Strategic Planning & Research Unit

For and on behalf of
Redrow Homes Ltd

Proof of Evidence on Objectively Assessed Housing Need
In respect of Telford and Wrekin Borough Council

Land East of Kestrel Close & Beechfields Way, Newport, Shropshire

Roland G Bolton
Strategic Planning Research Unit
DLP Planning

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TOWN AND COUNTRY PLANNING ACT 1990
SECTION 78

PROOF OF EVIDENCE ON THE OBJECTIVELY ASSESSED HOUSING NEED FOR THE TELFORD AND WREKIN BOROUGH COUNCIL

Prepared on behalf of

Evidence
of
Roland G Bolton BSc (Hons) MRTPI

Strategic Planning Research Unit
Ground Floor
V1 – Velocity
Tenter Street
Sheffield
S1 4BY

Tel: 0114 228 9190
Fax: 0114 2721947

www.dlpconsultants.co.uk

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Strategic Planning & Research Unit

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0.0 EXECUTIVE SUMMARY

0.1 My name is Roland George Bolton; I have an Honours Degree in Town and Regional Planning and am a Member of the Royal Town Planning Institute. I am currently a Senior Director of DLP Planning Ltd (DLP) and Head of the Strategic Planning Research Unit (SPRU) which specialises in undertaking bespoke planning research projects including Objective Assessments of Housing Need.

0.2 I have a wide range of experience and have held various positions within local government culminating in the post of Head of Local Plans for Rochester upon Medway City Council. I have held senior positions in both consultancy and in academia prior to my current position.

0.3 I have participated in Structure Plan and Regional Plan Examinations in relation to the calculation and distribution of housing requirements supported and assisted by Professor Dave King and his associates from the Anglian Polytechnic and the Chelmer Model.

0.4 More recently I have prepared and presented evidence on the objectively assessed needs for housing at Core Strategy and Local Plan Examinations and at appeals.

0.5 My evidence relates to the issue of five year housing land supply. In particular, I examine the most appropriate annual housing requirement for Telford and Wrekin Borough, which is a necessary pre-requisite for the purpose of calculating the fie year supply of housing at an appeal. This is necessary because the Council do not have an up to date Core Strategy or Local Plan. The Development Plan for the area comprises the saved policies of the old Telford and Wrekin Local Plan which only covered the period from 1995 to 2006, and the Core Strategy, which only covered the period to March 2016. Moreover, the Core Strategy was adopted in December 2007, and so it was produced some 5 years before the NPPF and the requirement for calculating the OAN and some 7 years before the PPG, which sets out the methodology for calculating the OAN.

0.6 In preparing and presenting my evidence, I have reviewed the Councils evidence on the objectively assessed need for housing ("OAHN") as set out in their two background documents to the Telford & Wrekin Local Plan 2011 – 2031 Submission Version June 2016 (CD3.13)

0.7 Policy HO 1 identifies a borough wide plan target of 15,555 net new dwellings up to 2031. That is a requirement of 778 dwellings per annum (dpa). Yet the Council state that the objectively assessed need for the Borough is in fact just 9,940 dwellings (497 dpa). This figure is identified in the Telford & Wrekin Objectively Assessed Housing Need report by Peter Brett Associates (March 2015) ("the Council's OAHN Report 2015") (CD4.1). The Council's position has been confirmed in the Council's latest SHMA,: "Telford and Wrekin Strategic Housing Market Assessment (March 2016). In this document the Council maintains the OAHN is the same figure. Despite their position on the OAHN being just 497 dpa, the Council suggest that the higher requirement of 778 dpa has been set to meet the other objectives of the Council including the delivery of affordable housing (T&W Local Plan paragraph 5.1.1.4).

0.8 The Council's OAHN of 497 dpa was set in the 2015 OAHN report and is reliant upon the 2012-based DCLG household projections. The more recent 2016 SHMA still relies upon this previous set of household projections. The Government's guidance on calculating OAHN makes clear that ***"[w]herever possible, local needs assessments should be informed by the latest available information".*** This appeal is being heard in November 2016, and the most recent information is actually contained in 2014-based DCLG household projections (published in July 2016), the Sub National Population Projections (published in May 2016) and the 2015 mid-year estimates ("MYE"), which were published in June 2016.

0.9 The Council also rely on the average rate of migration for the period 2003 to 2013. But the latest migration rates are set out in the 2015 MYE and it records a much higher rate of net in-migration to Telford.

0.10 The Council rely on the 2012 DCLG household formation rate. But this takes no account of the widely recognised problem within the household projections of suppressed household formation rates. It is the Government itself which has recognised supressed household formation as a problem. The PPG is explicit about the need to consider making adjustments in relation to this when calculating the OAHN. But the Council has not done so (PPG 2a-015).

0.11 The Council also makes no other market adjustments to the housing need figure despite significantly worsening levels of affordability and a significant increase in house prices relative to income. Yet again, the Practice Guidance makes clear there

is a specific need to make adjustment in the face of such market signals (PPG 2a-020).

0.12 Furthermore, whilst the Council do recognise the need to take employment trends into account as required by paragraph 2a-018 of the PPG, they rely on a single economic forecast, which is constrained by its own population projection. From this the Council concludes that this level of housing provision of 9, 940 new homes is aligned with the creation of 17,000 new jobs over the plan period. Yet, this is only possible by a combination of significantly altering the assumptions regarding the working age population and double jobbing as well as assuming a significant change in commuting rates and a significant reduction the unemployment rate.

0.13 I consider each of these conclusions to be flawed for the following reasons:

a. The 2014 DCLG household projections suggest a higher baseline forecast;

b. The 2015 MYE record a much higher rate of net in migration;

c. An allowance should be made for improved household formation rates as the PPG makes clear an adjustment should be made if there is evidence of suppressed household formation rates, which there is; the continued declining in household formation rates for the under 44's is contrary to the objectives of the Framework and widening home ownership (NPPF para 50);

d. Market signals show that affordability has significantly worsened in Telford and Wrekin Borough;

e. Recent rates of delivery have averaged 900 dwellings a year for the last five years with the most recent year seeing 1,255 completions, commensurate with the greater level of in-migration.

f. The assumptions made in aligning the employment and housing forecasts are unsound for the following reasons:

    i. The baseline projection (the 2012 SNPP) used by the OAHN Report 2015 (CD 4.1) suggests a decrease in the working age population in Telford and Wrekin of 4,900 persons; that is to be contrasted with the assumed increase of 4,900 persons in the working age population assumed in the Council's OAHN report.

ii. The resulting change to the working population is not an increase but a decrease.

iii. The assumption that net in migration will increase by 3,600 persons is not founded on evidence, and the requirement for these workers to be housed in neighbouring authorities has not been subject to the Duty to Cooperate which is a requirement for such cross-boundary issues.

iv. The assumption that 26% of the new jobs(some 4,300 jobs) will be taken by existing residents already in employment as a second job is unrealistic and not supported by credible evidence.

0.14 In light of these findings, I suggest that the evidence base for the 497 dwellings a year OAHN is flawed.

0.15 I have undertaken my own analysis including modelling both the demographic and economic factors. In this was I am able to show both a demographic OAHN figure and one which takes account employment trends (as advocated in the PPG – 2a-018).

0.16 In terms of the demographic projection using the rolling average for migration over the last five years would require some **698** dpa (this includes a modest uplift on the assumption that household formation rates for the under 44's will not decrease from their 2014 position).

0.17 In terms of a demographic projection I have carried out a further assessment, which is to make a further adjustment to address the worsening trend in affordability. My figure of 698 dpa for the demographic projection, seeks to make an adjustment to the DCLG household projections to address supressed household formation rates by holding household formation rates (the rates at which new household form) at 2014 levels. In other words, with the 698 dpa figure I do not project forward the worsening trend in household formation rates, but hold it constant at 2014 levels. However, I note the Inspector in the recent Wellington decision favoured Barton Willmore's approach of making a more significant adjustment to the household formation rates (paragraph 42 of his decision CD 8.20). Instead of relying on the worsening household formation rates in the 2012-based DCLG household projections, Barton Willmore advocated a gradual return to the pre-recessionary

2008-based household formation rates (see paragraph 5.17, page 18 of the James Donagh's evidence for the Wellington appeal: Appendix). The Inspector did so having rejected the Council's approach of doing nothing, and observing "***it is clear that low household formation rates can and do have harmful social impacts, such as the creation of concealed households."*** (para 42) Whilst I understand the Council are seeking to challenge the decision, I am told the challenge is not to any aspect of the Inspector's approach to OAN. Adopting this approach, and seeking a gradual return to the 2008-based DCLG household formation rates the demographic requirement increases to 793 dpa

0.18 In terms of the employment projection I have modelled the average growth from the three most frequently recognised nationally forecasting consultancies (Cambridge Econometrics, Oxford Economics and Experian), and making **reasonable** allowances for reduced unemployment, changes to the pension age activity rates, as well as double jobbing (where people take two jobs). I emphasis the word reasonable because the Council's approach to these matters is unconvincing. I have concluded that the minimum level of housing provision should be **888** dpa a year. This is the minimum level required to align the housing and employment strategies of the plan.

0.19 This figure of 888 dpa does not rely on adjusting the household formation rates to ensure a gradual return to 2008-based figures (it simply holds any decrease for the under 44 age groups at the 2014 level). But if one adopts that approach, then the employment trend projection increases to 998 dpa.

0.20 In reaching this conclusion I note the likely drivers of migration in the future as well as the performance of the area in previous decades, which suggest that this level of provision is both required and achievable.

0.21 My figures do acknowledge that the market signals showing there is a worsening affordability issue in Telford. But I do not make any adjustment for them, as the employment trend figure is already around 900 dpa.

0.22 I should also make clear from the outset that I also make no adjustment in respect of addressing the need for affordable housing in Telford. It is this which seems to be the Council's main justification for increasing its own (much lower) OAN figure to 778 dpa. This is perfectly permissible. Chapter 2a of the PPG contains separate

guidance on calculating the total need for new affordable housing (PPG 2a-022 onwards). This culminates in the Government advocating the following in PPG 2a-029: ***"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."***

0.23 On this issue of addressing affordable housing need, it is important to make clear that the Government is not advocating that the total identified need for new affordable housing has to be met by the LPA. The guidance is clear that the total identified affordable housing need should be ***"considered in the context of its likely delivery as a proportion of mixed and market and affordable housing developments, given the probably percentage of affordable housing to be delivered by market housing led developments".*** The key word is "considered". This interpretation of there being no need to meet the total affordable housing need has been confirmed by the High Court in Borough Council of King's Lynn and West Suffolk v SSCLG and Elm Park Holdings Ltd (CD 6.3).

0.24 In the context of the Borough of Telford and Wrekin, the Council has an affordable housing target of 25% for sites in Telford, and a higher rate of 35% in Newport. Meeting the identified total affordable need in the Borough would require a huge annual requirement of over 2,000 homes a year. I am not advocating a requirement of that magnitude and nor is the Council. But it is important to recognise that the Council wishes to see a minimum of 778 dpa built in the Borough, largely to address affordable housing needs. Neither party to the inquiry is therefore advocating an annual requirement in the Borough of less than 778 dpa. Therefore, whilst I find the Council's approach to OAN be flawed, its desire to provide nearly 800 dpa to address affordable housing needs (and other reasons related to regeneration), shows that the parties are not so far apart on what an appropriate annual requirement should be (a difference of about 100 dpa).

1.0 INTRODUCTION

Experience

1.1 My name is Roland George Bolton; I have an Honours Degree in Town and Regional Planning and am a Member of the Royal Town Planning Institute. I am currently a Senior Director of DLP Planning Ltd (DLP) and Head of the Strategic Planning Research Unit (SPRU) which specialises in undertaking bespoke planning research projects including Objective Assessments of Housing Need. DLP Planning Ltd are a national planning consultancy and I am based in the Sheffield office.

1.2 I have a wide range of experience and have held various positions within local government culminating in the post of Head of Local Plans for Rochester upon Medway City Council. During this time, I was responsible for producing the Medway Towns Local Plan which was a joint Local Plan between four authorities and included the release of major sites for development linked to infrastructure provision. I have also represented Councils at Structure Plan Examinations in particular in relation to the calculation and distribution of housing requirements.

1.3 In 1989, I joined the planning consultants Chapman Warren as a Principal Planner in the Cambridge office. In this post, I represented a wide range of clients on many matters, again appearing at various structure plan examinations providing evidence on future housing needs, supported and assisted by Professor Dave King and his associates from the Anglian Polytechnic and the Chelmer Model.

