

Telford & Wrekin Local Plan – Inspector Matters, Issues & Questions (MIQs)

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This paper provides the Council's response to the Inspector's MIQs –

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?

Demographic information

1.1.1 In line with the PPG, the OAN assessment¹ was based on the latest CLG household projection, which at that time was the 2012-based release ('CLG 2012'), derived from the 2012-based sub-national population projection ('ONS 2012'). PBA found that ONS 2012 under-estimated the trend of population growth and substituted its own projection, PBA Trends Adjusted 2003-13². To translate that higher population into households PBA used household representative rates (HRRs, headship rates, formation rates) from CLG 2012. This calculation produced a 'starting point' demographic projection of 497 dwellings per annum (dpa) over the plan period 2011-31.

1.1.2 In subsequent S78 inquiries and the Local Plan consultation, some parties argued that the household formation rates behind this assessment were too low. They favoured a return towards the higher formation rates used in the CLG 2008 projection, specifically for young adult age groups aged 25-34 or 25-39. This is incorrect, for two reasons:

- At *national level*, as discussed in the Council's Background Paper³, authoritative academic studies⁴ show the CLG 2012 formation rates

¹ C2a-i and C2a-ii

² C2a-i, chapter 3

³ G14

provide the best available view of future housing demand. The 2008 rates do not reflect current trends in housing demand, because they are based on very old evidence, they were over-optimistic at the time they were adopted and they look even more so in the light of subsequent evidence. Accordingly the 2012 rates are supported by the PPG and planning Inspectors; and

- At *local level*, in line with the PPG formation rates, rates may depart from the official projections if the evidence shows that the projection carries forward a historical undersupply of housing land. But for Telford & Wrekin PBA found no evidence of undersupply⁵ in the period which the projections roll forward. Formation rates for the relevant age groups were, and were projected to be, equal to or higher than national benchmarks. Therefore the CLG 2012 HRRs are the correct demographic starting point for the housing need calculation.

1.1.3 PBA has reviewed the above demographic evidence in the light of the 2014-based official demographic projections, published in 2016, after the OAN report. Its analysis is set out in the Background Paper³. It found that the ONS 2014 population projection rolled forward the short-term effects of the recession. PBA created an alternative scenario, Trends 2005-15, to provide a better reflection of long-term migration trends.

1.1.4 To translate the resulting population into households PBA used the CLG 2014 household formation rates – which are close to the 2012 CLG rates discussed earlier, being produced by the same method. The result is an updated ‘starting point’ projection of 502 dpa. This is not significantly different from the 497 dpa figure. It is also equal to the housing number implied by the CLG 2014 projection, although the underlying population projection is different, as the PBA scenario shows more population and a younger age profile than ONS 2014.

Economic information

1.1.5 The OAN study used the Experian forecasting model to test the labour market implications of its demographic starting point projection. It concluded that population growth in line with the scenario would provide enough or more than enough workers to meet labour demand, and therefore there was no justification for a ‘future jobs’ uplift to the demographic starting point.

⁴ L Simpson, *Whither household projections?* in *Town and Country Planning*, December 2014, Vol 83; N McDonald and C Whitehead, *New estimates of housing requirements in England, 2012 to 2037*

⁵ C2a-i, paragraph 4.20

- 1.1.6 In s78 appeals and the Local Plan consultation some parties challenged this analysis, mainly on the grounds that its assumptions on future economic activity rates were over-optimistic. In response PBA provided additional evidence from Experian that supported its assumptions. It also asked Experian to model what would happen to labour market balance if the objectors' relatively pessimistic expectations about activity rates were correct, both at national and local level. The modelling suggested that, even with these lower activity rates, the Trends scenario would still provide enough workers to meet demand. The reason is that lower local activity rates overall result in lower economic activity in the UK as a whole, and so less demand for jobs in the local authority area. All this analysis is in the Background Paper³.
- 1.1.7 PBA's approach to labour market alignment, and activity rates in particular, was supported recently by two appeal decisions in Chelmsford⁶ and the Inspector's Interim Report on the Gloucester, Cheltenham & Tewkesbury Core Strategy⁷. The Background Paper³ gives details of the analysis and these Inspectors' advice, and also responds to some smaller objections to PBA's labour market analysis.
- 1.1.8 All the analysis described above was informed by the 2012 official demographic projections from ONS and CLG. More recently PBA has tested the new 2014 official projections against the latest Experian forecasts (September 2016)³. This latest forecast estimates that population growth in line with the ONS 2014 projection will be enough to meet that demand. It follows that the population shown in PBA's updated demographic starting point, which shows a larger and younger population than ONS 2014, provides more than enough workers to meet demand.
- 1.1.9 In summary, the 2015 OAN report found that there was no justification for a 'future jobs' adjustment to the demographic starting point. PBA's subsequent analysis confirms that conclusion.

