

Barton Willmore on behalf of Metacre Ltd

Matter 1

Examination into the Telford and Wrekin Local Plan 2011-2031

November 2016 Hearings

Representor ID: 31

Matter 1 – Housing – Needs, Requirement and Supply

1.1 Is the Council's full objective assessment of housing needs (totalling 9,940 homes for the Plan period) sufficiently justified in line with the National Planning Policy Framework (the Framework) and Planning Practice Guidance (PPG)? Has appropriate account been taken of demographic and economic information, as well as market signals? Has an assessment been made of affordable housing needs as part of this process? Can the Council explain and justify the timing of the release of the updated SHMA document? How does this relate to the previous SHMA document?

1. We do not consider that the Council's stated OAN of 9,940 homes for the Plan period is correct and therefore is not sufficiently justified in line with the Framework or PPG. We consider that 9,940 homes (497 dpa) does not represent the full OAN for the Borough.
2. The Council's position on its OAN calculations set out within its Objectively Assessed Needs Assessment (March 2015) undertaken by Peter Brett Associates (PBA). The PBA Assessment has been assessed by Barton Willmore (BW). BW consider that the PBA Report broadly follows the methodology set out within the PPG in terms of its structure. However, we consider that the PBA Report has several deficiencies in terms of the conclusions drawn which lead the OAN assessment as a whole severely astray.
3. We consider that there are deficiencies in relation to demographic and economic forecasting and the application of market signals.

Demographic Information

4. In our Regulation 19 representations we noted that PBA correctly adjust demographic projections upwards from 2012-based Sub National Population Projections (SNPP) to account for a recessionary period. However, that the adjustment does not take into account the potential deficiencies in the household projection data over the same period (suppression of household formation rates) and that a further adjustment is required.
5. Moreover, since our representations the Sub-National Household Projection 2014 (SNHP) have been published which should form the starting point for the Council's demographic

OAN calculations. The PPG (2a – 016) confirms that the OAN assessment should be based on the most up to date information and we consider that the 2014 SNHP should be taken into account. Notwithstanding the starting point, the 2014 SNHP have been based on largely the same household formation data being based on 2011 Census data and would also require an upward adjustment to account for suppression of household formation rates.

6. The Council has failed to acknowledge the relationship between household formation trends and affordability. A sharp worsening in affordability between 2001-2011 coincided with household formation rates for first time buyers (24-25 ages) falling away from their projected rate (2008-based). The level of suppression in household formation rates since 2011 based rates are widely acknowledged.
7. Those deficiencies above should be accounted for and should lead to an upward adjustment to demographic needs.

Economic information

8. The Arc4 SHMA confirms that the Council's OAN is based on a demographic baseline of 461 dpa (2012-based SNPP), with an upward adjustment based on the alternative trends (PBA Alternative Trend 2003-13) of +36 (497 dwellings). The Council considers no further adjustment is necessary to support jobs-growth and PBA analysis indicates that the trend scenario can support the Experian jobs-forecast.
9. In the first instance, we consider that the Council's approach to modelling demographic and economic scenarios is incorrect. The PPG (Paragraph 2a – 018) requires decision makers to consider if the demographically projected housing need would provide enough workers to support the area's expected job growth. If demographic projections do not show enough workers to support the expected job growth, the projections understate housing need and should be adjusted upwards.
10. However, PBA Trends 2003-13 which sets out the job growth scenario which has been assessed has been taken from an Experian employment forecast based on the preferred demographic scenario. Clearly, an economic forecast based on a demographic projection will be reactionary to the demographic circumstances which have been input rather than the project economic growth based on economic factors. This forecasting needs to be revisited as part of the OAN assessment.

11. Further to the above, we consider that reliance on a single job forecast as above is not robust. We consider that a range of job forecasts should be taken from more up to date job growth forecasts and a projected job growth level taken from that range.
12. Notwithstanding our overarching concern with the basis for the economic modelling, as detailed within our representations there are a number of assumptions made by PBA which, we believe, has falsely lowered the level of housing provision envisaged to achieve that level of growth, we consider that:
 - PBA have overestimated the speed with which unemployment rates will fall in the period to 2021.
 - The ultimate level of unemployment is envisaged by PBA to fall to 4.3% by 2019 and remain at that level to 2031; this is lower than the average pre-recession unemployment rate and is unduly low.
 - PBA have overestimated the ratio of in-commuters into Telford in terms of meeting its demand for a labour force thus falsely lowering the need for housing within the borough itself.
 - PBA have overstated the level of likely economic activity of the population over the age of 65; the PBA report estimates a 135% increase in activity in those aged over 65.