1.4 In 1992, I took up the position of Senior Lecturer in Town Planning at Sheffield Hallam University. Whilst at Sheffield, in addition to my lecturing duties, I acted as a consultant to the current practice, providing advice to clients in both the public and private sector on a range of development related issues. Much of this consultancy work was in respect of preparing and presenting evidence on housing requirements at various examinations.

1.5 I have been a Director of DLP for 20 years, having joined the company to open up the Sheffield office in 1996. During this time, I have advised clients on a wide range of residential developments from the planned expansions of Northampton, Milton Keynes, Luton and York, through to urban projects like Sheffield University Student Village (3,500 student bed spaces) and Commercial projects such as Midway Park (40-hectare Strategic Employment Allocation at Junction 16 of the M1).

1.6 I am head of the Strategic Planning Research Unit within DLP planning Ltd which brings together the company's expertise to deliver the company's strategic planning work. This includes the Objective Assessment of Housing Need, five-year housing land supply assessments, retail impact assessments, as well as land promotion and representations to Local Plans.

1.7 I have had considerable experience of giving evidence as an expert witness at Public Inquiries and attending Local Plan Examinations.

Scope of the evidence

1.8 The scope of my evidence is to consider the evidence from which to derive the Objectively Assessment of Need (OAHN) for Housing in Telford and Wrekin. This will include a review of the Council's report "Telford and Wrekin Objectively Assessed Housing Need" March 2015 (CD4.1) and the "Telford and Wrekin Strategic Housing Market Assessment (SHMA) 2016" (CD4.3) although I note that the housing requirement is still derived from the earlier OAHN report March 2015 (Paragraph 6.16 to 6.25).

Statement

1.9 I confirm that this evidence is true and has been prepared and is given in accordance with the guidance of my professional institution and I also confirm that the opinions expressed are my true and professional opinions.

Signed	
Name	Roland Bolton BSc (Hons) MRTPI
Position	Senior Director, DLP Planning Ltd
Date	31/10/2016

2.0 THE CONSIDERATION OF OBJECTIVELY ASSESSED NEED FOR HOUSING IN THE CONTEXT OF APPEALS

Court Judgments on OAN in the context of planning appeals

2.1 In this section I briefly review the role that the Court Judgments addressing the issue of Objectively Assessed Housing Need. These cases are very important because they set the legal parameters against which all practitioners working on OAHN must work. There are many important cases, including several decisions of the Court of Appeal, which I am told have greater authority. I have sought to include all of these cases in the Core Documents and refer to the cases by reference to the CD numbers.

2.2 My evidence relates to the issue of five year housing land supply. In particular, I examine the most appropriate annual housing requirement for Telford and Wrekin Borough, which is a necessary pre-requisite for the purpose of calculating the five year supply of housing at an appeal. This is necessary because the Council do not have an up to date Core Strategy or Local Plan. The Development Plan for the area comprises the saved policies of the old Telford and Wrekin Local Plan which only covered the period from 1995 to 2006, and the Core Strategy, which only covered the period to March 2016. Moreover, the Core Strategy was adopted in December 2007, and so it was produced some 5 years before the NPPF and the requirement for calculating the OAN and some 7 years before the PPG, which sets out the methodology for calculating the OAN.

2.3 Since the publication of the NPPF, there have been numerous decisions of the Courts which have identified the reason why, and the extent to which, OAN can be examined at a planning appeal, and defined what is required in the calculation of the OAN

2.4 The first major decision of the Court of Appeal was in the case of St Albans City and District Council v Hunston Properties [2013], CD 6.6. This case followed shortly after Judgment was given in the case in the High Court. The earlier case was known as Hunston Properties v SSCLG and St Albans City and District (CD6.5). The Court of Appeal upheld the Judgment of the High Court, given by HHJ Pelling.

2.5 In the High Court, the Judge quashed the Inspector's decision for her failure to identify the OAHN for the purpose of calculating the five year supply of housing land. He summarised the approach to be adopted as follows:

"30. For those short reasons, I consider that the approach adopted by the Inspector in this case was wrong in law. The proper course involved assessing need, then identifying the unfulfilled need having regard to the supply of specific deliverable sites over the relevant period. Once that had been done it was necessary next to decide whether fulfilling the need in fact demonstrated (in common with the other factors relied on in support of the development) together clearly outweighed the identified harm to the Green Belt that would be caused by the proposed development."

2.6 In terms of the subsequent Judgment of the Court of Appeal Court (CD6.6) Sir David Keene said this:

"24. The Council contends that the inspector used the former East of England plan figure for housing requirements while recognising that it was not ideal. But she was doing her best to arrive at an assessment which reflected the whole of paragraph 47(1) and not just part of it, so as to include the constraints flowing from other policies as well as the household projections. The mere fact that this was a development control situation as opposed to local plan formulation does not, it is said, undermine the need to reflect the whole of paragraph 47(1). The policies in the Framework provide guidance, as paragraph 13 states, both for the drawing up of plans and in the determination of planning applications.

25. I see the force of these arguments, but I am not persuaded that the inspector was entitled to use a housing requirement figure derived from a revoked plan, even as a proxy for what the local plan process may produce eventually. The words in paragraph 47(1), "as far as is consistent with the policies set out in this Framework" remind one that the Framework is to be read as a whole, but their specific role in that sub-paragraph seems to me to be related to the approach to be adopted in producing the Local Plan. If one looks at what is said in that sub-paragraph, it is advising local planning authorities:

> ***"to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this Framework."***

That qualification contained in the last clause quoted is not qualifying housing needs. It is qualifying the extent to which the Local Plan should go to meet those needs. The needs assessment, objectively arrived at, is not affected in

advance of the production of the Local Plan, which will then set the requirement figure.

26. Moreover, I accept Mr Stinchcombe QC"s submissions for Hunston that it is not for an inspector on a Section 78 appeal to seek to carry out some sort of local plan process as part of determining the appeal, so as to arrive at a constrained housing requirement figure. An inspector in that situation is not in a position to carry out such an exercise in a proper fashion, since it is impossible for any rounded assessment similar to the local plan process to be done. That process is an elaborate one involving many parties who are not present at or involved in the Section 78 appeal. I appreciate that the inspector here was indeed using the figure from the revoked East of England Plan merely as a proxy, but the government has expressly moved away from a "top-down" approach of the kind which led to the figure of 360 housing units required per annum. I have some sympathy for the inspector, who was seeking to interpret policies which were at best ambiguous when dealing with the situation which existed here, but it seems to me to have been mistaken to use a figure for housing requirements below the full objectively assessed needs figure until such time as the Local Plan process came up with a constrained figure.

27. It follows from this that I agree with the judge below that the inspector erred by adopting such a constrained figure for housing need. It led her to find that there was no shortfall in housing land supply in the district. She should have concluded, using the correct policy approach, that there was such a shortfall. The supply fell below the objectively assessed five year requirement."

2.7 In paragraph 26, the Judge was making clear that it is the issue of constraints which cannot be applied in the context of an appeal until an up to date NPPF compliant Local Plan is adopted. In other words, the Council cannot identify an OAHN and then seek to reduce it to some lower level in the context of an appeal outside of the plan making process. The Judge was not saying one cannot examine the OAHN in the context of an appeal, and plainly that is exactly what the case was about. Also, at the time of this case, the PPG had not been published.

2.8 Prior to the Hunston case, there was an earlier High Court case which confirmed an appellant's right to submit evidence on OAN to a public inquiry. This is the case of Stratford DC v SSCLG and Bloor (CD 6.4) This is important because some LPAs appear to misread paragraph 26 of Sir David Keene's Judgment in the Huston case and continue to argue that OAN can only be assessed through the local plan process. In the Stratford case, the Council argued in the High Court that the

Inspector (and the Secretary of State) were not entitled to identify the OAHN outside of the core strategy process. The Council also argued that to do so would prejudice the Core Strategy process and would also tie the hands of other Inspector's in other appeals. The Judge, Mr Justice Hickinbottom addressed each of these issues as follows:

"37. Of course, an assessment of future housing requirements is essential for the purposes of the development plan. But, equally, the housing requirement position must be considered when a planning application is made for housing development. First, such consideration is required by NPPF paragraphs 47-49, because, if the supply is less than five years plus buffer, then that favours grant for the reasons given above (see paragraphs 11-12): there is a presumption in favour of granting permission. Second, in the case of Stratford-upon-Avon, at the relevant time the development plan required consideration of housing supply on an application for housing development because, under the Local Plan Review (which formed part of the development plan), release of greenfield land such as the Site was triggered by unmet need for housing land. Unmet housing need is a product of housing requirement and supply (see paragraphs 18-20 above).

"***38. There is therefore no doubt that, in the exercise of considering the issues he identified for the purposes of the inquiry, the Inspector had to determine the housing supply issue. Unsurprisingly, it was the second issue in his list in paragraph 476 of his report (see paragraph 7 above), and the parties addressed him on that issue at some length (those arguments being summarised by the Inspector in paragraphs 80-90 and 191192 respectively in his report). Indeed, Mr Cairnes accepts as much in his skeleton argument (at paragraphs 4.4 and 4.6):***

> ***"The first issue for determination was whether the circumstances had arisen whereby the release of the Site was justified pursuant to those saved development plan policies due to significant unmet need for housing within the district… The question of unmet need is necessarily dependent upon an assessment of the Council's housing land supply against its requirement…"***

That necessarily meant determining what the housing requirements and supply were at the time of his report.

39. However, in coming to that necessary assessment in the context of a specific planning application/appeal, the Inspector was of course not binding the Council as to the relevant housing requirement so far as the development plan (now, in the form of the Council's Core Strategy) was concerned. Indeed, the Inspector made it clear that he understood the Council's role in

considering housing supply in the context of the Core Strategy, and was not seeking to assume that role. He well-appreciated that:

> ***"Weighing the options with their differing environmental, economic and social implications for the District is a matter for the Council to consider through the emerging Local Plan" (Inspector's Report, paragraph 491).***

40. On the part of the Inspector, these were not merely empty words; because he also made clear that he came to his assessment of housing need on the basis of the evidence before him – and, particularly, the absence of evidence before him as to if and where the displaced demand would be taken up (see paragraph 43(iv) below). This was also stressed by the Secretary of State in his decision letter:

> ***"For the reasons given by the Inspector on the information currently before him, he considers that the figure of 11,00012,000 dwellings for the period 2008-2028 more closely accords with the requirements of the [NPPF]" (paragraph 14: emphasis added).***

41. The Core Strategy was not so constrained. It would necessarily develop on the basis of evolving data and other evidence in respect of the future housing requirement, and any assessment of future housing requirement would necessarily be taken on evidence different from that before the Inspector in this case. As we shall see, that is exactly what happened (see paragraph 46(iii) below).

42. Equally, in deciding on the housing requirement for the district on the evidence before him and for the purposes of the particular planning application he was considering, the Inspector was not seeking to (and did not in fact) bind the Council, or another inspector or the Secretary of State, as to the housing requirement figure in other applications or appeals. The relevant housing requirement figure in another case would depend upon a separate exercise of judgment on the basis of the evidence available in that other case, at the time of the relevant decision, including relevant policy documents such as the local Core Strategy at whatever stage that process had reached.

