affordable housing Need and the Housing Requirement, 2011-31**

The PBA Study
1. Assess overall housing need to determine the Objectively Assessed Need (OAN)
2. Assess the level of affordable housing need, as per advice in the PPG
3. Estimation of likely delivery of affordable housing from market-led developments
4. Comparison between affordable need and the potential supply of affordable housing to help meet all or some of the need
5. Consider potential to raise the housing requirement in order to deliver more affordable homes
6. Consider issues of oversupply when compared to likely overall demand for housing

1. Assess overall housing need to determine the OAN

13 Telford & Wrekin Strategic Housing Market Assessment (SHMA) 2016 Final Report, March 2016, arc4 Ltd  
14 ID2a-029-20140306

**5.4.5** The objectively assessed need for housing 2011-31 is calculated to be 9,940 homes, as set out in the PBA study.

## 2. Assess the level of affordable housing need as per the guidance (PPG)

**5.4.6** The latest evidence on affordable housing need across the borough is set out in the Telford and Wrekin Strategic Housing Market Assessment (2016), and has been prepared in light of national policy and the PPG. The SHMA has been updated to take account of the work on the OAN, and sets out a revised affordable needs assessment, including a revised figure for backlog need of existing households informed by up to date housing register data <sup>(15)</sup>. The total affordable housing need, taking into account committed supply of affordable housing, is 3,325 or 665 homes per year over the next five years <sup>(16)</sup>, or 263 dwellings each year up to 2031 <sup>(17)</sup>. This is the estimate underpinned by housing needs data sourced from the council and local registered providers for the current demand for affordable housing.

**5.4.7** The latest evidence <sup>(18)</sup> also suggests about 46.6% of all households are likely to be able to afford lower quartile market housing, at current prices (2015). Therefore, it can be assumed that approximately half of all households are likely, theoretically, to need some kind of financial assistance to access open market housing, or seek suitable housing in either the affordable or private rental sectors.

**5.4.8** It is important remember that the calculation of the OAN and total affordable housing need are based on separate analysis and so should not be conflated or conjoined. This distinction has been recognised in a recent appeal decision in Gloucestershire <sup>(19)</sup>.

## 3. Estimation of likely delivery of affordable housing from market-led developments

**5.4.9** Paragraph 4.45 of the PBA report refers to 15% as the broad level of contribution for affordable housing that has been delivered over recent years from market-led developments. This has reflected the local housing market and the viability of delivering affordable housing across the borough apparent over the recent past. However, the definition of affordable housing for planning purposes is currently under review and is likely to change, potentially, to include low-cost market housing <sup>(20)</sup>. It is likely, therefore, that future delivery of affordable housing will increase, given the proposed move away from social/affordable rent or shared ownership/shared equity as the preferred 'affordable' tenure towards a broader 'range of products', including low-cost market housing, as part of market-led housing developments <sup>(21)</sup>. It is also worth pointing out that some areas of the borough have been achieving higher levels of provision as a percentage of overall schemes, including Newport and the rural area, where viability is not so marginal <sup>(22)</sup>. Indeed, the overall delivery since 2006 has averaged nearly 35% per year <sup>(23)</sup>.

15 The housing register waiting list system used to record housing need in Telford & Wrekin changed in July 2014 following the cessation of the previous choice-based letting system known as 'Choose Your Home' which was originally launched in 2006

16 Details of the affordable needs assessment are set out in Table D1 of the Telford and Wrekin Strategic Housing Market Assessment, February 2016, p112,

17 Telford and Wrekin Strategic Housing Market Assessment 2016: Addendum to Appendix D (Additional housing needs analysis)

18 See para 8.14 of the Telford and Wrekin SHMA (2016)

19 APP/F1610/W/15/312622, para 25

20 An example of low-cost market housing could include starter homes sold at 80% market value for first time buyers under 40 years of age

21 Further details on page 7 of Department for Communities and Local Government (2015) *Consultation on proposed changes to national planning policy*, CLG

22 As evidenced in the SHLAA Viability Study for Telford and Wrekin (2014)

23 Based on data set out in the Telford & Wrekin Annual Monitoring Report 2015

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Consequently, the likely positive impact this policy change will have on the viability of development would suggest that past rates of delivery of affordable housing may not be a suitable basis for future planning.

**5.4.10** In assessing the likely delivery of affordable housing from market-led developments, consideration must be given to both current and future supply. In terms of current supply, annual monitoring figures indicate a total of 1,232 affordable homes were built in Telford and Wrekin between 2011 and 2015. No data is available that identifies specifically the proportion of dwellings delivered through market-led development and other sources. Similarly, there is no data to ascertain the tenure split between affordable and market dwelling plots in the committed supply at April 2015, because this is not monitored at the plot level. Figures for the breakdown in completions by tenure are obtained through the annual monitoring process.

**5.4.11** Therefore, to produce a figure, an estimate must be made of the proportion of the overall supply of dwellings that could be classed as affordable that come forward through market-led developments. For the purposes of this exercise, it is assumed that 15% of the total committed supply at April 2015, set out in Table 10 of the local plan, could comprise affordable dwellings brought forward via market-led development. This would suggest that the likely supply from market-led development could total 1,348 affordable dwellings<sup>(24)</sup>. It should be noted that the total figure is likely to be larger, however, as a result of additional supply brought forward solely by registered providers, most notably Wrekin Housing Trust (WHT), who have brought forward schemes without the involvement of the private sector. Given the likely changes to the government's approach to affordable housing delivery, this is likely to continue in the short to medium term. Consequently, delivery of affordable housing is unlikely to be driven solely by market developments in the future. The 1,348 figure should be considered as a minimum.

**5.4.12** In terms of future supply, an analysis of delivery from site allocations without planning permission at April 2015 would suggest, based on a notional 25% contribution of the 2,799 dwellings proposed on allocated sites, that some 700 dwellings could be delivered as affordable. The overall likely supply from market-led development is therefore considered to be in the region of at least 3,280<sup>(25)</sup> dwellings between 2011 and 2031. Given that a total of 1,923 affordable homes were built between 2006 and 2015<sup>(26)</sup>, or 214 dwellings per year, this is considered to be a conservative estimate.