Market Signals

- 1.1.10 The OAN report showed that market signals for Telford & Wrekin were favourable, with no evidence of past undersupply and hence no justification to the 'market signals' uplift to the demographic starting point. As discussed in the Background Paper³, no subsequent evidence has come forward to refute that conclusion.

⁶ APP/W1525/W/15 3129306; APP/W1525/W/15/3121603

⁷ <http://www.gct-jcs.org/Documents/Examination-Document-Library-6/EXAM232---JCS-Inspectors-Interim-Findings---31052016.pdf>

Affordable housing

1.1.11 The Council assessed affordable need in the SHMA 2016⁸, whose findings are summarised in the Background Paper³. In line with the PPG, High Court judgments and Inspector's advice this affordable need is not part of the OAN and there is no requirement for the OAN to meet it in full.

1.1.12 On March 10th 2016, the Council published on its website an update of the Strategic Housing Market Assessment (SHMA2016). Arc4 Ltd were commissioned, in September 2015, to prepare the update and it was anticipated that a draft version would be signed off by the Council before Christmas of that year, and that the final version would be published in the new year of 2016, prior to the Local Plan Publication stage. Unfortunately, a draft version could not be agreed and so the timescales were extended and a final version was initially published in February 2016. However, this version was retracted for editorial reasons and, finally, the published version was signed off and issued in March.

1.1.13 The SHMA2016 constitutes a full update of affordable housing need assessment and differs from the SHMA 2014 for a number of important reasons. Firstly, the Council needed to reassess existing need for affordable housing following the cessation of the Choice-Based Letting system and housing register in July 2014. This system had been used as the primary data source for the SHMA 2014. Secondly, the Council published, in March 2015, the PBA report which identified the borough's OAN. The PBA report incorporated the latest population and household projections, which post-dated the projections used in the SHMA 2014. The intervening period between March and September 2015 was occupied in part by the commissioning and procurement processes that must be adhered to when appointing outside consultants.

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?

1.2.1 The Council's approach to deriving the housing requirement is set out in the Technical Paper - Housing Growth⁹. Further justification is set out in the Council's response to F2¹⁰.

⁸ C2b-i and C2b-ii

⁹ B2a, paragraph 4.0.3 sets out the overall methodology

¹⁰ F2a, paragraphs 14 to 15

- 1.2.2 As stated elsewhere¹¹, the NPPF does not set out any clear methodology for the translation of OAN¹² into a plan requirement. The NPPF and the PPG also provide limited guidance for those Councils that wish to plan for growth in excess of its OAN. In response, the Council has applied the ‘NPPF test’ as part of its evidence¹³ and, based on the findings, is satisfied that no ‘adverse’ impacts exist that would prevent the delivery of the OAN in a sustainable manner, when judged against the NPPF as a whole, or against specific policies therein.
- 1.2.3 In addition, the Council has considered specifically the potential impacts of the planned level of growth on various related matters, for example transport¹⁴ and water¹⁵, as part of the evidence base. In response, the plan contains a range of policies that seek to ensure that future growth delivers the necessary mitigation measures that would facilitate the delivery of sustainable development.
- 1.2.4 The NPPF¹⁶ also requires Councils to consider reasonable alternatives. The housing requirement has therefore been informed by the process of sustainability appraisal (SA), and Appropriate Assessment (AA). The SA process tested a range of alternative growth options¹⁷, both above and below the final plan figure, but all of which were in excess of the OAN. The main conclusion of the SA process was that, based on available evidence, option 2 (15-16,000) was the most appropriate. Furthermore, a screening exercise was undertaken in line with the habitats regulations¹⁸. The Council does not consider it likely that there would be any significant effects on any European sites within the study area of the borough.
- 1.2.5 The NPPF makes it clear that plans should be aspirational, but also realistic¹⁹. Most importantly, plans should be deliverable²⁰. A key part of deliverability [of the Plan] is identifying land. Recent evidence issued by the Council²¹ demonstrates that sufficient, suitable sites exist to deliver the housing requirement. The deliverability of land is considered in more detail under Matter 1.4.