43. Having, rightly, taken the view that he had to assess the housing requirement to enable him properly to determine the appeal in accordance with both the NPPF and the development plan (which still included the saved parts of the Local Plan Review), the Inspector's approach to determining that figure is unimpeachable, for these reasons.

i) The determination of the housing supply involves planning judgment, and the discretion of the Inspector in exercising that judgment was wide.

ii) Mr Cairnes criticises the Inspector for not grappling with the figure for housing supply which the Council favoured, namely 8,000. However, he did deal with that figure, in terms. In paragraph 491 of his report, he said:

> ***"… [The] Hearn study is clear that the lower option is based on an approach of restraint and requires 'displaced demand', with implications for neighbouring authorities, to be addressed… There is no apparent evidence base dealing with this in support of the Core Strategy. The 8,000 figure has yet to be tested through the Core Strategy examination process. The weight to be given to the emerging Plan is dealt with below… but at this stage the adoption of the restraint figure in itself carries limited weight."***

iii) He also dealt with the Council's particular reason for adopting the lower figure, namely that the maintenance of the environment was particularly important because the district relied upon tourism which itself was dependent upon the environment. He dealt with tourism specifically in a section with that cross-heading at paragraphs 544-547, finding that the contention that this housing scheme would detract from the attraction of the near-by Anne Hathaway's Cottage and park, and thus reduce the number of visitors, was "lacking in any tangible analysis" (paragraph 546), the expert evidence showing that tourism in the district had "relative resilience" (paragraph 547). He concluded (at paragraph 638):

> ***"[T]here is no substantive evidence to indicate that the proposal would have any material adverse effect on visitor numbers, and the generalised assertion of consequent economic harm carries very little weight."***

On the evidence, that was undoubtedly a conclusion which the Inspector could properly draw.

iv) As Hearn stressed in its report, the absence of any evidence was a serious shortcoming in the 8,000 figure, especially as paragraph 47 of the NPPF (quoted at paragraph 11 above) requires assessment of "the full, objectively assessed needs for market and affordable housing in the housing market area". The evidence before the Inspector included, for example, a response to the Council's Core Strategy from Wychavon District Council (the authority for an adjacent district), which objected to the Council's Draft Core Strategy because the necessary displacement could put undue pressure on its housing supply (paragraph 2.1.7 of its report dated 29 March 2012). That evidence was before the Inspector, and was specifically referred to by him in his report (see, e.g., paragraphs 81 and 98). The Inspector therefore gave proper, evidence-based and, indeed, compelling reasons for not accepting the Option 3 figure, as the Council had done.

v) Having dealt with the Council's figure of 8,000, and why he was not persuaded to adopt that figure, the Inspector went on, in paragraph 492 of his report, to give reasons for using the figure of 11,000-12,000, namely:

> ***a) The figure was based on a more up-to-date evidence base than the Regional Spatial Strategy figure of 7,500.***
>
> ***b) The Hearn report recommended the figure of 11,000-12,000, and that recommendation was on the basis of a "properly prepared independent assessment".***
>
> ***c) The figure was consistent with the separate analysis of Prof Dave King in respect of an appeal in relation to a different reserve site, namely land south of Kipling Road, Stratford upon Avon. That analysis used the well-established Chelmer Population and Housing Model, upon the basis of which a housing requirement for the period 2006-2026 of 12,125 was assessed. That evidence was before the Inspector, and was not the subject of any challenge.***
>
> ***d) The figure had the support of the Council's own Planning Officers (who did not support the figure of 8,000).***

44. Therefore, in summary, for the purposes of responding to the appeal, the Inspector was required to assess unmet housing need; that required him to assess housing requirements, on the basis of the evidence before him; he concluded that the figure of 8,000 preferred by the Council was not sufficiently evidence-based and that, on all the evidence before him, the requirement for the period 2008-2028 was 11,000-12,000; and he had at least adequate reason for that assessment. For the reasons I have given, that analysis and conclusion are unimpeachable as a matter of law.

2.9 A further decision of the Court of Appeal is the case of Gallagher Homes Limited and Lioncourt Homes Limited v Solihull Metropolitan Borough Council (CD 6.8). This upheld the Judgment of Mr Justice Hickinbottom in the High Court who quashed the adoption of the Solihull Local Plan. Paragraph 88 of the Judgment of Lord Justice Laws highlights the impact of the Hunston case:

'I respectfully agree with Sir David Keene (at [4] of Hunston): the drafting of paragraph 47 is less than clear to me, and the interpretative task is therefore far from easy. However, a number of points are now, following Hunston, clear. Two relate to development control decision-taking.

Although the first bullet point of paragraph 47 directly concerns plan-making, it is implicit that a local planning authority must ensure that it meets the full, objectively assessed needs for market and affordable housing in the housing

market, as far as consistent with the policies set out in the NPPF, even when considering development control decisions.

Where there is no Local Plan, then the housing requirement for a local authority for the purposes of paragraph 47 is the full, objectively assessed need."

2.10 There is no up to date NPPF compliant Local Plan in Telford and Wrekin Borough and so the OAN must be adopted.

2.11 The importance of up-to-date evidence means that even when there has been a very recently adopted Core Strategy it may still be appropriate to adopt evidence on the OAHN. This was the case in West Berkshire v SSCLG and HDD (CD6.11), where the Core Strategy was adopted in 2012, much later than is the case in Telford and Wrekin (which was adopted in 2007). The case addresses two key points. Firstly, that a decision maker is free to depart from the adopted Core Strategy or Local Plan housing requirement (which is not a point which Telford dispute). Secondly, that if an Appellant produces an OAN report, the Inspector is required by law to consider it as it is a material consideration which must be taken in account. On the facts of that case the Appellant submitted a report from a planning consultant specialising in OAHN (Mr Bateman) in the same way as I present this evidence. Mr Bateman adopted an employment based OAHN figure and for the reasons explained by the Inspector in his appeal decision (CD 8.14 – Firlands Farm) and upheld in the High Court, this was considered appropriate evidence in the context of a planning appeal. Like myself, Mr Bateman used the Chelmer model to calculate the OAHN. As in the Stratford case, the Court emphasized the fact that Inspector was judging the OAHN on the basis fo the evidence before him. Mr Justice Supperstone addressed these issues in dismissing the Council's challenge to the Inspector's use of the OAHN figure put forward by the Appellant's consultant:

"***Ground 2: The Inspector was wrong to identify the housing need figure as 833 dwellings per year, and to treat that figure as an absolute consideration rather than the one that is a relative matter of weight.***

44. Mr Upton submits (1) the Inspector erred in reaching his conclusion on what the housing requirement figure was, and that this error undermines any conclusion that was then reached on the level of that need; and (2) whatever figure the Inspector did conclude was the housing requirement figure, he erred when he treated that figure as an absolute consideration rather than one that is a relative matter of weight.

45. In relation to the assessment of the housing land supply, Mr Upton accepts that the Inspector was correct to identify that the PPG would advise that the starting point for the housing need figures would be the Sub-National Household Projections 2012 ("SNHP 2012") "although clearly they have not been tested or moderated against constraints" (DL27). However the Inspector did not rely on the SNHP 2012 figures, rather he relied on the evidence of Mr Bateman (DL33). In so doing Mr Upton submits the Inspector erred in three respects. First, there is no support in national policy for using a figure which is not a substitute for a full assessment of housing needs to assess those needs. The Inspector acknowledges that Mr Bateman's evidence is not based on the HMA as a whole (DL28), but he goes on to use it for a full assessment of housing needs. Second, he does not explain why it is acceptable to use a different timeframe than the one used in the development plan. The figure of 833, says Mr Upton, is no more than what the maths produces if you divide 16,067 (between 2011 and 2031) by 20 years. Third, he bases his choice of the 833 figure on a misunderstanding of the Council's evidence against migration periods. Mr Upton suggests that a significant part of the reason the Inspector gives for using "the shorter migration trend" (DL30, 33) is because "The Council maintains that migration trends over five years should be used", however that is not what the Council's case was. Further the figure of 833 is taken from a scenario of Mr Bateman where he applied growth in the labour force which uses its own higher migration figure. Hence there was a misunderstanding of the evidence, and errors of fact which, Mr Upton submits, amount to an error of law.

46. In relation to thesecond limb of the second ground Mr Upton makes two points: first, that the Inspector failed to consider what weight to attach to the 833 figure which was an untested and unconstrained figure. He used the OAN figure as the figure for housing requirements but closed his eyes to the other factors, and the need to consider what weight to be attached to any housing shortfall figure (see Hunston at para 29). Second, he failed to consider the weight to be attached to the development plan policies. Mr Upton suggests that all the Inspector does is disapply the policies he considers are out of date.

47. Further the Inspector was wrong, Mr Upton submits, to treat the figure of 833 dwellings per year as an absolute consideration. The DL is silent about the weight to be attached to the indicative/OAN figure that he derived. It is a reasonable conclusion, Mr Upton submits, that the Inspector made no assessment of the weight to attach to the 833 figure he has identified.

48. In response to Ground 2 Mr Blundell makes five preliminary points (skeleton argument, para 46): i) the assessment of the housing requirement position was as important for the purposes of planning decision-taking as it was for plan-making (Stratford-onAvon, per Hickinbottom J at para 37); ii) this was a matter of planning judgment for the Inspector and his discretion was

wide (Stratford-on-Avon, per Hickinbottom J at para 43(i)); iii) nothing in the NPPF or PPG requires the decision maker to ignore relevant evidence on housing requirements in the situation where the figures in the development plan are out of date, or requires only that regard be had to national household projections, since such an approach would be contrary to s.70(2)(c) of the 1990 Act; iv) the Claimant's suggestion that the Inspector should have limited himself to considering the SNHP 2012, and was wrong to consider Mr Bateman's evidence, would amount to a failure to have regard to material considerations, contrary to s.70(2)(c) of the 1990 Act(see para7 above); and v) the Council did not provide any alternative evidence on migration or employment growth trends, or any detailed assessment of housing requirements, to rebut HDD's analysis.

49. In my view it is clear that the Inspector did not treat the figure of 833 dwellings per annum as the equivalent of an OAN figure for the HMA as a whole (DL28-29). HDD had produced evidence on housing need for the purposes of this appeal which the Inspector considered to be material to his decision. That, as I have said, was in the circumstances the correct approach for him to adopt (see paras 37-38 above). Mr Bateman put forward the figure of 833 and two alternative figures for consideration. The Inspector favoured the scenario which adopted 0.6% economic growth rather than 0.8% for the reason given in DL31. He also rejected the scenario based on the 10 year migration trend. The Council offered no up to date assessment of housing needs. The 525 dwellings per annum figure was very much out of date. Mr Bateman's update note to the Inquiry was based on the 2012-based household projections. The Inspector explained in his decision, "Significant new evidence in terms of population and household projections along with job growth forecasts is now available" (DL24). As Mr Young observes, the choice for the Inspector was between the figure in the Core Strategy which was not an OAN figure or Mr Bateman's evidence which did suggest an appropriate OAN figure. In those circumstances he was required by s.70(2)(c) of the 1990 to have regard to Mr Bateman's evidence; and was entitled to find, as he did, that the evidence produced specifically in relation to this appeal was "a reasonable approach" (DL29).

50. The Inspector acknowledged that the period covered by Mr Bateman's evidence was different from the plan period(DL32). He gave two reasons for relying on it: first, the particular circumstances in West Berkshire (which, as Mr Blundell observes, in the context of this decision means the absence of up to date figures in the Core Strategy and the absence of a SHMA); and second, the fact that the Inspector was concerned with an individual planning appeal, rather than the plan-making process. These are both, in my view, sound reasons (see Hunston, per Sir David Keene at paras 29-32; and Stratford-on-Avon, per Hickinbottom J at paras 36-42).

51. I agree with Mr Blundell that the Claimant's argument in relation to migration trends is an attempt to re-argue the merits of the case. The Defendant accepts that the Inspector's observation about the migration trend in one scenario considered in the evidence is misconceived, but that was irrelevant because the Inspector did not adopt the 0.8% economic growth scenario (skeleton argument, para 47(3) and footnote 1). The Claimant has identified no material error of fact that satisfies the test in E v Secretary of State for the Home Department[2004] QB 1044, per Carnwath LJ at para 66.

52. The Inspector was required to identify an annual housing requirement in the District. If he failed to do so he would not have been able to identify whether the Council was able to demonstrate whether it had a five year supply of housing land. Having rejected the Core Strategy figure the Inspector explained why he favoured the figure of 833 dwellings per annum "as an appropriate point in calculating a five year housing requirement for the purposes of this appeal" (DL33).

53. Mr Upton's complaint that the Inspector failed to consider the question of weight that arises with regard to the application of the Development Plan policies appears to be a complaint in relation to Policy HSG.1. The Inspector did not consider the proposal to be in conflict with any of the relevant policies, so the precise weight to be given to the policies was, as Mr Young observes, academic. The weight that he gave policy HSG.1 which was out of date was a matter of planning judgment forthe Inspector.

54. For all these reasons Ground 2 fails."

3.0 THE APPROACH TO OBJECTIVELY ASSESSING HOUSING NEED

The Framework

3.1 The NPPF requires that LPAs produce a SHMA to assess the full needs for the Housing Market Area (paragraph 159). This should:

- Meet projected needs taking account of migration;
- Assess needs for all types of housing; and
- Provide the scale of supply to meet housing demand.

3.2 The detailed methodology for calculating OAHN is set out in the PPG. It takes a step by step approach to the issue.

The Planning Practice Guidance

3.3 In respect of the calculation of the five-year housing land supply the Guidance states (Paragraph: 030 Reference ID: 3-030-20140306) that the starting point for the five-year housing supply should be the housing requirement figures in up-to-date adopted local plans and that considerable weight should be given to the housing requirement figures in adopted local plans.

3.4 The Guidance goes on to warn that evidence which dates back several years, such as that drawn from revoked regional strategies may not adequately reflect current needs.