### 4. Comparison between affordable need and potential supply of affordable housing

**5.4.13** When comparing evidence of affordable housing need (under point 3) with the potential supply for additional affordable homes, including current committed supply (under point 2), the council is justified in stating that setting a housing figure at the lower end (the OAN) would result in a continued mismatch between supply and demand for affordable housing. This is because a simple comparison between affordable housing demand (or need) and supply would indicate a total affordable housing need of 3,325 set against a potential supply of at least 3,280 affordable dwellings from market-led development. This potential level of affordable housing delivery equates to 164 dwellings per year over the entire plan period.

24 The 1,348 figure is based on 15% of 8,983 dwellings; comprising 968 dwellings under construction, 6,671 dwellings not started, and 1,344 dwellings from resolution to grant sites, at April 2015

25 1,232+1,348+700

26 As shown in Table 2.3 of the Annual Monitoring Report 2015

**5.4.14** On the basis of the foregoing analysis, the council considers that the overall percentages (25%/35%) in the local plan will provide a suitable mechanism to help support the delivery of additional affordable housing during the plan period. Nonetheless, given the likely viability issues that could still potentially impact on delivery, this may continue to put a downward pressure on the supply of affordable housing overall. It is considered that a suitable balance has therefore been struck between need and viability.

## 5. Consider potential to raise the housing requirement to deliver more affordable homes

**5.4.15** Advice set out in the PPG states:

*"The total affordable housing need should then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes."<sup>(27)</sup>*

**5.4.16** Based on the foregoing analysis, it can be assumed that the scale of the affordable housing need currently identified in the Telford and Wrekin SHMA (2016) is unlikely to be addressed through the delivery of a housing requirement set at, or near, the OAN. Therefore, the council is justified in applying an upward adjustment in order to put in place a housing figure that is able to respond to current and future demand for affordable housing, where this is deliverable and sustainable.

**5.4.17** A number of representations to the local plan suggest that the council has not taken into account adequately affordable housing need. The council refutes this suggestion. The council considers that it has established, through the local plan process, a housing figure that provides opportunity for delivery of additional affordable housing in line with national policy and in light of advice in the PPG. The actual uplift, overall, is around 50% but this is due to a range of factors not simply affordable housing. In support of this, the local plan sets out a supportive policy framework<sup>(28)</sup> to assist in delivering the affordable housing the borough needs up to 2031. The local plan also includes a number of site allocations, principally in or adjacent to Telford, which provide further opportunities to support the delivery of affordable housing.

## 6. Consider issues of oversupply when compared to likely overall demand for housing

**5.4.18** The issue of oversupply has been discussed in the PBA report. From the council's point of view, the level of growth planned for in the local plan is not considered to increase the risk of over supply of land in the local market. Delivery of new housing since 2011 has averaged 900 dwellings per year, whilst delivery over the last two years has exceeded 1,000 dwellings each year. The council will also need to demonstrate at least five year's worth of deliverable housing land, as required by NPPF paragraph 47. There clearly appears to be capacity in the local market to support increased levels of land supply for the foreseeable future.

**5.4.19** Whilst increasing the likely planned level of housing development above the overall housing need is considered appropriate in principle, there are other factors that should be taken into account when setting this at an appropriate level. These cover issues relating to deliverability

27 Paragraph: 029Reference ID: 2a-029-20140306

28 See Policy HO5 and HO6 of the local plan (publication version)

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and sustainability, to ensure that future housing development supports the wider objectives of the emerging Local Plan. These factors will be addressed in the remaining commentary in this section.

## 5.5 Stage Five: Delivery and Sustainability

**5.5.1** This section considers issues relating to delivery and performance in housing delivery. This section also provides some additional commentary on sustainability considerations relating to a potential adjustment to the housing requirement.

**5.5.2** Before proceeding any further, it is important to reflect on the recent statements and other announcements issued by the council regarding matters relating to past delivery of housing, in the light of new evidence that has only been available to the council for relatively short period of time. As recently as November 2013, the council had formally stated that a past record of under-delivery had existed from 2006 to 2013. This was on the basis of a direct comparison of delivery during that period versus the now revoked regional strategy housing figures set out in Policy CS1 of the Core Strategy, and also without the benefit of an up to date objective assessment of overall housing need, in line with the NPPF. However, the council's position was updated in March 2015 when it published the PBA report on the objectively assessed needs of the borough up to 2031. The council published an updated statement on five year land supply, using the PBA findings as a basis for the new calculation of housing land supply (HLS). Part of this analysis argued that the adopted housing figures were not a suitable basis for assessing housing land supply matters. The principle applied here has been argued, and successfully defended, at a number of appeal hearings and inquiries in recent months. Indeed, appellants have taken a similar approach in arguing their own position on HLS.

**5.5.3** On the basis of the significant new information available on objectively assessed need only since March 2015, and the relatively dated nature of the adopted housing figures in the Core Strategy, conclusions drawn previously on the issue of past delivery are not considered to represent an up to date and credible position on delivery matters, in particular the matter of persistent under-delivery. As the council will demonstrate in this section, the various factors at play here in Telford and Wrekin do not support the argument for persistent under-delivery.

### Delivery Issues

**5.5.4** As part of establishing a credible housing requirement, the council must consider past delivery of housing. Past delivery of housing was also highlighted in a number of representations received during the consultation on the draft local plan. National guidance<sup>(29)</sup> is clear on the parameters within which this analysis should be framed. For completeness, this is set out below:

*'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. As household projections do not reflect unmet housing need, local planning authorities should take a view based on available evidence of the extent to which household formation rates are or have been constrained by supply.'*

**5.5.5** The premise on which this guidance is based is a relatively straight forward one. In basic terms, it is generally accepted that ONS household projections, by their very nature, roll forward past trends from a previous period known as the base period or 'reference' period. These trends usually cover at least five years. There may be circumstances where current or historic planning at the local or regional level has resulted in an under-provision of land against local need. This has happened elsewhere across the country where, for example, local planning authorities have put in place moratoriums on development, or sought to reduce supply for a certain period as part of a regional strategy. The result is likely to be, it is assumed, that actual housing delivery, and hence household growth, a shortfall in the number of homes against the need or demand for new homes. Furthermore, due to the nature of the projections, the past level of growth will be projected forward into the future and thereby under-representing future need or demand for housing. An upward adjustment in those projections, in this instance, would be justified.