¹¹ B2a, paragraph 5.6.1

¹² Objectively Assessed Need

¹³ B2a, paragraph 5.3.1 to 5.3.10

¹⁴ B4a, Chapter 6 and 7

¹⁵ B6b, Chapter 3 and 4

¹⁶ Paragraph 182 (second bullet)

¹⁷ A3, Table 4.5

¹⁸ Conservation of Habitats and Species Regulations 2010 (as amended)

¹⁹ Paragraph 154

²⁰ Paragraph 173

²¹ G2, G2a and G2b

1.2.6 The Council has taken other measures to ensure that the growth aspiration of the plan can be achieved in reality. The Council has undertaken viability analysis that has informed the choice of the policies²² and sites²³ taken forward in the Local Plan. The evidence suggests that, across the borough generally, development is viable provided the various requirements are set at achievable levels. The Council has also prepared an Infrastructure Delivery Plan (IDP)²⁴ setting out a costed plan for at least the next five years, cost estimates for the period beyond the first five years, thus ensuring the plan is supported by the necessary infrastructure. The IDP remains ‘live’ and able to respond to changing circumstances²⁵. Furthermore, the monitoring indicators set out in Appendix A of the Plan²⁶ will help measure delivery performance. If necessary, the Council will take appropriate remedial actions.

1.2.7 The housing requirement is therefore both deliverable and sustainable.

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?

1.3.1 The OAN report provides an Experian scenario that models the labour market impact of growth option 2 (15,000 dwellings). In that scenario, the market would adjust through reduced net in-commuting, increased unemployment and reduced double-jobbing. The modelling is not sophisticated enough to forecast these separate adjustments with any precision. It is suggested that, in relation to the size of the borough’s labour force (approximately 82,000 people in 2011)²⁷, these changes are likely to be small.

1.3.2 The above scenario is policy-neutral; that is, it assumes broadly unchanged policies at local level and takes no account of local policy objectives. In an alternative scenario, in which local policy actively seeks above-trend economic growth, the labour market would be re-balanced by increased labour demand in the borough, over and above the Experian scenario. This is precisely what the Council is seeking to deliver through the new Local Plan.

1.3.3 Given that the Council considers Telford & Wrekin to be, for the purposes of plan-making, a separate HMA, the Plan does not seek to secure the likely

²² E2

²³ C2d

²⁴ E3

²⁵ E2, paragraph 4.6-4.7

²⁶ Appendix A, Table 12 to 18

²⁷ According to Annual Population Survey figures (April 2011-March 2012)

increase in resident workforce population from any specific locality. However, the increase in resident population, and hence labour supply, will need to be achieved through one or, more likely, a combination of both of the following phenomena; a slowing down or reversal of out-migration (evident since 2003) of people who might otherwise move out of the borough and commute back to work, contributing towards Telford's role as a net importer of labour; and, due to increased in-migration from people moving to the borough to access local jobs and change in life stage. The Plan seeks to tackle both these patterns of movement through a strategy of promoting economic growth and environmental enhancement, and by focusing housing development in relatively close proximity to employment opportunities. Predicting where people will come from is very difficult. Nevertheless, the Council will keep under review changes in migration and commuting patterns as a means to assess the delivery of the Plan.

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 Statement 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.]*

1.4.1 The Council's position regarding housing land supply, at the time of submission, is set out in the Telford & Wrekin Local Plan²⁸, Technical Paper – Housing Growth²⁹, Technical Paper – Housing Delivery³⁰, and the Housing Land Supply Statement 2016-2021³¹. In September, the Council published the annual monitoring figures covering housing data up to April 2016³², and an update to its Strategic Housing Land Availability Assessment³³ (SHLAA), all of which form part of the Council's evidence base.

Land Supply against the Local Plan housing requirement

1.4.2 The justification for the specific components of supply as they relate to the housing target is set out in housing chapter of the Plan³⁴. Since submission, new monitoring figures have been published³⁵, which has necessitated an

²⁸ A1, Table 10

²⁹ B2a, Chapter 5 (in particular Table 6 and 7 and their supporting commentary)

³⁰ B2b, Chapter 6

³¹ E4

³² G1, Table 1

³³ G2, G2a, and G2b

³⁴ A1, paragraphs 5.1.2.2 to 5.1.2.13

³⁵ G1

update to the component figures. This is set out in an updated Housing Land Supply Statement³⁶.

- 1.4.3 In conclusion, the overall level of land provision for the plan period (at April 2016) is estimated to be 15,918 dwellings. Of this, there is estimated to be an existing supply of 11,741, comprising dwellings both completed since 2011 and under construction at April 2016, and dwellings on sites with extant planning permission that are yet to start (representing, in total, 75% of the housing target identified at the end of the first quarter of the plan period). What this shows is that there exists a supply of land that, at April 2016, exceeds the housing requirement, even after applying various discounts for non-implementation. Furthermore, the scale of land provision estimated above does not take into account the findings of the latest update to the SHLAA³⁷.