Market Signals

13. The PPG requires an upward adjustment in housing requirements to be considered if there are worsening trends in housing indicators such as land prices, house prices, rents, affordability, rate of development and overcrowding. Clearly, the requirement for an upward adjustment and the level of that adjustment which is reasonable will depend on the effect of the upward adjustments made to the demographic and employment OAN as set out above. We consider that, based on PBA's current demographic and economic OAN assessment, there is an argument to apply an upward adjustment for the above indicators to take account of the market signals as follows:
 - Increase in the number of concealed families
 - Worsening overcrowding
 - Worsening of affordability
 - Housing delivery consistently and significantly fallen short of planned delivery; including against the targets in Wrekin Local Plan 2006-2014 and against the 2007 Core Strategy.

14. As explained in full within our representations, we consider that the OAN for the borough is significantly higher than 497 dwellings per annum.

Affordable Housing Assessment

15. An assessment of affordable housing need has been undertaken by the Council. However, we consider that the conclusions of the assessment, over various documents within the Council's evidence base, are unclear. We also have concerns regarding the methodology used for calculating the affordable housing need within the evidence base as well as concerns in relation to how the Council has considered the affordable housing needs of the Borough as part of its OAN.
16. Our objections to the Council's approach to affordable housing is set out in full within our representations; the key points are summarised below.
17. In the first instance we disagree with the Council that considers that affordable housing is not part of the OAN. The Framework (Paragraph 47) confirms that it is the role of the Local Plan to meet the full OAN of both market and affordable housing. The PPG (Section 2a-001 – 20140306) confirms that the guidance within the PPG supports LPAs in assessing the needs for both affordable and market housing.
18. The Council's assessment of affordable housing needs is unclear and presented in a confusing way. The methodology for assessing the need for affordable housing has varied throughout the preparation of the Local Plan. The 2014 SHMA, as reviewed by the PBA report in March 2015, concluded that there was a need for 8,899 new affordable homes over the plan period; resulting an annual need for 1,237 dpa if the existing backlog was to be met in 5 years or 445 dpa if the backlog was to be met over the 20 year plan period.
19. Subsequently, the 2016 SHMA sets out in its 'Addendum to Appendix D' that, taking into account existing commitments (525 homes) and all other currently available elements of supply that the net annual imbalance of affordable housing is 665 dpa if the backlog is met over 5 years or 263 dpa if the backlog is met over the 20 year plan period. The above figures are not particularly transparent and does not represent the 'need' for affordable housing across the plan period but only how much worse the affordable housing situation is likely to get year on year.
20. We disagree that the Council should be looking to address the backlog of affordable housing over the plan period as opposed to the first 5 years of the plan. However, the Council's calculations as set out in the SHMA Addendum to Appendix D is somewhat misleading. The figures of 665 dpa or 263 dpa represents the imbalance of supply to need

rather than the need for affordable housing itself. The 'need' for affordable housing comprises the existing backlog and an annually arising need. It is misleading to suggest that the existing backlog can be spread out over the plan period to lessen the 'net imbalance' of housing need because the 'imbalance' of housing created by the backlog exists now.

Release of the SHMA 2016

21. As highlighted by several of the representors, the ARC4 SHMA 2016 was published with some 2 working days remaining of the consultation period for responses to the Regulation 19 Draft Local Plan. We welcome the Inspector's question to the Council seeking clarification regarding the timing of the release of the SHMA and its relationship to the previous SHMA.

22. As set out above, and by other representors to the Local Plan, it is not clear how the new SHMA relates to the previous SHMA or how the SHMA has been used in the preparation of the Local Plan. The previous SHMA has now been removed from the examination library leaving only the 2016 SHMA as a submission document¹. However, the 2016 SHMA appears to have substantially changed the evidence base on which the Local Plan was prepared (compared to the previous SHMA which set out an OAN of circa 1000 dpa) without changing the approach of the Local Plan itself. It is not clear how the Local Plan is a product of the evidence base.

23. We reserve the right to make further comment on the SHMA evidence further to the Council's response to the Inspector's questions.

1.2 Is the Plan's proposed housing requirement (totalling 15,555 homes for the Plan period) sufficiently justified in line with the Framework and PPG? In particular, can it be shown that this figure is both deliverable and sustainable?