**5.5.6** It is important to note that consideration of past supply and delivery relates to the supply of housing against local housing need or demand as assessed as part of an up to date OAN, and not to delivery against previous plan housing figures, and this is clear from the extract quoted from the PPG in para 5.5.2 above. Nonetheless, this distinction has been further clarified recently in the courts<sup>(30)</sup>, which ruled that assumed shortfalls from previous plan periods, described as 'backlog' (in this case derived from RSS-based housing figures), cannot be simply added back into a new assessment of housing need derived from a different methodology.

### **Past performance in housing delivery**

**5.5.7** A number of representations received to the local plan publication version, and previously to the consultation version, have suggested that the recent performance indicates persistent under-delivery of housing. The council considers that such arguments are without merit.

#### Timescale for assessing past performance

**5.5.8** The council position with regards to past performance is presented below. It is not credible to 'import' an assumed shortfall in delivery from past periods into a new plan period, in line with *Zurich*. Nonetheless, it is helpful to look at the historic record of housing delivery in Telford and Wrekin. The obvious starting point is to establish the appropriate timescale against which to judge past delivery. Planning Practice Guidance suggests that the assessment of past delivery is likely to be more robust if a 'longer term' view is taken, since this is likely to take account of the peaks and troughs in the housing market cycle<sup>(31)</sup>. Recent appeal decisions<sup>(32)</sup> seem to suggest that 2006 would be any appropriate starting point. Whilst this was in relation to the assessment of housing land supply as part of section 78 appeal, a ten year period is considered to be reasonable for the purposes of plan-making, given that this would cover the period including the lead up and aftermath of the recent economic recession, which began in 2008, as well as allow an assessment of performance during the whole of the previous plan period (2006-16).

#### Record of land supply since 2006

30 *Zurich Assurance Ltd v Winchester City Council and South Downs National Park Authority 2014 EWHC 758 (Admin)*

31 PPG, Paragraph: 035 Reference ID: 3-035-20140306

32 APP/C3240/W/15/3025042

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**5.5.9** As recognised in the PPG<sup>(33)</sup>, the assessment should consider the impact of any past 'undersupply', and whether an adjustment should be made in response to overall housing need (OAN). The evidence presented in the PBA report clearly demonstrates that there is no compelling evidence of under-supply in the context of local housing need or demand. To supplement this, Table 6 sets a summary of supply since 2006, based on existing commitments identified in each monitoring year. This indicates that the council has facilitated a consistent, healthy supply of housing land with potential to be brought forward to satisfy the demand for housing in the borough. As discussed previously in this paper, this is because of the historic legacy of the Telford New Town designation and the historic role the borough has played in the planning of growth across the wider west midlands region. For the period 2006-11, only Birmingham and the Shire Counties were given higher housing numbers than Telford and Wrekin.

**5.5.10** The level of land supply identified in Table 6 would also suggest that sufficient land has been available to meet local housing demand in Telford & Wrekin. For the period 2006-16, the previous full set of household projections (2008-based)<sup>(34)</sup> identified an overall need for 481 dwellings per year, or 4,811 over the entire period. Land supply has therefore consistently exceeded this measure of demand. This is also evident when applying the most recent set of full household projections (2012-based), which have formed the starting point for the OAN.

**5.5.11** Furthermore, the Council have never put in place any moratoria on housing land supply, or adopted any borough-wide restraint policies in its development plans.

**Table 6 Committed supply of dwellings - 2006 to 2016**

Monitoring year	Dwellings not started	Dwellings under construction	Total committed supply
2006	5,632 <sup>(35)</sup>	388 <sup>(36)</sup>	6,026
2007	5,453 <sup>(37)</sup>	191 <sup>(38)</sup>	5,644
2008	8,170 <sup>(39)</sup>	332 <sup>(40)</sup>	8,502
2009	8,874 <sup>(41)</sup>	340 <sup>(42)</sup>	9,214
2010	9,600 <sup>(43)</sup>	278 <sup>(44)</sup>	9,878

33 PPG Paragraph: 019Reference ID: 2a-019-20140306

34 Department for Communities and Local Government Household Projections model (2008-based) detailed data for modelling

36 Taken from Appendix G, Telford and Wrekin Annual Land Statement 2006, p28

35 Taken from Appendix H, Telford and Wrekin Annual Land Statement 2006, p29

38 Taken from Appendix 2 Telford and Wrekin Annual Monitoring Report 2007

37 Taken from Appendix 3, Telford and Wrekin Annual Monitoring Report 2007

40 Taken from Telford and Wrekin annual monitoring data 2008

39 Taken from Telford and Wrekin annual monitoring data 2008

42 Taken from Table 69, Telford and Wrekin Annual Monitoring Report 2009

41 Taken from Table 70a, 71a, and 71b, Telford and Wrekin Annual Monitoring Report 2009

44 Taken from Table 60, Telford and Wrekin Annual Monitoring Report 2010, p59

43 Taken from Table 61, Telford and Wrekin Annual Monitoring Report 2010, p59

Monitoring year	Dwellings not started	Dwellings under construction	Total committed supply
2011	8,192 Taken from Table 2.4 <sup>(45)</sup>	412 <sup>(46)</sup>	8,604
2012	7,726 <sup>(47)</sup>	466 <sup>(48)</sup>	8,192
2013	8,055 <sup>(49)</sup>	552 <sup>(50)</sup>	8,607
2014	9,191 <sup>(51)</sup>	793 <sup>(52)</sup>	9,984
2015	8,368 <sup>(53)</sup>	968 <sup>(54)</sup>	9,336
2016	7,268 <sup>(55)</sup>	1,068 <sup>(56)</sup>	8,331

Source: Telford & Wrekin Annual Monitoring Reports

### Assessment of past delivery

**5.5.12** The council's record of past performance each year since 2006 is presented in its Annual Monitoring Reports (AMRs). A summary comparison of delivery and the housing figures set out in the Core Strategy is set out in Figure 5 below.