3.5 In such circumstances, where evidence in local plans has become outdated and policies in emerging plans are not yet capable of carrying sufficient weight, then the Guidance (Paragraph: 030 Reference ID: 3-030-20140306) suggests that the following should be considered:

- Information provided in the latest full assessment of housing needs; and
- Where there is no robust recent assessment of full housing needs, the Household Projections published by the Department for Communities and Local Government (DCLG) should be used as the starting point.

3.6 In both cases the weight given to the above should take account of the fact that they have not been tested.

Step 1: The Latest Household Projections

3.7 The starting point for the Objective Assessment of Housing Need is the Household Projections published by DCLG. The Guidance (Paragraph: 015 Reference ID: 2a-015-20140306) highlights that these are trend based and do not predict the impact that future Government policies, changing economic circumstances, or other factors might have on demographic behaviour.

Step 2: The Latest Population Projections

3.8 Paragraph 158 of the NPPF makes clear that the information to be used should be up-to-date. This should include the latest population projections.

Step 3: The Latest Migration Figures

3.9 The latest population projections which also contain up to date information about migration.

Step 4: Making an Adjustment for Suppressed Household formation rates

3.10 Although the DCLG household projections are the official Government data, the Government itself acknowledges that there is an issue within the projections of suppressed household formation. This arises because the projections are just that: projections of past trends. When new household formation is suppressed, because of economic factors such as rising house prices or problems with access to finance, household formation will be affected. The Government is fully alive to this and as a result the PPG suggests that its own household projections may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends. For example:

- Household 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.
- Unmet housing need - evidence of the extent to which household formation rates are or have been constrained by supply will need to be taken into account.

3.11 Local needs assessments should be informed by the latest available information and a meaningful change in the housing situation should be considered in the context of the requirement for the Local Plans to be kept up-to-date.

3.12 The Guidance (Paragraph: 017 Reference ID: 2a-017-20140306) confirms that the Household Projections produced by DCLG are statistically robust and are based on nationally consistent assumptions, but suggests that plan makers may consider sensitivity testing, specific to their local circumstances, based on alternative assumptions in relation to the underlying demographic projections and household formation rates. Such testing should take into account the most recent demographic evidence including the latest Office of National Statistics (ONS) population estimates.

3.13 The Guidance requires that changes from the DCLG projections are to be clearly explained and justified on the basis of established sources of robust evidence.

Step 5: Employment Trends

3.14 Future employment trends are required to be taken into account as part of the assessment of OAHN (Paragraph: 018 Reference ID: 2a-018-20140306). This is because a key component of housing need is a working age population of sufficient size to undertake the jobs in any given District. With an increasingly aging population this can be a significant issue.

3.15 The guidance is clear that it is trends or forecasts that should be used for this component. It is the adoption of this stage, which gives rise to my higher employment led OAHN figure.

3.16 This step is conducted by means of an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate, with reference to the growth of the working age population in the Housing Market Area. The Guidance states that any cross-boundary migration assumptions, particularly where one area decides to assume a lower internal migration figure than the Housing Market Area figures suggest, will need to be agreed with the other relevant local planning authorities under the Duty to Cooperate. Failure to do so will mean that there would be an increase in unmet housing need.

3.17 In particular, where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns and in such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems.

Step 6: Making Adjustments to Market Signals

3.18 The Guidance (Paragraph: 019 Reference ID: 2a-019-201403060) further requires that consideration must be given to whether the DCLG Projections are appropriate when measured against market signals.

3.19 Market signals - the housing need number suggested by Household Projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators, of the balance between the demand for and supply of dwellings. Prices or rents rising faster than the national/local average may well indicate particular market undersupply relative to demand. Relevant signals may include the following:

i. Land Prices.

ii. House Prices - longer term changes may indicate an imbalance between the demand for and the supply of housing.

iii. Mix adjusted house prices (adjusted to allow for the different types of houses sold in each period) measure inflation in house prices.

iv. Rents - the Office for National Statistics publishes a monthly Private Rental Index.

v. Affordability – DCLG publishes quarterly the ratio of lower quartile house price to lower quartile earnings by local authority district.

vi. Rate of Development - if the historic rate of development shows that actual supply falls below planned supply, future supply should be increased to reflect the likelihood of under-delivery of a plan.

vii. Overcrowding - the number of households accepted as homeless and in temporary accommodation is published in the quarterly Statutory Homelessness release.

3.20 In respect of market signals, the guidance does not attempt to estimate the precise impact of an increase in housing supply but should increase planned supply by an amount that, on reasonable assumptions and consistent with principles of sustainable development, could be expected to improve affordability, and monitor the response of the market over the plan period.

3.21 In areas where an upward adjustment is required, the guidance urges that this adjustment is set at a level that is reasonable. The more significant the affordability constraints (as reflected in rising prices and rents, and worsening affordability ratio) and the stronger other indicators of high demand (e.g. the differential between land prices), the larger the improvement in affordability needed and, therefore, the larger the additional supply response should be.

Conclusion on Approach to the Objectively Assessed Need for Housing

3.22 The Framework and Guidance provide the detail on how to approach OAHN.

3.23 My proof considers two aspects of OAHN these being:

- Demographic; and
- Economic;

3.24 To break this process down further, the steps are as follows:

- Demographic
    i. Start with the DLCG projections
    ii. Allow for vacancy and second homes
    iii. Consider alternative migration assumptions using different time periods and/or up to date migration data
    iv. Consider changes to Household Formation Rates
- Economic
    i. Consider balance of employment growth and working age population

3.25 I also make no adjustment in respect of market signals although there are clear signs of a worsening affordability problem in Telford (Step 5). I take the view adopting the employment figure for OAHN will have a beneficial effect on market signals.

3.26 I also make no adjustment to addressing the need for affordable housing in Telford. It is this which seems to be the Council's main justification for increasing its own (much lower) OAN figure to 778 dpa. This is perfectly permissible in terms fo the guidance in the PPG. Chapter 2a of the PPG contains separate guidance on calculating the total need for new affordable housing (PPG 2a-022 onwards). This culminates in the Government advocating the following in PPG 2a-029: ***"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."***

3.27 On this issue of addressing affordable housing need, it is important to make clear that the Government is not advocating that the total identified need for new affordable housing has to be met by the LPA. The guidance is clear that the total identified affordable housing need should be ***"considered in the context of its likely delivery as a proportion of mixed and market and affordable housing developments, given the probably percentage of affordable housing to be delievered by market housing led developments".*** The key word is "considered". This interpretation of there being no need to meet the total affordable housing need has been confirmed by the High Court in Borough Council of King's Lynn and West Suffolk v SSCLG and Elm Park Holdings Ltd (CD 6.3).

3.28 In the context of the Borough of Telford and Wrekin, the Council has an affordable housing target of 25% for sites in Telford, and a higher rate of 35% in Newport. Meeting the identified total affordable need in the Borough would require a huge annual requirement of over 2,000 homes a year. I am not advocating a requirement of that magnitude and nor is the Council. But it is important to recognise that the Council wishes to see a minimum of 778 dpa built in the Borough, largely to address affordable housing needs. Neither party to the inquiry is therefore advocating an annual requirement in the Borough of less than 778 dpa. Therefore, whilst I find the Council's approach to OAN be flawed, its desire to provide nearly 800 dpa to address affordable housing needs (and other reasons related to regeneration), shows that

the parties are not so far apart on what an appropriate annual requirement should be (a difference of about 100 dpa).

4.0 THE APPROACH OF THE COUNCIL

Introduction

4.1 The councils evidence regarding the objectively assessed housing need is contained with two documents that form the background evidence to the Telford & Wrekin Local Plan 2011 – 2031 Submission Version June 2016 (CD3.13).

4.2 In Policy HO 1, the Council identifies a borough wide plan target of 15,555 net new dwellings up to 2031 (778 dpa).

4.3 In paragraph 5.1.1.4 the Council explain that the requirement in Policy HO1 is higher than the objectively assessed need of 9,940 dwellings identified in the Telford & Wrekin Objectively Assessed Housing Need report by Peter Brett Associates (March 2015) (CD4.1), because it was not solely based on the overall housing need but allows for additional development to support delivery of the overall plan vision and growth strategy, including the delivery of affordable housing. In addition, the increase dwelling requirement was in recognition of Telford & Wrekin's key role as an Urban Powerhouse within the Marches Local Enterprise Partnership and as a competitive inward investment destination.

Telford and Wrekin Objectively Assessed Housing Need (March 2015) (OAHN Report 2015) (CD4.1)

Demographic projections

4.4 The report sets out that the 2012 DCLG Household Projections for the period 2011 to 2031 would require some 461 dwellings a year (page 13 table 3.1).

4.5 This is higher than both of the Trend Scenarios (5 and 10 year migration based trends) of 439 dwellings a year (5 year trend) and 453 dwellings a year (10 Year Trend) (table 3.1).

4.6 In paragraph 3.22 the difference between the two results is explained as follows:

'At first sight it seems surprising that CLG 2012 shows as many new households as the Trends scenarios, although it shows much less population growth. The explanation is that in ONS 2012 the population has an older age profile, with fewer children and fewer adults under 50 (Figure 3.4). Consequently in ONS 2012 the average household size is also smaller, because those age groups tend to live in larger households (have lower headship rates) than older people.'

4.7 The consultants rerun their original projections using the 2012 Household Projections Household representation rates which gave a need of 483 and 497 dwellings a year for the 5 and 10 year Projections (paragraph 3.27 page 16).

4.8 The OAHN Report 2015 (CD 4.1)(CD4.1) rejects the migration assumptions in the DCLG 2012 projections on the grounds that it is too low and instead use a rising net in-migration figure which reaches a net in-migration of between 150 and just below 200 net in migrants by 2031 (OAHN Report 2015 (CD 4.1)Figure 3.3).

4.9 In paragraph 3.21, the OAHN Report 2015 (CD 4.1)(CD4.1) explains that these two PBA Trends scenarios show annual growth of 439 and 426 households respectively close to the DCLG 2012 projection of dwellings per annum.

4.10 The report concludes that on the demographic evidence the objective assessment of housing need over the plan period is 497 dwellings a year (paragraph 3.27).

4.11 At the end of this section the report comments upon the 750 Dwelling scenario and states in paragraph 3.29 there are two ways in which a higher dwelling figure than the OAHN could serve the councils policy objectives these being:

- Financing affordable housing for which there is a very large need
- Heathier and more sustainable communities by creating a critical mass to support better services and facilities.
- Additional population in the under 55 age groups (paragraph 3.31).

Market Factors

4.12 The report considers completion rates from 1995 and states in paragraph 4.14 that housing delivery did not reach the required annual target once in the remainder of the Structure Plan period, and that at the start of the 2000s, delivery dropped off in comparison with the delivery in the 1990s.

4.13 This decrease in completions was partly due to English Partnerships (now HCA) carrying out a review of its sites and 600 demolitions (between 2001 and 2006) reduced net completions (paragraph 4.15).

4.14 In paragraph 4.18, it states that from 2010 onwards, completions increased as demand for housing improved and that in this most recent period completions broadly met the annual target, which had gone down to 700 dwellings per year.

4.15 In concluding on past rates of delivery, the report states in paragraph 4.20 that housing delivery always fell far short of the targets, but the reason for this was not lack of land supply which they suggest was broadly in line with the targets, as much of that supply had planning permission. The report identifies the following constraints on housing development:

- The lack of effective demand and poor viability, partly due to the high costs associated with brownfield sites.
- The reliance on large strategic sites, which by their nature have long gestation periods, led to delayed development.

4.16 In terms of affordability the report finds:

- That in terms of Lower Quartile House Prices to Lower Quartile Earnings Telford and Wrekin have relatively good affordability compared to regional national and the neighbouring authority (Paragraph 4.29)
- That average rents in the borough have been close to those for the West Midlands and Shropshire, and some £100-200 a month below the national average (Figure 4.4); and as such rents are relatively stable in Telford & Wrekin and the region (paragraph 4.30).
- Overcrowding is below average (paragraph 4.32)
- There is an affordable housing requirement of 1,237 dwellings over 5 years or 445 dwellings over 20 years (table 4.1)
- To pay for the lowest level of affordable housing need would require 1,171 dwellings a year (paragraph 4.47).

4.17 In terms of the level of affordable housing need, paragraph 4.41 of the Report states that these are different types of need with the affordable housing need relating to entitlement or "what ought to happen" while the demographic projection is what is likely to happen based on past trends.

4.18 The report states that although providing just the OAHN will mean affordable housing will fall far short of needs the solution cannot be releasing more land, as releasing land far in excess of market demand would adversely impact on viability (paragraph 4.48).