24. We do not consider that the proposed housing requirement is sufficiently justified in line with the Framework and the PPG. In the first instance we consider that the OAN for the borough should be significantly increased as such the Council's starting point for determining the housing requirement for the borough should be increased.

¹ We consider that failure to publish the submission document for a full 6 weeks of formal consultation with the Regulation 19 Draft Local Plan fails to meet the requirements of Regulation 35 of the Town and Country Planning (Local Planning) (England) Regulations 2012.

25. We agree with the Council in principle that the housing requirement should be increased over and above the OAN figure to accommodate economic growth and deliver affordable housing (paragraph 5.6.9 of the HGTP). We disagree with the Council's contention that it is not the purpose of the Local Plan to ensure that the total affordable housing need is met. Moreover, we disagree that the proposed housing requirement goes far enough in terms of increasing the housing requirement to meet those needs.
26. In terms of the ability of the housing requirement to overcome the acute and worsening shortfall in affordable housing, the requirement provides only for a limited level of development above already committed sites. Existing commitments will deliver only a 525 affordable homes across the plan period. The Council's Land Supply Statement (October 2016) sets out that the Borough has identified provision for only 2,304 further dwellings to be delivered over the existing commitments (and sites with resolutions to grant) to meet the proposed housing requirement and thus the affordable housing delivered as part of those dwelling would have a minimal impact on meeting the needs for affordable homes within the borough; if the proposed Local Plan target of 25% was achieved this would total only 576 affordable dwellings.
27. It is our contention that the housing requirement should be increased to boost housing supply whilst achieving sustainable development. The Council has claimed that it has increased its housing requirement to a 'growth target' which equates to approximately 778 units per annum. This actually comprises a growth target lower than the rate of delivery it is currently sustaining and has historically been able to achieve such that the housing requirement is likely to restrain growth over the plan period rather than boost it.
28. The Council's Sustainability Appraisal (May 2016) notes that an option for up to 20,000 homes (Option 3) has been assessed in terms of its ability to deliver sustainable development; further to the 2014 SHMA identifying a need for housing in the region of 20,000 homes. The SA notes that that option is reasonable given the land capacity in the borough and reflect the level of development that the infrastructure of Telford was proposed to accommodate. The option for delivering 20,000 homes was considered to perform better than all other lower options in terms of the significance of the positive effects of growth; particularly in terms of meeting specific housing needs for the elderly and the vulnerable.
29. No clear justification for going for a lesser target than Option 3 assessed within the SA. The HGTP 2016 claims potential problems with deliverability if an oversupply is proposed with some land not being taken up or viable. The HGTP also stresses the negative implications of an over delivery of homes compared to planned job growth which could lead

to increased out commuting. As identified within the SA, there will inevitably be increased impacts on infrastructure and resources as with any development.

30. We do not consider that there is any meaningful evidence to suggest that a higher requirement of 20,000 homes could not be achieved in a sustainable manner in Telford to boost the supply of housing, in particular affordable housing. The level of delivery of homes at 1,000dpa is clearly deliverable and is being achieved in Telford currently (with the Local Plan projecting the delivery of 1,400 dwellings in 2016/17) and the Council's concerns over deliverability are unjustified. As noted at paragraph 4.19 of the SA, Telford's infrastructure was designed to cater for a larger population of over 200,000 people, with the Local Plan itself proposes a vision in which the population of Telford increases to 198,000 people. Notwithstanding that, the PBA Trends Scenario envisages a population for Telford of only 183,456 in 2031 accommodated in 78,724. Accordingly, the proposed housing requirement of 15,555 dwellings over the plan period would result in a population of less than 195,000 people. There is no difficulty in Telford accommodating an increased housing requirement. As highlighted by the Proposed Housing and Employment Sites (PHES) Document published in May 2014, Telford has land available to achieve such a level of growth. Indeed, the delivery of 26,500 homes were tested in the 2013 SA and noted as giving the opportunity to invest in local communities to address service deficiencies, tackle housing need and improve existing infrastructure and the quality of Telford's centres.
31. In terms of over supply and the impact on out commuting it should be noted that Telford is already has functional travel to work links with Shropshire and the West Midlands conurbation which rely on Telford and Wrekin for their workforce; 15% of employed residents in the Borough in 2011. This relationship is practical and necessary for the continuing function of the employment market in the region; this will be discussed further in our representations to Matter 2 of the examination. Any concerns that the Council has in relation to the increase of out commuting are not ratified by its decision to decrease the amount of employment land to be delivered by the plan to 76ha from the 110ha previously proposed; the minimum employment the Council considers is needed to accommodate the 750dpa housing growth.