46 Taken from Table 2.4, Telford and Wrekin Annual Monitoring Report 2011

45 Telford and Wrekin Annual Monitoring Report 2011

48 Taken from Table 2.5, Telford and Wrekin Annual Monitoring Report 2012

47 Taken from Table 2.5, Telford and Wrekin Annual Monitoring Report 2012

50 Taken from Table 2.3, Telford and Wrekin Annual Monitoring Report 2013

49 Taken from Table 2.3, Telford and Wrekin Annual Monitoring Report 2013

52 Taken from Table 2.2, Telford and Wrekin Annual Monitoring Report 2014

51 Taken from Table 2.2, Telford and Wrekin Annual Monitoring Report 2014

54 Taken from Table 2.2, Telford and Wrekin Annual Monitoring Report 2015

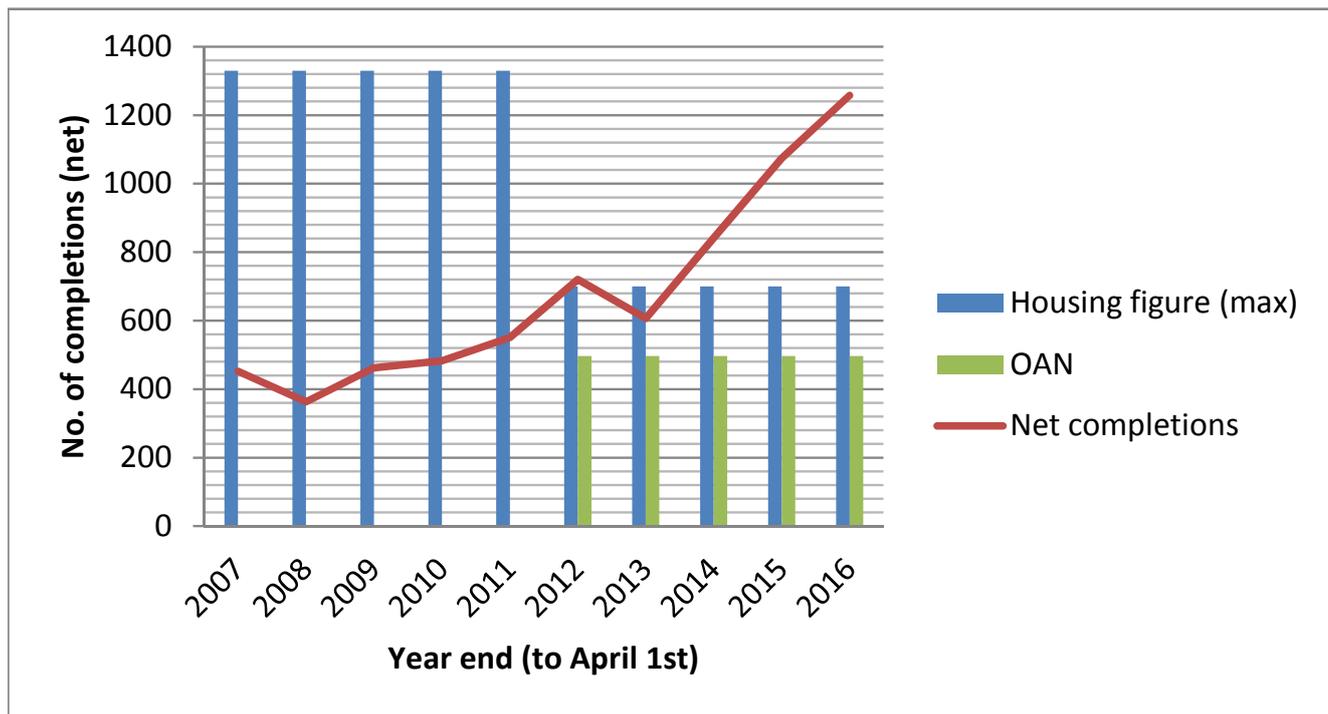
53 Taken from Table 2.2, Telford and Wrekin Annual Monitoring Report 2015

56 Taken from the annual monitoring figures collected each April by TWC

55 Taken from the annual monitoring figures collected each April by TWC

## 5 Analysis and Discussion

Figure 5 Annual Completions v Maximum Housing Figures: 2006-16



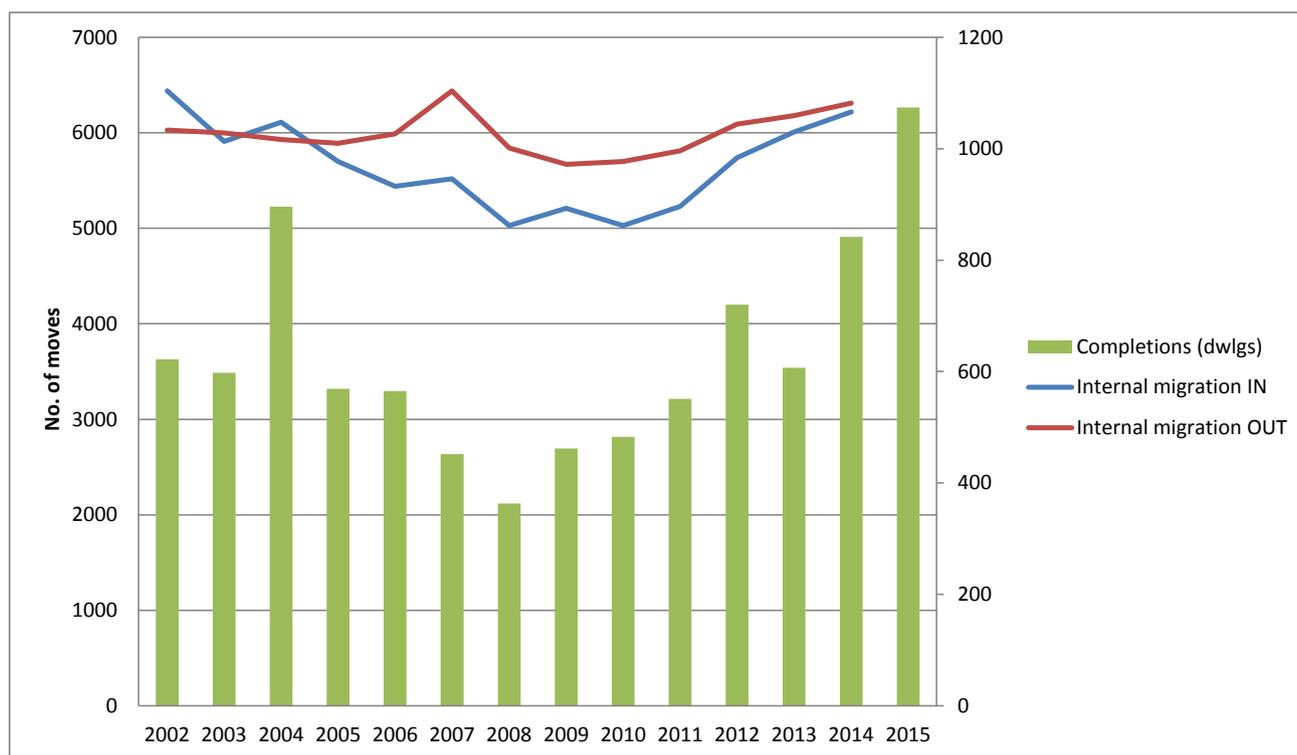
Source: Telford & Wrekin Annual Monitoring Reports; PBA,