Land supply against the five-year requirement

- 1.4.4 The latest statement on five year supply relates to the period 2016-2021³⁸. Full details of the approach taken to measuring five year supply is set out in that document, including reference to a number of important legal rulings on the matter³⁹. The analysis produced a 12.9 year supply against an OAN-based five year requirement⁴⁰. However, this statement did not measure supply against the proposed housing requirement in the Local Plan (778 dwellings per year) and so an update has been produced⁴¹. The updated analysis indicates 8.24 years land supply against the Plan-based five year requirement, assuming a 5% buffer. The scale of the supply is a reflection of the number of dwellings currently approved through the planning application process, and the relatively limited reliance on sites without planning permission. For comparison purposes only, an additional column has been added to measure supply against a requirement that includes a 20% buffer. Even after applying a 20% buffer, land supply is still estimated to be more than six years.

- 1.4.5 Consequently, the Council can demonstrate an adequate and flexible supply of housing land for both the next five years, but also for the plan period as a whole.

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

³⁶ G5, Table 6

³⁷ G1, paragraph 3.1

³⁸ E4

³⁹ E4, section 4.1 (but references made throughout the statement to other legal judgments relevant to land supply)

⁴⁰ E4, Table 5

⁴¹ G5, Table 7

- 1.5.1 The Council acknowledges⁴² that future delivery may, due to unforeseen circumstances, begin to fall short of the planned trajectory set out in the Plan. However, any tools or measures to tackle such a problem must be appropriate to the circumstances of the local authority area under review. For Telford & Wrekin, the most important factor is the scale of supply, both in terms of the existing and future supply specifically identified in the Plan, as well as other, additional potential sources of land, for example identified through the recent SHLAA update 2016⁴³. The Council has also delivered significantly in excess of the housing target during the first five years of the Plan⁴⁴. The result is that Telford & Wrekin is not currently experiencing any housing shortfall at this time, and is not likely to in the short-term given the level of existing supply. Regular monitoring, to be carried out on at least an annual basis, as advocated in the PPG⁴⁵, will assist the Council in determining whether a shortfall situation can be observed in the future.
- 1.5.2 Care must be taken when considering appropriate action given that the particular circumstances of any perceived, or actual, shortfall cannot be predicted at this time. Consequently, the Council has taken a proportionate and 'integrated' approach, ensuring that supply remains adequate during the plan period. Firstly, the Plan exhibits certain flexibilities, including a number of allowances for 'non-implementation'⁴⁶, which means the Plan takes a conservative approach to the projected delivery of sites to meet the housing target. Secondly, a proportion of the sites allocated in the Plan comprise public sector land assets. This will allow the Council and its partners⁴⁷ to apply a significant level of direct control over the timing of land release through the development process, should there be a need to bring forward sites sooner than first envisaged⁴⁸. In addition, the Council considers its policy framework to be positive and supportive of development where sites are brought forward in suitable locations, neither does it set an absolute (or 'maximum') limit on the overall scale of provision through Policy HO1.
- 1.5.3 Representations have referred to the option of identifying 'reserve' sites i.e. Stratford-upon-Avon, who have recently adopted a Core Strategy that included reliance on reserve sites⁴⁹. The Council does not consider it necessary, or sensible, to import such an approach into the new Local Plan. For such a measure to be appropriate here, a similar policy and land supply

⁴² Through Policy HO3 Housing Trajectory

⁴³ G2, G2a and G2b

⁴⁴ E4, Table 1

⁴⁵ Paragraph: 027 Reference ID: 12-027-20150326

⁴⁶ A1 (Table 10) and G5 (Table 6)

⁴⁷ Including Homes and Communities Agency (HCA)

⁴⁸ In accordance with the NPPF (paragraph 47, second bullet)

⁴⁹ In a future Sites Allocations Plan to support the Core Strategy

context would need to be evident to that found in Stratford. Given that Stratford exhibits some major policy constraints including Green Belt and its containment within the Birmingham HMA, which has unmet housing need and does not benefit from a similar scale of land supply evident in Telford & Wrekin, the two areas are, in that regard, very different and not suitable, comparable areas.

1.5.4 Furthermore, reserve sites would not necessarily deliver homes in sufficient numbers in the short-term, due to the lead-in times involved in bringing them forward. There is also no guarantee that such sites would be deliverable at the point required.

1.5.5 On balance, based on the foregoing analysis, the Council has applied adequate safeguards should any unforeseen shortfalls in supply occur during the remainder of the plan period.