4.19 The report suggests that one solution to this is that one should consider realistic opportunities to import market demand from the Greater Birmingham, Solihull and Black Country HMA to support a higher level of affordable housing provision (Paragraphs 4.49 and 4.53).

4.20 This section concludes that there are no market indicators that demographic projections based on a five or ten year migration trend should be adjusted upwards.

Economic led projections

4.21 The Report assessment of the impact of future jobs and employment land is based upon a single Experian projection (Paragraph 5.2).

4.22 Paragraph 5.4 explains that past growth is as estimated by Experian and future growth is as predicted by the baseline forecast. This projection falls into four sections:

- In the long boom until 2008, both Telford and the national economy gained jobs steadily and on average at similar rates.
- In the recession Telford & Wrekin underperformed the UK as it started to lose jobs sooner, returned to growth later and its total loss was proportionally greater.
- From 2012 onwards there is a short sharp recovery, with above-trend growth both in the UK and the borough.
- From 2014 or 15 job growth slows down to resume its long-term trend. Telford's growth rates lag very slightly behind the national benchmark.

4.23 In paragraph 5.5 it is stated that over the whole plan period, 2011-31, Telford's forecast job growth at 19% is close to those for the UK (21%) and the West Midlands (20%).

4.24 The average level of job growth is considered to be 810 jobs a year (Paragraph 5.9).

4.25 The important assumptions in the approach taken in this report are set out in Table 5.1 (and Paragraphs 5.13 – 5.15). These are:

- An increase of 4,300 in the borough's resident labour force, the outcome of 4,900 net new working-age residents and a virtually unchanged economic activity rate overall;
- A reduction in unemployment of 4,200, as the unemployment rate falls from 9.7% to 4.3%;
- An increase of 3,600 in net in-commuting (from 11.5% to 13.1% of the labour force);
- Some 4,300 new jobs being taken by residents already in employment (this is referred to as "double jobbing").

4.26 In the baseline projection, the Report states that there is a deficit of labour demand against supply but that this is too small to require adjustment (paragraph 5.16).

4.27 Commenting upon the "Trends 2003 – 2013 Scenario" the report states that this will result in an extra 3,100 resident workers but only an extra 740 workplace jobs and that the additional workers over projected jobs will be absorbed by other adjustments, namely lower unemployment or higher in commuting (paragraph 5.20). These calculations are described as broad approximations (paragraph 5.21).

4.28 In assessing the 750 dwelling scenario, the report on the labour force growth is calculated to be 14,100 persons (paragraph 5.23). The impact of this was not modelled but the report concluded this would result in:

- Only a small increase in the number of jobs to service the additional population as Experian's analysis suggests that in the particular circumstances of Telford & Wrekin additional residents create little demand for extra jobs.
- On the supply side the forecast would show no additional jobs above the Trends scenario. This is because (as noted earlier) the Trends scenario already provides enough workers to meet demand, so labour supply is not a constraint on growth.
- Most of the increase in resident workers over and above the base scenario would be absorbed in changes to unemployment, commuting and possibly double-jobbing (people taking more than 1 job).

4.29 It should be noted that in the baseline projection (table 5.1) some 4,300 jobs were to taken by those already in employment (double jobbing) and a further 3,600 jobs were to be taken by increased levels of in commuting.

4.30 Paragraph 5.26 suggests that Telford and Wrekin could require "super growth" to create enough workplace jobs for the future population accommodated by the proposed 750 dwellings a year.

4.31 The report states that the implication of making sufficient land available to deliver 750 dwellings a year is either that the land is not taken up for development or that it meets unmet needs from Greater Birmingham which may lead to further out commuting.

Conclusion

4.32 The report concludes that the OAHN is the demographical derived figure of 497 dwellings a year based upon the 10 year migration average (2003 to 2013).

4.33 This is considered to be compatible with a projected job growth of 17,000 over the plan period (paragraph 6.3).

Telford and Wrekin Strategic Housing Market Assessment (SHMA) 2016 (CD4.3)

4.34 This report relies on the evidence provided by the OAHN Report 2015 (CD 4.1) and in paragraph 6.11 confirms that consideration of the alignment of housing growth with economic growth is a key requirement of the PPG.

4.35 In paragraph 6.13 it states that over the plan period, 16,300 additional jobs will be created and will be filled by:

- An increase of 4,300 in the Borough's resident labour force, the outcome of 4,900 net new working-age residents and a virtually unchanged economic activity rate overall;
- A reduction in unemployment of 4,200 as the unemployment rate falls from 9.7% to 4.3%;
- An increase of 3,600 in net in-commuting (from 11.5% to 13.1% of the labour force); and

- An additional 4,300 jobs are filled by 'double jobbers' i.e. people with more than one job.

4.36 This is the same as the Council's 2015 OAHN report, albeit the total number of jobs has fallen to 16,300. In paragraph 6.18 it confirms that the Objectively Assessed Housing Need for Telford and Wrekin over the plan period 2011-2031 is 497 dwellings and that no further adjustment is necessary to support jobs-growth.

4.37 The SMHA states that the council's future estimate of the likely population is derived from the 750 dwellings a year projection (Paragraph 6.23).

4.38 The justification for the higher housing target of 15,555 dwellings up to 2031 in the new Telford and Wrekin Local Plan is given in paragraph 6.24. The figure:

"reflects the growth ambitions of the Council and supports the delivery of affordable housing."

4.39 It should be noted that making an adjustment to deliver affordable housing is endorsed by the PPG. It is not something I have done as the figure I adopt is at around 900 dpa, and this will improve plainly ensure the delivery of more affordable units.

5.0 CRITICISM OF THE COUNCILS APPROACH TO OAHN

Demographic projections

5.1 The OAHN Report 2015 (CD 4.1)(CD4.1) and the SHMA 2016 (CD4.3) both rely upon the 2012 DCLG household projections. But the PPG makes clear that should be based on the latest projections. The most recent projections are now the 2014 household projections which suggest a higher baseline dwelling requirement of 550 for the period to 2021 and 452 for the period 2021 to 2031.

Table 1 2014 DCLG Household projections

Telford and Wrekin UA	Total Households	Change	Annual change in Dwellings
Actual Change			
1991	53,783		
2001	63,818	10,035	1,034
2011	66,670	2,852	294
Projected Change			
2021	72,014	5,344	550
2031	76,402	4,388	452

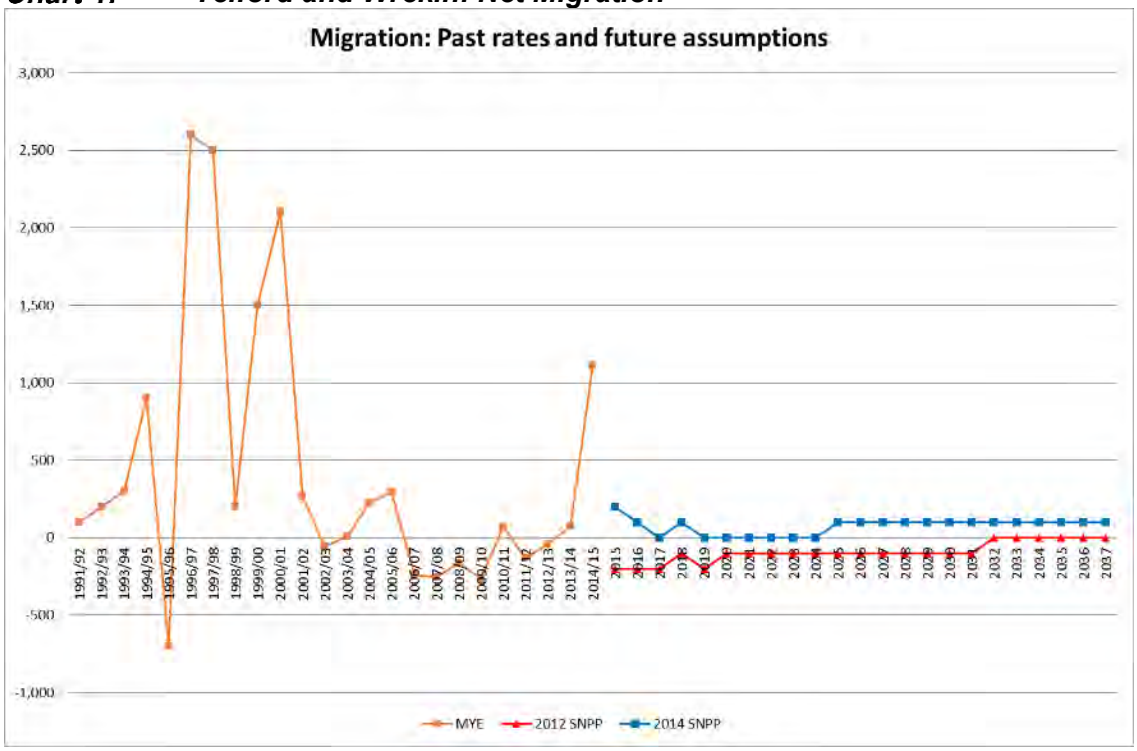
Table 406: Household projections by district, England, 1991- 2039

5.2 The 2015 Mid-Year Estimates reveal that net migration into Telford and Wrekin has increased and was recorded as being 1,113 persons (832 internal and 281 international). This suggests a return to previous levels of migration associated with the period of the 1990's during which there were higher rates of completion.

5.3 Both of the 2014 SNPP and the 2015 MYE would suggest a higher demographic starting point for the assessment of the OAHN.

5.4 Neither the DCLG projections nor the alternative demographic based projections may represent the full Objectively Assessed Need. There are a number of cases in which inspectors have considered the Objectively Assessed Need for Housing, in which they have emphasised that such assessments not only take into account the demographic drivers of need, but should take account of economic drivers of need and demand (Land between Leasowes Road and Laurels Road, Offenham, Worcestershire, WR11 8RE (Appeal Ref: APP/H1840/A/13/2203924, (CD8.2)), four appeals at Broom Hill, Swanley, Kent (Appeal Ref's: APP/G2245/A/13/2195874, APP/G2245/A/13/2195875, APP/G2245/A/13/2197478 and APP/G2245/A/13/2197479, Appendix 3), and Pulley Lane, Droitwich Spa decisions by the Secretary of State (Appeal Ref's: APP/H1840/A/13/2199085 and APP/H1840/A/13/2199426, (CD7.3)).

Chart 1: Telford and Wrekin: Net Migration



Source: ONS

Economic Led Projections

5.5 It is also important to note that the Experian model used in the Council's OAHN Report 2015 (CD 4.1) is a population constrained model. This means that job growth in any one location can be constrained by the supply of labour which in turn is tied back to the population in the 2012 SNPP's. As the 2012 SNPP are also the underlying population projections for the 2012 DCLG household projections it follows that the outputs of these projections in terms of jobs, commuting, activity rates and unemployment are all tied with the underlying population projection. In this respect, the Experian projections maybe characterised as being "circular" as described by paragraph 8.8 of the PAS advice:

"Figure 8.1 illustrates a job-led housing need calculation using the first kind of economic forecast, where future population is an input to the model (type a) above. Similar points apply to 'type b' economic models. The logical flaw is obvious: population is both an input to the model and output of the model. If the economic forecast and the housing needs study take the same view of the factors that link population to jobs (commuting, activity rates etc.), the calculation will be logically

circular: the 'housing need' it calculates will be simply the result of the population assumption the economic model started from." (CD4.7)

5.6 To put it simply, such projections do not allow for people to move to fill jobs and instead adjust other variables in order to balance job growth to the given population. The appropriateness of these assumptions for the other variables must be considered. The model resolves job growth to resident population by making changes to unemployment, patterns of commuting and activity rates. It is therefore important to test whether it is more likely for these assumed changes to occur rather than migration.

5.7 In my experience the common approach to address the differences between economic projections is to take an average between the three recognised economic forecasters. This was the debated before the South Worcestershire Local Plan Inspector, when the LPAs in that instance tried to rely on a single projection. The Inspector endorsed the obvious advantage of taking the average of the forecasts from all three of the main forecasting consultancies.

5.8 This would mean considering the average between the projections of Cambridge Econometrics, Oxford Economics as well as Experian. The first two are not constrained by the population (CD 8.20, paragraph 43). This is confirmed by copies of the emails from Cambridge Econometrics and Oxford Economics (appendix 4)

5.9 An analysis of the results of the baseline projection in figure 5.1 (CD 4.1) reveals that a number of the assumptions are not sound.

Assumptions in the OAHN report for modelling of job growth and housing provision.

5.10 The table below sets out the assumption in the baseline scenario (table 5.1 CD 4.1). The lack of detail in the Council's OAHN Report (March 2015) has meant that the different scenarios in the report cannot be fully investigated although the written material would suggest that there is not a great variation in the basic approach with unemployment and in commuting being the main variants.