**5.5.13** The housing figures used as a comparator here are derived from Core Strategy Policy CS1. These, in turn, replicated directly the housing figures set out in the West Midlands Regional Planning Guidance (WMRPG) adopted in 2004, thus pre-dating both the NPPF and the recent worldwide economic recession. Figure 4 illustrates the mismatch between (net) delivery and the aspiration of the WMRPG. The WMRPG figures adopted for Telford and Wrekin identified the borough, and in particular Telford urban area, reflected the role of the borough as a sub-regional foci for growth in the western part of the region. However, in the longer term, the WMRPG sought to direct development back into metropolitan area as part of the wider strategy of urban renaissance. This is why the figures step down significantly after 2011. Consequently, the housing figures set out in the core strategy did not represent a measure of overall housing need, rather they represented the 'policy-on' objectives taken forward through the WMRPG.

**5.5.14** Even if the figures for recent delivery rates were compared to the previous housing figures, the council considers that this would not assist in the discussion on the significance or otherwise of historic development rates. This is due to previous housing figures being expressed as 'maxima', rather than 'requirements to be met'. Therefore, although development in the borough fell short of the maxima, the council does not consider that the borough persistently under-delivered housing.

**5.5.15** The Council, through the regional housing figures, were not expected to deliver the completion levels assigned to it, given that a significant proportion of the new households would be the result of migration into the borough from other parts of the region. So if those households do not move to Telford as envisaged then those homes would not be needed. There is some evidence to support this argument when a comparison is made between internal migration into the borough and dwelling completions since 2006. Figure 6 illustrates this comparison.

**Figure 6 No. of moves into T&W v net dwelling completions - since 2002**



Source: Telford & Wrekin Annual Monitoring Returns data; CLG/ONS

**5.5.16** Figure 6 illustrates the basic correlation between the number of moves into the borough and the number of new homes built<sup>(57)</sup>. It could, quite reasonably, be assumed that the majority of moves into the borough would be made for employment reasons, given Telford's role as a major employer in the region. It can be seen that during the period 2004 to 2008, there was a sustained fall in the number of moves into the borough. This remained broadly flat until 2011 when moves increased back to the levels seen in the early 2000s. The fall in migration levels was mirrored by a fall in the number of completions between 2004 and 2008. Given that homes tend to be built in response to demand, rather than speculatively, it could be argued that wider economic factors, rather than land supply, have greatly influenced the level of housing delivery observed during the last decade or more.

**5.5.17** Furthermore, no minimum targets were ever set covering the previous plan period (2006-16), therefore delivering homes at below the maximum would not constitute failure on the council's part. Taken further, even if no houses had been built in the borough this would not constitute under-delivery against the development plan.

#### Housing delivery in the longer term (since 1979)

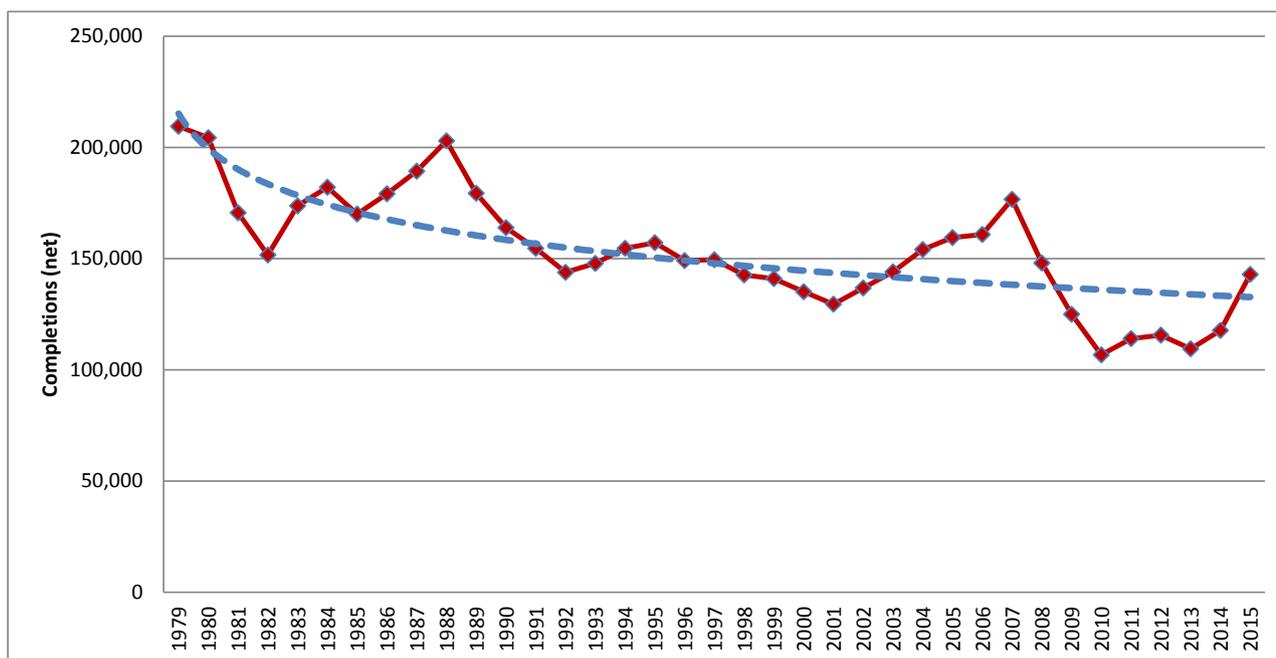
**5.5.18** Nonetheless, it is helpful to look at past-delivery in absolute terms. A summary of development is presented below, for Telford & Wrekin and, for comparison, England.