1.3 The PBA Objectively Assessed Housing Need Report (para 6.15) states that the Plan's intended growth option would "add 6,700 workers to the resident labour force over and above the Trends scenario; but other things being equal the number of workplace jobs would increase only by hundreds." Can the Council clarify how this likely imbalance will be addressed and explain the likely source of this additional population?

32. This is a matter for the Council to respond to and discussion during the Examination. However, as above, we consider that the Council's approach to the allocation of employment land is at odds with its wish to deter out commuting and encourage economic growth by decrease the amount of employment land to be delivered by the plan to 76ha from the 110ha previously proposed.
33. Moreover, we consider the approach of the Council in reducing the amount of employment land it proposes as a minimum is at odds with the approach of the LEP that seeks to deliver Telford as an 'Urban Powerhouse' for the region.

1.4 Can an adequate and flexible supply of housing land be demonstrated in respect of (1) the Local Plan's housing target and (2) the five year housing land supply as required by the Framework and PPG? In both of these cases, are the components of housing supply clearly set out and appropriately justified? [Inspector's note: It is suggested that the Council revises its Housing Land Supply Statement¹ to cover the components of overall land supply (through the Local Plan period) and to update five year land supply data to accord with the Plan's proposed housing requirement.]

34. We have reviewed the Council's updated Housing Land Supply Statement 2016-2021 (October 2016) and aside from some minor drafting errors we have no comment on the accuracy of the document insofar as it relates to the currently available supply of housing land. We consider that there is little evidence at this stage to suggest that the numerical targets for housing delivery across the Plan period cannot be met. We address the appropriateness of the proposed Site Allocations elsewhere in our hearing statements.
35. Of course, we do consider that the supply of housing to be identified will need to be increased for the plan period should the housing requirement be increased as per our representations.
36. Notwithstanding the above, we do not consider that the supply of housing land is sufficiently flexible as required by the Framework and the PPG. Some 88% of the Council's currently identified supply of housing land for the plan period is comprised of completed, committed or 'resolution to grant' sites. As noted above, in the first instance this leaves very limited scope for the Council's Local Plan policies to take effect throughout the

remainder of the Plan period, particularly with regard to the delivery of affordable housing. The make-up of the identified supply equally restricts the ability of national government policies and initiatives, such as the promotion of starter homes, to take effect.

1.5 Are adequate safeguards in place to address any unanticipated shortfalls in housing supply during the Plan period?

- 37. There are not sufficient safeguards in place to address any unanticipated shortfalls in housing supply during the plan period.

- 38. Policy HO3 states that if monitoring indicates that delivery is likely to fall below the level required to maintain an adequate supply of deliverable sites then the Council will, if necessary, implement measures to facilitate an increase in supply of sites through the planning process. Policy HO3 goes on to describe those measures and states that the *"Council will, if required, implement this approach through proactive discussions with landowners and agents. It will determine appropriate remedies to any barriers, including bringing forward other sites as part of any subsequent review of the Local Plan"*.

- 39. We do not consider that engaging in proactive discussions with landowners and agents "if required" is a sufficient policy tool for planning to meet shortfalls in the plan and should be part of the normal function of the planning department. The plan itself should plan positively for sustainable development. Indeed, the policy wording of HO3 is suggestive that the lack of allocation as part of the plan is a barrier to development and one which would need to be remedied as part of a Local Plan review. We agree that the Plan does act as a barrier to sustainable development coming forward which is not allocated by the plan (whether to meet a shortfall or not) and consider the Plan is contrary to the Framework which seeks to boost the supply of housing.

- 40. Policy SP4 of the Local Plan is proposed as an overarching policy which allows for sustainable development. However, beyond a small windfall allowance, we disagree that the policy as drafted allows sufficiently for sustainable development to come forward where it is not an existing commitment or has been planned for as a site allocation. Our concerns regarding this policy as a whole are addressed in our representations to Matter 3. Nevertheless, we consider that Policy SP4 should be amended to allow more flexibility in the Plan to allow sustainable development to come forward to boost the supply of housing and cater for any unanticipated shortfalls in housing delivery.

41. Further to the above, we consider that the Council should allocate additional safeguarded land which the Council would wish to see come forward in the event that there were any unanticipated shortfalls in housing delivery. This point is addressed further in our representations to Matter 8.