Table 2 Summary of employment projection assumptions 2011 to 2031

Projection (000's)	Experian Baseline 2015
Working age population	4.9
Resident labour force	4.3
Unemployment	-4.2
Resident based Employment	8.5
Net Commuting	3.6
Workplace based employment	12.1
Double jobbing	4.3
Job growth	16.3

Source: OAHN March 2015 Table 5.1, 5.2

Working age population - increase of 4,900 persons

5.11 The table above suggests that the working age population in the Experian Model will increase by some 4,900 persons. The Council's OAHN Report 2015 (CD4.1, paragraph 5.17) states that the population is expected to grow as per the ONS 2012 projections. If this is the case, then the figure in table 5.1 of the Council's OAHN Report 2015 (CD 4.1) report appears to be incorrect as this should be a loss of 4,900 persons not a gain of 4,900 persons as illustrated in the table below:

Table 3 Changes to working age population in Telford and Wrekin in 2012 SNPP (000's)

Age	Persons at 2012 (,000)	Persons at 2032 (,000)	Change (,000)	Summary (,000)
0-4	11.5	10.4	-1.1	
5-9	10.5	10.6	0.1	
10-14	10.2	10.9	0.7	-0.3
15-19	11.4	11.1	-0.3	
20-24	11	11.1	0.1	
25-29	10.8	10	-0.8	
30-34	10.5	9.8	-0.7	
35-39	10.4	10.7	0.3	
40-44	12.8	11	-1.8	
45-49	12.8	10.5	-2.3	
50-54	11	10	-1	
55-59	9.7	9.6	-0.1	
60-64	9.7	11.4	1.7	-4.9
65-69	8.7	11.2	2.5	-2.0
70-74	6.3	9.3	3	
75-79	4.6	7.6	3	
80-84	3.2	6.5	3.3	
85-89	1.8	4.4	2.6	
90+	1	2.8	1.8	16.2
All ages	167.7	178.9	11.2	

2012-based Subnational Population Projections, Table 2: Local authorities and higher administrative areas within England, 5 year age groups, Persons

5.12 There is a considerable difference between the growth in the working age population in the "Baseline Scenario" in the OAHN Report 2015 (CD 4.1)(CD4.1, Table 5.1) and the DCLG SNPP which is left unexplained.

5.13 The more recent 2014 SNPP also suggest that the working age population (15-19 to 60 -64 age categories will decrease rather than increase in size as illustrated in the table on the next page.

Table 4 Changes to working age population in Telford and Wrekin in 2014 SNPP (000's)

AGE GROUP	2014	2034	Change to 2034	Summary 2014 to 2031
15-19	11	11.1	0.1	
20-24	10.9	11.4	0.5	
25-29	10.7	10.6	-0.1	
30-34	10.9	9.9	-1.0	
35-39	10.2	10.8	0.6	
40-44	12	11.3	-0.7	
45-49	12.8	10.9	-1.9	
50-54	11.8	10.5	-1.3	
55-59	9.9	9.5	-0.4	
60-64	9.5	10.9	1.4	-2.8
All ages	169.4	182.3	12.9	

2014 -based Subnational Population Projections, Table 2: Local authorities and higher administrative areas within England, 5 year age groups, Persons

Resident Labour Force - increase of 3,200 persons

5.14 The resident labour force in table 5.1 (OAHN Report 2015) increases by 4,300 persons as a result of the increase in the working age population of 4,900 persons. But the SNPP for both 2012 and 2014 project a falling working age population this increase in the resident labour force cannot be correct.

5.15 While the Council's OAHN Report 2015 (CD 4.1)(CD4.1) states (paragraph 5.13) that the model increases activity rates for the older population it suggests this is off set by the rapidly aging population. The above is evidence of the aging population.

5.16 The increase of 3,200 persons in the resident labour force is not supported by the 2012 SNPP baseline projections.

Changes to the pattern of commuting - 3,600 additional in commuters

5.17 The OAHN Report 2015 (CD 4.1)(CD4.1) assumption is that net in commuting will increase by 3,600 persons (an increase from 11.5% to 13.1%).

5.18 There is no explanation as to why there should be a change in the pattern of commuting.

5.19 Assumptions regarding changing the pattern of commuting need to be evidence based, and agreed with the neighbouring authorities who are required to provide housing for these additional workers. This is a strategic issue that requires to be addressed under the duty to cooperate.

5.20 The requirement for such assumptions to be evidence based and agreed is in line with findings of the Aylesbury Vale Inspector who required evidence to justify changes to the pattern of commuting stating (Appendix 5, IL Paragraph 37):

"There is no substantive evidence that the jobs density or patterns of out-commuting are likely to change to the extent required to support the planned level of employment growth without the need for significantly more housing. In simple terms there is a clear and substantial mismatch between the level of housing and jobs planned."

5.21 A similar approach was adopted in in the South Worcestershire Plan during the course of the examination where the inspector indicated that commuting rates should be held constant (Inspector's further interim conclusions on the outstanding stage 1 matters paragraph 15 and 24, Appendix 6).

5.22 There is no justification for the assumption that 3,600 of these jobs will be filled by in commuters.

Double jobbing - 4,300 jobs are filled by 'double jobbers'

5.23 Table 5.1 (OAHN Report 2015) suggests that 4,300 of the 16,300 new jobs will be filled by those who already hold another job.

5.24 This suggests that some 26.5% of all the new jobs created will be taken as a second job by someone already in employment.

5.25 There is no evidence to support this high level of double jobbing.

5.26 There are no official figures for those persons who take two or more jobs, commonly referred to as "double jobbing".

5.27 The Financial Times reported (25th January 2015) that there are now about 1.2m workers with two jobs, up from about 1.05m workers in 2007. This is out of a total workforce of 31.4m persons in the UK and therefore represents about 4% of the workforce having two jobs.

5.28 This information would support the use of a 4% allowance for double jobbing or just 648 persons.

5.29 This assumption of some 4,300 jobs being taken by existing residents already in employment is unrealistic.

Conclusion on the assumptions in the OAHN Report 2015

5.30 The table below summarises the position on the assumptions in the OAHN Report 2015 (CD 4.1). Taking a different approach based on the more recent 2014 SNPP, and taking evidenced based assumptions regarding commuting and double jobbing, actually results in there being very little growth in the resident labour force to support the predicted level of job growth.

Table 5 Conclusion on employment projection assumptions in OAHN report 2015

	Projection	Experian Baseline 2015 Persons/ Jobs (000's)	Comment	Impact Persons/ Jobs (000's)
A	Working age population	4.9	Reduction in Working age population as determined by underlying population projection (2012 SNPP)	-4,9
B	Resident labour force	4.3	Reduces in line with reduction in working age population	-4.3
C	Unemployment	4.2		4.2
D	Resident based Employment (B+C)	8.5		-0.1
E	Net Commuting	3.6	No change in net commuting	0
F	Workplace based employment (D+E)	12.1		-0.1
G	Double jobbing	4.3	Double jobbing at 4% of new jobs as per evidence	0.6
H	Job growth (F+G)	16.3		0.5

Source: OAHN Report March 2015 Table 5.1, 5.2

5.31 Even assuming that the calculation of the resident labour is correct (which is very doubtful) then adopting a position of no increase in commuting and a 4% rather than a 26% level of double jobbing would still result in too few residents to meet the predicted level of job growth. As is illustrated in the table on the next page.

Table 6 Summary of 750 dwelling projection with corrected commuting and double jobbing

	Projection (000's)	Persons/ Jobs (000's)
A	Working age population	
B	Resident labour force 4.3 plus 3.1	7.4
C	Unemployment	4.2
D	Resident based Employment (B+C)	11.6
E	Net Commuting	0
F	Workplace based employment (D+E)	11.6
G	Double jobbing	0.6
H	Job growth (F+G)	12.2

Source: OAHN Report March 2015 Table 5.1, 5.2 and paragraph 5.20

5.32 This analysis casts serious doubts regarding the conclusion of the OAHN 2015 report (CD4.1) that the proposed level of housing (497 dwellings a year) will not impede economic growth.

Recent appeal decision

5.33 The above critique is independent of the recent appeal decision (Land north of Haygate Road, Wellington, Shropshire Appeal Ref: APP/C3240/W/15/3025042 (CD8.20) in which the inspector considered the evidence supporting the OAHN of 497 dwellings a year against a higher OAHN of 961 dwellings. In paragraph 47 of the decision, the inspector concluded that it was very difficult to reach a firm conclusion as to the robustness and reliability of the competing OAHNs, and considered it appropriate to assess the differing results which flow from both of the OAHN figures.

5.34 In commenting upon both approaches the inspector noted that the appellants case argued that:

a. In addition to upward adjustments to reflect local migration trends over the 2003-2013 period, further adjustments should be made to address what it sees as clear local evidence of suppression in household formation in the 2012-based series, especially in the 25-34 and 35-44 age groups (this would require 648dpa to support demographic-led need).

b. Rather than relying on an employment forecast from a single company, an average from 3 companies was used (an average of 690 jobs per annum) as opposed to the Experian projection of 810 jobs p.a. (CD 4.1 paragraph 5.9).

c. Using plausible assumptions about economic activity and unemployment rate changes resulted in a need for 961 dpa to support this annual growth of 690 jobs (paragraph 40).

5.35 In terms of market signals, affordability has worsened locally over recent years, despite being more affordable than the regional and national average. Similarly, although overcrowding and the number of concealed households have worsened in Telford and Wrekin, the situation is less severe than the national average (IL paragraph 41).

5.36 The inspector rejects a number of the council's criticisms of the appellants OAHN figure as follows:

a. In terms of changes in headship rates the council reference to recent academic articles to suggest that headship rates will continue to fall and will not return to the 2008 rates was rejected on the grounds that low household formation rates can and do have harmful social impacts, such as the creation of concealed households.

b. The correct response to falling headship rates is not simply to take these forward in the OAHN, but seek to address and improve this situation in view of the Framework's requirement that local planning authorities boost significantly the supply of housing (IL paragraph 42).

c. The criticism that the approach of using job forecasts as an input to household projections was logically inconsistent did not seem to be supported by submitted emails from both Oxford Economics and Cambridge Econometrics, which make it quite clear that their employment projections are not constrained by population projections (IL paragraph 43).

5.37 The approach I have adapted in this evidence is supported by the inspectors findings to the extent that in terms of household formation rates I have modelled both a "no worse than 2014" scenario as well as a return to half the 2008 trend scenario.

5.38 I have also utilised the average of the 3 projections an approach which this inspector did not consider to be "logically inconsistent".

Conclusion on untested evidence on OAHN

5.39 The reference in paragraph 5.26 (OAHN Report 2015 CD 4.1) that Telford and Wrekin could require "super growth" to create enough workplace jobs for the future population accommodated by the proposed 750 dwellings a year is surprising. This is because paragraph 5.20 suggests that this level of housing provision would only add some 3,100 extra resident workers who could take some of the 4,200 new jobs that are assumed to be filled by existing residents already in employment, or some of the 3,600 jobs that have been assumed to be taken by increased levels of in commuting. As neither the assumptions regarding commuting or double jobbing are evidence based, it is more than likely that these jobs will be filled by existing or future residents. In such circumstances, there is no need for "super growth" but there is likely to be a need for more housing.

6.0 THE APPELLANT'S APPROACH TO OAHN

Step 1: The DCLG projections

6.1 For my work I have used the Chelmer model as was the case with the Appellant's evidence in the Firlands Farm appeal decision, which was the subject of an unsuccessful challenge by the LPA in the case of West Berkshire v SSCLG and HDD. I have then placed into the model the latest DCLG Household projections are the 2014-based set. The figure is **502 dpa** for the period 2011 to 2031 allowing for 3.08% vacancy and second homes (2011 total households 66,670, 2031 total households 76,402 (DCLG published table 406)

Step 2: Household Projections

6.2 Using the 2014 Sub National Population Projections (which are the underlying projections to the DCLG 2014 Household projections) as an input to the Chelmer Model. Using the 2014 household formation rates and a 3.08% vacancy rate as recorded in the 2011 census, the model also results in a projection of **502 dwellings a year.**

6.3 With no changes to the employment assumptions this level of housing would result in a decrease in the labour force as this results in a limited level of out migration and so the impact of the aging population is not offset by younger migrants.

Step 3: Alternative migration assumptions

6.4 Recent levels of dwelling completions have averaged about 900 dwellings a year. The impact of this level of provision has started to reflect in the recorded rates of migration with the Mid Year Estimate for net migration peaking at over 1000 persons in 2015.