57 New dwellings figures here are based on net completions

# 5 Analysis and Discussion

**5.5.19** Figure 7 below presents a summary of residential completions achieved across England. This gives a very long-term view of delivery of new homes during more than one economic cycle, covering several periods of economic growth and contraction. The figure indicates a gentle declining trend in overall delivery from a peak in 1979. The figure indicates some short-term falls in delivery associated with the three economic recessions of the late-1970s, the mid-late 1980s, as well as the severe economic recession of 2007/8. It also illustrates the increase in delivery achieved during the boom years that preceded the last two recessionary periods. It is worthy of note that delivery nationally, since 2010, has experienced an upward trend which correlates with emergence of the wider economy from recession.

**Figure 7 Total net completions between 1979-2015 (England)**

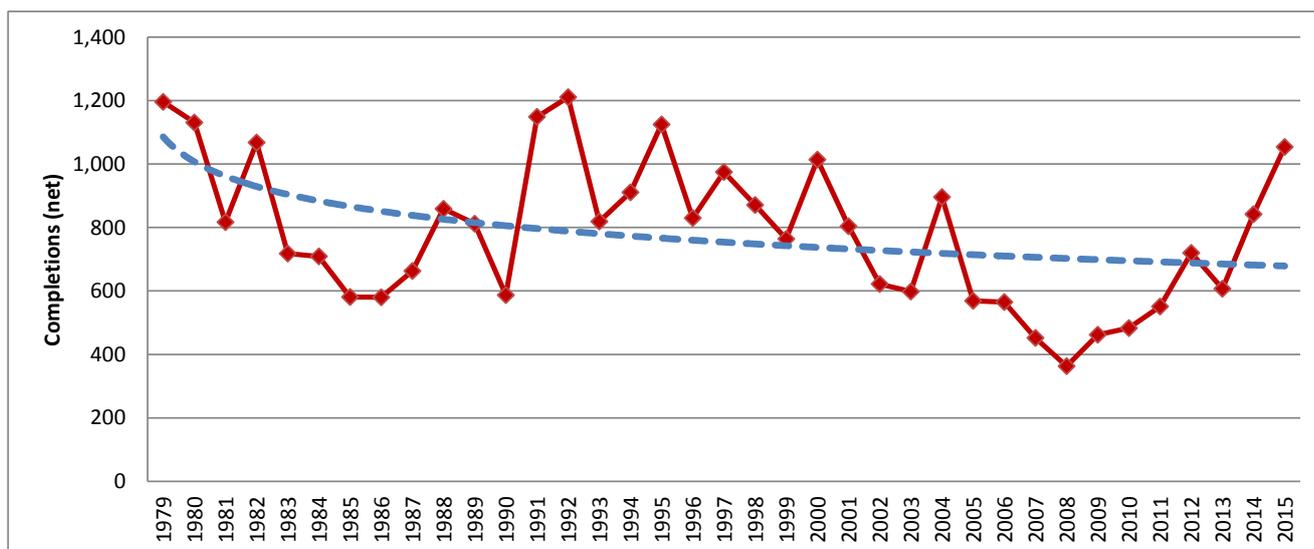


Source: CLG Live Table 244: permanent dwellings started and completed, by tenure, England, historical calendar year series

**5.5.20** Figure 8<sup>(58)</sup> presents a summary of residential completions achieved in Telford & Wrekin since 1979. Overall, delivery broadly follows the national trend, however rates of development from year-to-year has varied quite considerably. The data indicates that delivery has exceeded 800 new dwellings in 21 of the 37 years, and has exceeded 1,000 dwellings in nine of those years, averaging 774 dwellings per year over the entire period. This equates to approximately 30,000 dwellings built in less than four decades, representing nearly 40% of the total dwelling stock.

58 Though not shown here, at the time of writing monitoring figures collected by the council showed a total of 1,255 dwellings (net) were delivered in the year 2015/16

**Figure 8 Total net completions between 1979-2015 (Telford and Wrekin)**



Source: Telford & Wrekin Annual Monitoring Returns data (at April each year)

**5.5.21** Conversely, delivery fell below 600 net new dwellings in ten of those years and is marked only during the period 2005-2011, illustrating the relatively temporary nature of the slowdown, as well as demonstrating the wide variability in delivery rates. Since 2008, however, delivery has been on a generally upward trajectory. This has been in line with, and has exceeded, the historic average and is an observed trend that began in 2008, prior to the start of the upturn experienced nationally. This is borne out in the latest Centre for Cities report<sup>(59)</sup> which ranked Telford and Wrekin 2nd out of 24 cities nationwide in terms of the rate of growth in housing stock during 2013/14.

### Recent delivery against the Telford & Wrekin Local Plan

**5.5.22** Up to this point, debates on past delivery have tended to focus on a comparison of delivery against previous housing figures derived from the revoked regional strategy, and more recently in comparison to an OAN prepared by the council or third party organisation. However, it is important to assess recent delivery rates against the housing targets to be adopted in the new local plan, as this may impact on matters such as five year land supply and how this is catered for in the plan.

**5.5.23** The table below compares the new plan housing targets against actual delivery since 2011. This indicates that the council is currently meeting its development targets, and is significantly exceeding the level of housing need based on the OAN.

**Table 7 Net completions vs TWLP housing target (Policy HO1)**

Year	Completions	Target	Diff.
2011/12	720	778	-58
2012/13	607	778	-171

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Year	Completions	Target	Diff.
2013/14	842	778	64
2014/15	1,074	778	296
2015/16	1,255	778	477

Source: Telford & Wrekin Annual Monitoring Returns data (2011-2016)

**5.5.24** It can be seen that whilst the early part of the period saw delivery fall short of the new target, delivery between 2011 and 2016 has exceeded the target in overall terms.

**5.5.25** In terms of future housing land supply, there are currently 8,331 dwellings with extant planning permission <sup>(60)</sup>. The level of supply already identified demonstrates that there exists a significant number of the sites able to assist in delivering sufficient housing to meet the future housing requirement. Consequently, a supply of potential development sites have been identified as part of the work undertaken on the local plan and which are identified in the Strategic Housing Land Availability Assessment (SHLAA), many of which can be considered suitable for development.

**5.5.26** Indeed, the main supply issue that is considered to impact on any increase in the housing requirement is the risk of oversupply of housing land rather than under-supply, also highlighted in the PBA study (para 4.48). The PBA study concludes that setting a requirement that is too high would be counter-productive to delivering more housing because providing more land far in excess of the likely demand would result in some of that land not being taken up and would reduce viability. The issue of viability, particularly in Telford, has already been identified in various studies as a problem, including the Affordable Housing Viability Study (2010) and the SHLAA Viability Study (2014). In presenting a plan that is considered to be deliverable, this is clearly an issue that needs to be recognised. Having said that, historic development rates have been broadly in excess of the assessed need, which does support the view that an increase can be justified in terms of past performance and likely available supply.

**5.5.27** Consequently, it is the Council's view that there is no evidence of any suppression in housing delivery that requires any adjustment to be made to the housing figures in the local plan. Furthermore, the Council do not accept the argument that persistent under-delivery has occurred since 2006.

### Sustainability Considerations

**5.5.28** Testing the sustainability of the draft Local Plan is a critical part of the overall options testing process. The process includes understanding the potential significant social, economic, and environmental impacts of the growth levels, and to identify any mitigation measures to address them. This is done as part of the Sustainability Appraisal (SA) process <sup>(61)</sup> to ensure

60 Figures taken from the annual monitoring process for 2015/16

61 "The 'sustainability appraisal' is required by Section 19(5) of the Planning and Compulsory Purchase Act 2004 and should be an appraisal of the economic, social and environmental sustainability of the plan. The appraisal should perform a key role in providing a sound evidence base for the plan and form an integrated part of the plan preparation process. Sustainability assessment should inform the evaluation of alternatives, and should provide a powerful means of providing to decision makers, and the public, that the plan is the most appropriate given reasonable alternatives..." extract from <http://www.pas.gov.uk/pas/core/page.do?pageId=152497>

that the plan achieves the goal of delivering growth in a sustainable way. The Council undertook an initial appraisal of the growth options<sup>(62)</sup> and has also prepared, in concert with the local plan, an Integrated Appraisal<sup>(63)</sup>.

**5.5.29** The main conclusions from the SA process indicate that whilst certain impacts have been identified as being significant for the higher growth levels (options 2 and 3), for example in terms of minerals and water resource consumption, carbon emissions and waste generation, these do not preclude development subject to appropriate mitigation measures being put in place. Furthermore, a number of significant positive impacts were also identified including positive effects for local services and facilities through increased economic activity across the borough, as well as greater opportunities for provision of affordable housing.

**5.5.30** In essence, the SA suggests that the housing growth options can be accommodated, subject to appropriate mitigation measures being incorporated into the plan. The SA also recognises that the distribution of growth will be a major factor in ensuring that the impacts of growth can be minimised and, where possible, measures can be taken to enhance the potential benefits of development.

**5.5.31** Since the Strategy and Options stage, a further iteration of the sustainability appraisal has been undertaken to inform the draft Local Plan. The SA has assessed an updated selection of growth options to ensure that the SA process is properly taken into account. These include an option that would reflect the basic housing need of the borough (11,250 dwellings) and the emerging target consulted on at the Proposed Housing and Employment Sites (PHES) Stage (20,000). A third option within that range (15-16,000 dwellings) was also appraised.

## 5.6 Discussion - Moving Towards a Housing Requirement

**5.6.1** As stated in the paragraph 4.0.2 of this paper, there is no published nationally-driven methodology for translating objectively assessed figures into a housing requirement. The PPG does suggest that councils should consider applying appropriate 'adjustments' to their assessed need in order to address an observed suppression in household formation, an assumed under-supply of housing in the past when considering market signals, or where an upward adjustment could assist in delivering additional affordable housing. In addition, the council should, where deliverable and sustainable, also consider housing the unmet needs of neighbouring local authority areas where evidence justifies such actions. Local factors have also been taken into account, including the plan strategy which plans for an increase in housing and employment in order to promote economic prosperity and opportunity for local residents and businesses.

**5.6.2** The council has considered all these factors in establishing the new housing requirement of 15,555 dwellings up to 2031. The starting point for the calculation of the housing requirement is the objective assessed need (OAN) of the borough up to 2031. As stated in paragraph 6.8 of the PBA study, this should be regarded as the minimum below which the requirement should not go. Paragraph 14 of the NPPF also allows for '*...sufficient flexibility to adapt to rapid change...*' thus suggesting it would be appropriate to increase the figure above the OAN provided that, as highlighted in section 5.3, there are no adverse impacts that outweigh the benefits of doing so.

62 Telford & Wrekin 2013 Sustainability Appraisal of the Three Housing Growth Options

63 Telford & Wrekin Local Plan Publication Version Integrated Appraisal (December 2015)

## 5 Analysis and Discussion

**5.6.3** Having applied the NPPF tests summarised in section 5.3, it is considered that there are no significant constraints identified that are likely to result in any adverse impacts were the level of development be set above the overall needs. It is therefore considered appropriate to set the planned level of development above the identified need. This conclusion is supported by the findings of the sustainability appraisal process, which suggests that the impacts of growth above the level of need would be broadly positive in terms of supporting the social and economic objectives of the plan.

**5.6.4** In addition, setting the housing requirement above the overall level of need would allow the Council to identify additional site allocations in the local plan, thus assisting in delivering additional affordable housing as discussed in section 5.4. The question, however, is how much above the identified level of need the requirement should be set?