6.5 The Chelmer Baseline assumption uses a rolling five-year average migration, and taking into account this most recent level of migration which showed a substantive increase from recent rates and model forward a rate of net in migration of 336 persons a year.

6.6 This results in a projection of **667 dwellings a year**.

Step 4: Adjustments to reflect improved household formation rates

6.7 In order to respond the falling of average household representation rates those rates for the under 45 age groups has been held constant at the 2014 level so as to

prevent the situation getting worse for these age groups. In the case of Telford & Wrekin the groups impacted were the 15 to 29 age groups.

6.8 This would increase the projected annual requirement to **698 dwellings a year.**

6.9 An alternative approach to return household representations to half the 2008 trends for the 25 to 44 year age groups would result in a projection of **732 dwellings a year**.

Step 5: Economic Trends

Employment growth

6.10 There are three well respected and frequently used economic projections available (Oxford Economics, Cambridge Econometrics and Experian) which suggest an average of 693 jobs being created every year. Reference the South Worcestershire Inspector's approach (appendix 6) to the benefits of using all three.

Table 7 Employment projections

	2011	2016	2021	2025	2026	2031	job growth from 2011	annual average rate of job growth from 2011
Cambridge Econometrics	84,000	94,100	96,700	99,100	99,800	103,000	19,000	950
Oxford Economics	84,328	92,682	92,309	93,590	93,519	92,697	8,370	418
Experian	86,100	93,900	94,700	97,400	98,000	100,300	14,200	710
Average rates of growth	84,809	93,561	94,570	96,697	97,106	98,666	13,857	693

6.11 As these projections have a different number of workers at the start of the projection instead of utilising absolute numbers in the projection, the projection has used the average rate of growth and applied this to the number of workers working in the area recorded in the model start date of 82,901 persons (Source: Chelmer Model / annual population survey)

6.12 The rates of growth are calculated as follows:

Table 8 Employment growth rates

Rates of growth	2016	2021	2025	2026	2031	Average
Cambridge Econometrics	12.0%	2.8%	2.5%	0.7%	3.2%	4.2%
Oxford Economics	9.9%	-0.4%	1.4%	-0.1%	-0.9%	2.0%
Experian	9.1%	0.9%	2.9%	0.6%	2.3%	3.1%
Average rates of growth	10.3%	1.1%	2.2%	0.4%	1.6%	3.1%

6.13 This highlights that there was a projected high level of growth between 2011 and 2016. This of course includes recorded changes in levels of employment up to the base date of the projections.

6.14 To convert these employment projections into population and dwelling projections a number of assumptions have to be made.

6.15 If the default assumptions in the model are retained, then this level of growth would require some 1,285 dwellings a year.

Unemployment (UE)

6.16 The original projection retains unemployment at over 9%. But if it is assumed that unemployment falls to 5.3% in 2016, and then continues to fall to 4.3% in 2031 then this increases the number of workers available from the same population, and reduces the level of additional population and hence housing down to just 1,012 dwellings a year.

Pension Age Changes (PA)

6.17 If an allowance is made for increased economic activity for those over 60 to reflect the changes in the pension age, then this again increases the available workforce from the same population and will further reduce the need for population growth and associated housing down to 965 dwellings a year.

Double Jobbing

6.18 Not all new jobs will be taken by new workers, some workers will undertake more than one job – this is referred to as double jobbing. Making an allowance for double jobbing by reducing the growth rate by 4% will again decrease the population required to support the projected level of employment growth down to 942 dwellings a year.

Economic Activity Rates

6.19 There is the possibility that as well as increases in the activity rate amongst the over 60's, there will also be an increase in the activity rate for the population in general. Allowing for a 2% increase in the activity rates for all age groups other than the over 60's (which have already been increased) would again increase the number of workers available from the same population thereby reducing the need for population growth and hence housing to some 864 dwellings a year.

Household Representation Rates

6.20 If an allowance is made to prevent the household formation rates from falling below their position in 2014, then this annual level of housing provision would need to be increased to **888 dwellings a year.**

6.21 The alternative approach to return household representations to half the 2008 trends for the 25 to 44 year age groups would result in a projection of **933 dwellings a year**.

Commuting assumptions

6.22 It has been assumed that the ratio of in and out commuting remains the same and as such the increase in the overall level of jobs results in an increase in net commuting of some 937 persons by 2031.

Summary of employment projections

6.23 Above has demonstrated the assumptions that have to be made in order to meet the average rate of employment growth projected by the three models and allow for no further decrease in household formation rates for the under 44 age groups. This would then require the level of housing provision to be 888 dwellings a year.

6.24 Allowing for the household formation rates to return to half of the 2008 trend by 2031 would result in a dwelling requirement of 933 dwellings a year.

6.25 The table below shows the different assumptions that are required to reduce the dwelling requirement down to this level, all the assumptions will need to be met for this level of housing to provide for sufficient workers.

Table 9 Summary of employment projections:

Dwelling change	2011-2031	Annual Average 2011 - 2031
Average rate of Employment Change	25,701	1,285
Average rate of Employment Change UE • Reduced Unemployment to 4.3%	20,246	1,012
Average rate of Employment Change UE PA • Reduced Unemployment to 4.3% • Increased activity for post 60 age groups to reflect changes in pension age	19,306	965
Average rate of Employment Change UE PA DJ • Reduced Unemployment to 4.3% • Increased activity for post 60 age groups to reflect changes in pension age • Allowance for 4% double jobbing	18,843	942
Average rate of Employment Change UE PA DJ AR • Reduced Unemployment to 4.3% • Increased activity for post 60 age groups to reflect changes in pension age • Allowance for 4% double jobbing • Increased activity rates by 2%	17,287	864
Average rate of Employment Change UE PA DJ AR HRR • Reduced Unemployment to 4.3% • Increased activity for post 60 age groups to reflect changes in pension age • Allowance for 4% double jobbing • Increased activity rates by 2% • No decrease in average household formation rates for under 44 age groups	17,752	888
Average rate of Employment Change UE PA DJ AR half 2008HRR • Reduced Unemployment to 4.3% • Increased activity for post 60 age groups to reflect changes in pension age • Allowance for 4% double jobbing • Increased activity rates by 2% • Household formation rates for the 25 to 44 age groups return to half 2008 trend by 2031	18,651	933

7.0 MARKET ADJUSTMENTS

Step 6 Market Signals

7.1 I have looked a range of market signals but make no specific adjustment at all for them. In my view the employment trend approach will assist in alleviating some affordability issues.

Past rates of delivery

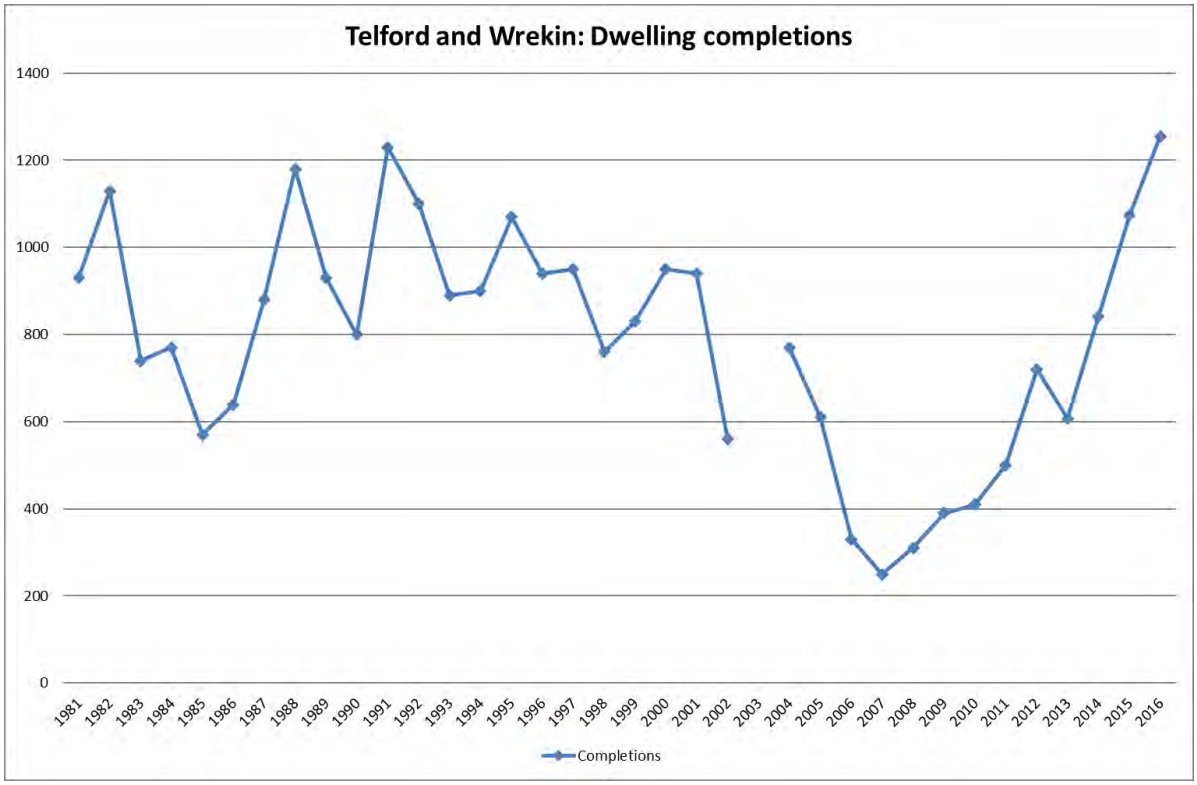
7.2 There are a number of factors to consider in terms of indicators of market demand, however in this case the past rates of delivery are considered to be a very clear indication as to the level of demand and need.

7.3 In the last five years 4,498 dwellings have been completed, an average of 900 dwellings a year, with the last year of completions being some 1,255 dwellings.

7.4 While this completion rate is substantially higher than the preceding five years it is a return to the levels of delivery that have been sustained over a long period of time as illustrated in the chart below. Over the past 35 years' completions have averaged at some 800 dwellings a year.

7.5 The lower levels of completions experienced between 2005/6 and 2010/11 cannot be regarded as representing the long-term pattern of demand and yet it is this period which will have impacted on the DCLG household projections.

Chart 2: Dwelling Completions



Source DCLG Live Tables & AMR

7.6 The recent rates of housing delivery are supported by the assessment of housing need taking into consideration the impact of employment growth and as such this would appear to be a robust indicator as to the future level of housing need in the area.

House Prices and Affordability

7.7 The published evidence on affordability suggests the situation has significantly worsened in Telford and Wrekin, more than doubling of the ratio of lower quartile earning to lower quartile house prices from 3.22 in 1997 to 6.2 in 2015.

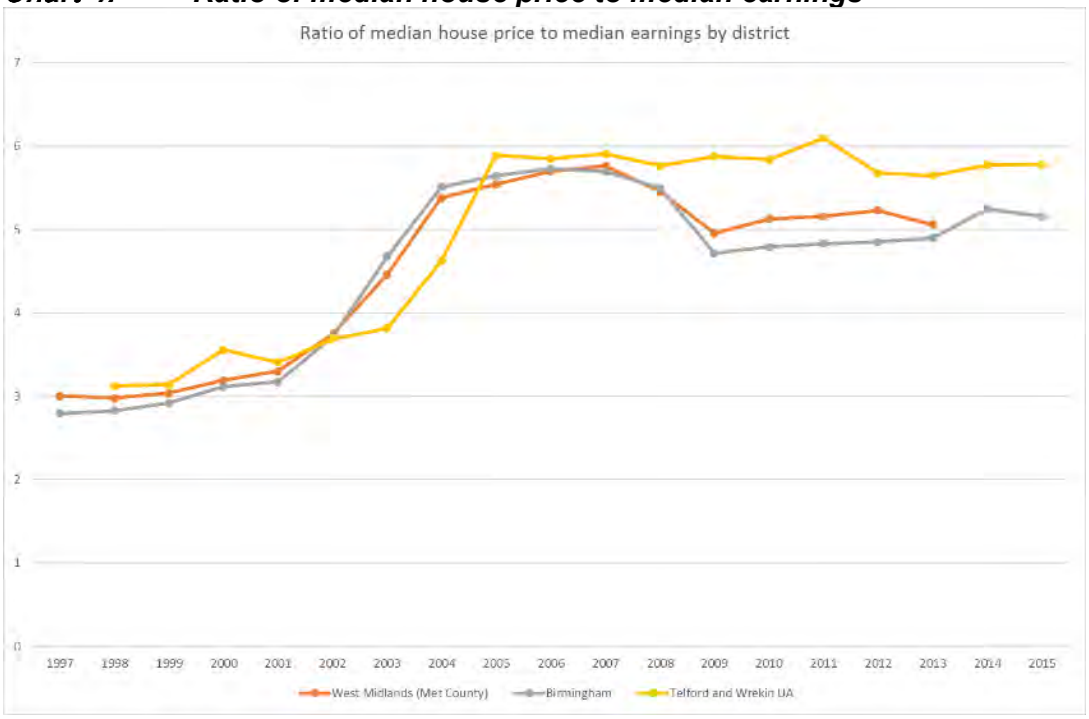
7.8 The ratio of median house price to median earnings has also more than doubled from, 3.1 in 1997 to 5.8 in 2015.