**5.6.5** The PBA study provides some useful guidance on this question. The study considered the implications of planning for development at a level above the overall need of 9,940 dwellings, and analysed the potential for setting the requirement at c.15,000 dwellings. This would equate to an average of 750 dwellings per year over the whole plan period, which was broadly similar to the long-term average of 775 dwellings delivered each year since 1978 and higher than the average delivered since 2011. The PBA report does not rule out this level of development, given the historic rates of development mentioned above and the need to boost the supply of housing in line with the NPPF. There are, nonetheless, a number of issues that to be recognised should an 'above-trend' requirement be taken forward. The key issue relates to the relationship between homes and jobs and the effect that building more homes might have on the resident workforce and the resulting demand for jobs locally.

**5.6.6** In summary, the PBA study finds that an above-trend figure of 15,000 dwellings could result in an increase in resident workforce of some 6,700 compared to the likely workforce generated from growth based on the OAN, but that the numbers of new jobs created would *'only increase by hundreds'*. The implications of this could be two-fold:

- if the additional homes are planned for, but the jobs are not delivered to support the increased workforce, then the housing land may not be taken up and so lies idle because the demand for housing is restricted by a lack of jobs; or
- if the additional demand is there and the additional housing is built without the supporting jobs, then many people may commute out of the borough.

**5.6.7** It is important to recognise that Telford and Wrekin has historically supported the net inflow of commuters from surrounding areas. This is unsurprising given Telford's role as an economic hub within the western part of the region. In addition, Telford and Wrekin is also characterised by around 70% of the total workforce who both live and work in the borough. Therefore, it could be argued that the conditions already exist to facilitate an increase in jobs provision to support the additional households that would result if the above-trend growth requirement were achieved. Nonetheless, it is clear that if an above-trend level of growth is to deliver the wider objectives of the plan in terms of promoting job creation and economic prosperity, and support more sustainable transport modes and movements, then both housing and employment growth must be aligned to order reduce the likelihood of any such imbalance.

**5.6.8** In this regard, the Local Plan makes provision for the delivery of at least 76 hectares of employment land, to ensure the provision of an appropriate balance between future homes and jobs up to 2031. The Council have also received broad support for this strategy from its immediate neighbouring authorities (i.e Shropshire, Stafford and South Staffordshire).

**5.6.9** As discussed in section 5.4, Councils should consider the appropriateness of applying an upward adjustment to the housing figures. Given the level of affordable need identified in the latest update to the SHMA (2016), an upward adjustment is considered reasonable particularly in light of viability issues locally and the opportunities that exist to reduce the burden on any one development by identifying additional site allocations. Whilst it is not the purpose of the local plan to ensure that the total affordable need is met, the housing requirement of 15,555 will greatly assist in the increased provision of affordable housing as most of the need will arise in Telford, where the vast majority of new homes are likely to be built up to 2031.

### **Duty to cooperate**

**5.6.10** Representations were received from a number of neighbouring authorities on the new housing requirement through consultation and engagement at both Regulation 18 and 19 stages, including Birmingham, Black Country and South Staffordshire. It was argued that in setting the housing requirement above the assessed need for housing (OAN), recognition should be given to the links between the West Midlands conurbation and Telford & Wrekin in terms of migration and commuting patterns. It was also argued that a proportion of the uplift should be specifically related to the identified shortfall in housing provision arising from Greater Birmingham and Solihull. As evidence, reference was made to migration data covering historic moves over recent years. No objections have been received from neighbouring authorities questioning the overall level of growth planned for in the local plan.

**5.6.11** Section 3.2.3 of this paper highlights the current position regarding ongoing engagement with local authority areas in the wider west midlands on housing matters.

### **Housing requirements by sub-area**

**5.6.12** The Telford & Wrekin Core Strategy established a policy approach that recognised the broad geographical split across the borough, comprising Telford urban area, Newport, and the rural area. This is still considered to be a sound approach as each area will contribute differently towards achieving the plan visions and objectives, most notably in terms of the levels of growth to be directed towards each sub-area.

**5.6.13** Consequently, the local plan will indicate a breakdown of the overall housing requirement across the three sub-areas. This will be proposed in accordance with the distribution of households that exist within each area as indicated by the Census 2011. Table 8 sets out the approximate distribution across the sub-areas.

**Table 8 Proposed Housing Requirement Breakdown, by Sub-Area (approximate)**

<b>Sub-Area</b>	<b>Proportion of Households by Sub-Area</b>	<b>Approximate housing Requirement breakdown <sup>(64)</sup></b>
Telford	86.6	13,400

64 Figures have been rounded to the nearest hundred

## 5 Analysis and Discussion

Sub-Area	Proportion of Households by Sub-Area	Approximate housing Requirement breakdown <sup>(64)</sup>
Newport	7.6	1,200
Rural Area	5.8	900

**5.6.14** Pursuing this distribution of development across the borough within the Local Plan will help support the regeneration and growth of the principal urban areas, but also recognise the need to support the vitality and viability of the borough's rural communities.

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64 Figures have been rounded to the nearest hundred

## 6 Conclusions

**6.0.1** The Council have taken a range of factors into account in determining its housing requirement. These relate to:

- the overall housing needs in the borough;
- Ensuring that the future level of housing growth is complementary to the council's economic strategy, which is promoting significant inward investment into the borough.
- issues of sustainability, in particular applying the tests set out in paragraph 14 of the NPPF;
- housing land capacity and deliverability;
- the wider housing needs in other parts of the region;
- a number of technical factors that are necessary to qualify the figure; and
- consideration given to the responses received during the consultation process.

**6.0.2** Based on the commentary set out in this paper, the council proposes a housing requirement of 15,555 additional dwellings for the plan period (2011-31). This is considered to be appropriate on the basis of the overall needs of the borough, the capacity of the borough to support additional growth beyond its needs, and on the need to satisfy national planning policy which seeks to significantly boost housing supply. It is also a reflection on the challenges that face the borough in continuing to deliver above-trend growth over the next 16 years and to ensure that this is delivered in a sustainable manner.

**6.0.3** The figure is set out in Policy HO1 and Table 10 of the local plan. The overall requirement has also broken down into the three sub-areas of Telford, Newport, and the rural area. This is also set out in individual policies detailed in the draft plan.

**6.0.4** Taking into account the current assumed supply for housing that is already identified through planning permissions, a residual of the overall requirement will comprise a number of site allocations that are also proposed in the draft plan.