7.9 While these ratios are lower than England as a whole, they are not ratios that I consider to be conducive to the Government's long term aim of increasing home ownership (Framework paragraph 59).

Chart 3: Ratio of lower quartile house price to lower quartile earnings

Source: ONS Table 576 Ratio of lower quartile house price to lower quartile earnings by district

Chart 4: Ratio of median house price to median earnings



Source: ONS Table 577 Ratio of median house price to median earnings by district, from 19971-6

7.10 The relative position has also worsened with regard to Birmingham and the West Midlands with Telford becoming less affordable than both the city and the region as a whole.

The need for affordable housing

7.11 The need for affordable housing is an indication of the state of the housing market within the area. Table D1 of the SHMA 2016 (CD4.3) suggests there is an annual requirement of some 665 dwellings a year to meet both the newly arising need and the backlog.

7.12 Policy HO 5 Affordable housing thresholds and percentages sets out two levels of requirement these being:

a. 25% to be applied to Telford; and

b. 35% to be applied to Newport and in any other location, including the rural area.

7.13 Even using the higher of the two rates would require 1,900 dwellings to be delivered each year for the next five years. If the lower one where used, which is more realistic, then the figure would be well over 2,000 dwellings a year. Some sites in Telford are delivering no or little affordable housing and if these are taken into account, then the figure would be significantly higher still.

7.14 I have noted that this calculation does not appear to make an allowance for the net change in affordable housing stock which is to decrease by 504 dwellings (line 3.5 Table D1 SHMA 2016).

7.15 I acknowledge that the guidance makes clear this requirement does not need to be met in full according and this has been confirmed by Mr Justice Dove in the Kings Lynn Judgment (CD 6.3).

7.16 But it is clear though that a higher level of housing provision than that suggested in the emerging Local Plan would make positive contribution to meeting these unmet needs. Something the Council seems to largely accept, in adopting a minimum annual housing requirement of 778 dpa.

8.0 SENSITIVITY TESTING AND OTHER ASSESSMENTS OF NEED

Household formation rates

8.1 In respect of the changes to Household formation rates I have used in the projection the 2014 rates, a no worse than 2014 rate from the under 44's and a return to half of the 2008 rate.

8.2 The PPG states that the household projections are the starting point but that adjustments should be based upon evidence of the extent to which household formation is or has been constrained.

8.3 The approach to future Household Representation Rates is that the Chelmer Model uses the 2014 Household Representation Rates. This approach models in the decreasing opportunity for many age groups to form households in the future. While this mirrors the official projections in terms of outputs, it cannot be considered to be fully compliant with the Framework paragraphs 17 and 50, as it does not meet demand nor does it increase the opportunity for home ownership.

8.4 The 2014 Household Projections include household representation rates which model forward the negative impact of undersupply and the recession, for example the inability of under 35's to enter the housing market. The projections assume that the present situation of more under 35's staying at home and a greater number of unrelated adults living together (shared housing) will continue.

8.5 These are trend based projections and as such reflect previous levels of under provision that have led to the present housing crises. The PPG makes it clear that these projections do not reflect unmet need (Paragraph: 015 Reference ID: 2a-015-20140306).

8.6 The ONS publication "The 2011 Census Analysis, Households and Household Composition in England and Wales, 2001-2011" highlights the changes between 2001 and 2011 in terms of households. As the DCLG household projections are trend based then these changes summarised below are reflected in both the 2012 and 2014 household projections. These changes are summarised as follows:

a. The 36% rise for those living in Other households without dependent children;

b. The 30% rise between 2001 and 2011 for those living in Other households with dependent children;

c. Households with six or more people rose 25% between 2001 and 2011;

d. Households with six or more people saw the largest proportional at almost 50%;

e. 18% of all occupied household spaces were privately rented, an increase from 12% in 2001. This was the largest increase of all housing tenure types;

f. The owner occupied declined from 69% to 64% over the same period.

8.7 These are clearly not national trends that should be extended in the objectives of the framework are to be met.

8.8 In the ONS publication "What does the 2011 Census tell us about concealed families living in multi-family households in England and Wales?" (appendix 14 appendix JD3) it highlights an increase in concealed families from 170,000 in 2001 to 289,000 in 2011(an increase of 70% (an increase from 1.2 to 1.8 per cent of all families in households).

8.9 In this respect, concealed families increased at ten times the rate of unconcealed families between 2001 and 2011 and concealed families were younger than unconcealed families; over half of concealed families had a Family Reference Person (FRP), that is the oldest full-time worker in most families, aged under 35 in 2011. This compared with less than 20 per cent of unconcealed families.

8.10 In Telford and Wrekin there were 853 concealed families recorded in the 2011 Census there in Telford and Wrekin (1.7% of all families) this is a 100% increase compared to 426 concealed families (1.9% of all families) from the 2001 Census

8.11 Further RTPI research "Planning for housing in England: Understanding recent changes in household formation rates and their implications for planning for housing in England (see appendix 14 appendix JD2) states in its introduction:

"It seems likely that the 2011 census results – and so official household projections by DCLG for England – were influenced by both the economic downturn and the effects of a long period of poor housing affordability. In turn, this suggests that planning on the basis of these projections could lead to an under-provision of housing in some areas."

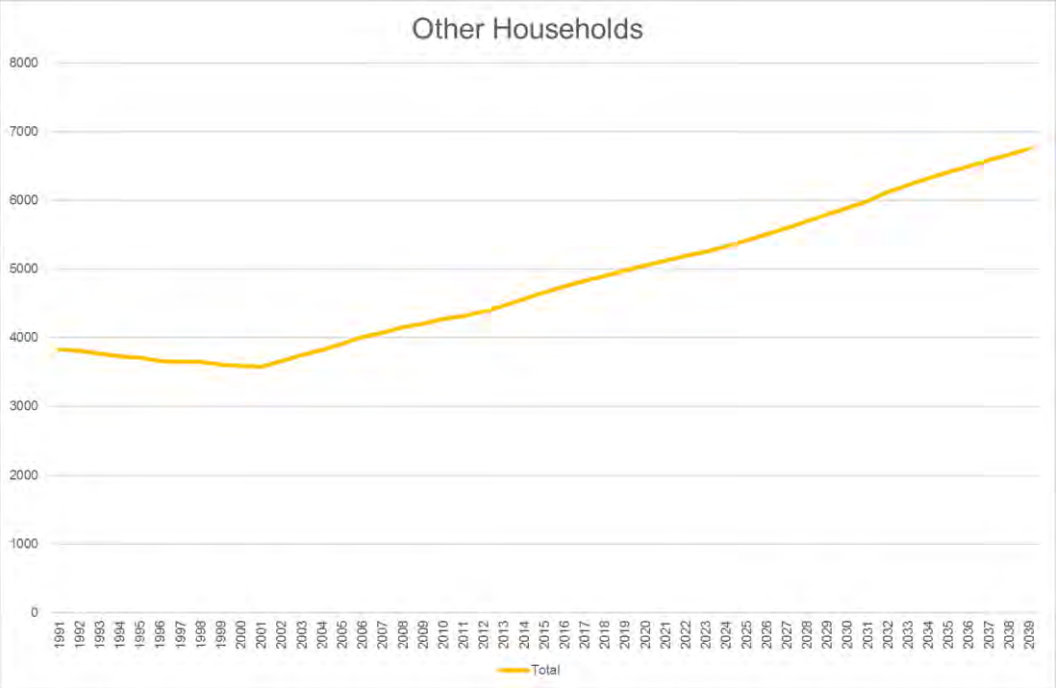
8.12 This report highlights (paragraph 4) that the decrease in international migration and improvements to housing affordability and economic growth are two factors which suggest these observed trends might not continue.

8.13 Page 8 of the report highlights that changes to "other households" is an indicator of suppressed household formation. Chart 10 shows the increasing number of 20 to 34 year olds living with parents and chart 11 illustrates how household formation rates have fallen for 20 to 34 year olds since peaking in 2002.

8.14 In respect of the growth in Other households, these have not only increased substantially but have also increased in average size. The average size of Other households without dependent children increased from 2.92 people in 2001 to 3.06 in 2011 and saw the largest percentage increase (5.1%). Within this main category, the Other category includes unrelated adults sharing a household space and multi-family households with no dependent children; this category increased by 4.1% from 2.90 people to 3.02. It is suggested by the Office for National Statistics that this may reflect an increase in young working adults sharing accommodation and multigenerational households.

8.15 The projected increase in "other households" Telford and Wrekin is illustrated in the charts on the next page. This shows that the decline in other households experienced in the period 1991 to 2001 has been sharply reversed and that these are now projected to grow substantially.

Table 10 Telford and Wrekin: Projected Growth in Other Households



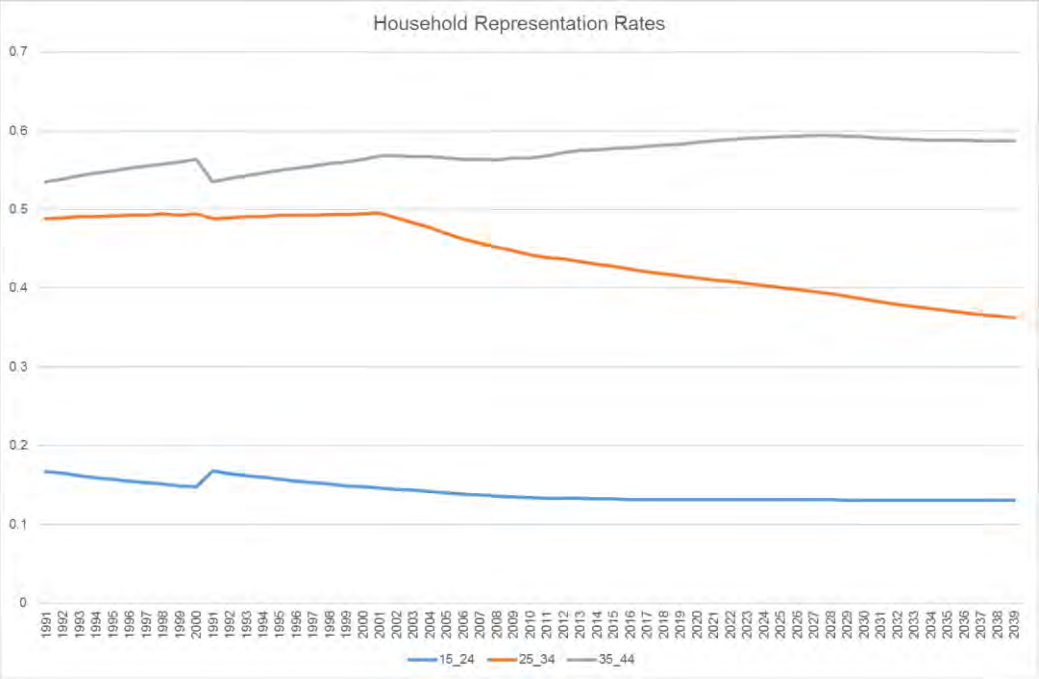
Source: 2014 DCLG Household projections

8.16 If the number of "other households" was to be held constant at the 2011 level of 4,320) instead of increasing to 5,893 then this could suggest the creation of a further 1,573 households (DCLG 2014 Household projections). This would equate to an additional 79 dwellings a year. I have not taken this approach.

8.17 In considering the changes to Household Representation Rates for Telford and Wrekin the ones that are considered to be most impacted by the above factors are those for age groups who head of household is under 44 years old. This illustrate a declining rate for both the 15 to 24 age groups and the 25 to 34 age group. It is this later group that is projected to experience a substantial decline it their ability to form households.

8.18 This declining ability to form a household is not compensated by a rising ability for the 35 to 44 age group to from households as this group too is forecast to experience little improvement in opportunity from 2012 onwards.

Table 11 Telford and Wrekin: changes to Household Representation Rates



Source: 2014 DCLG Household projections

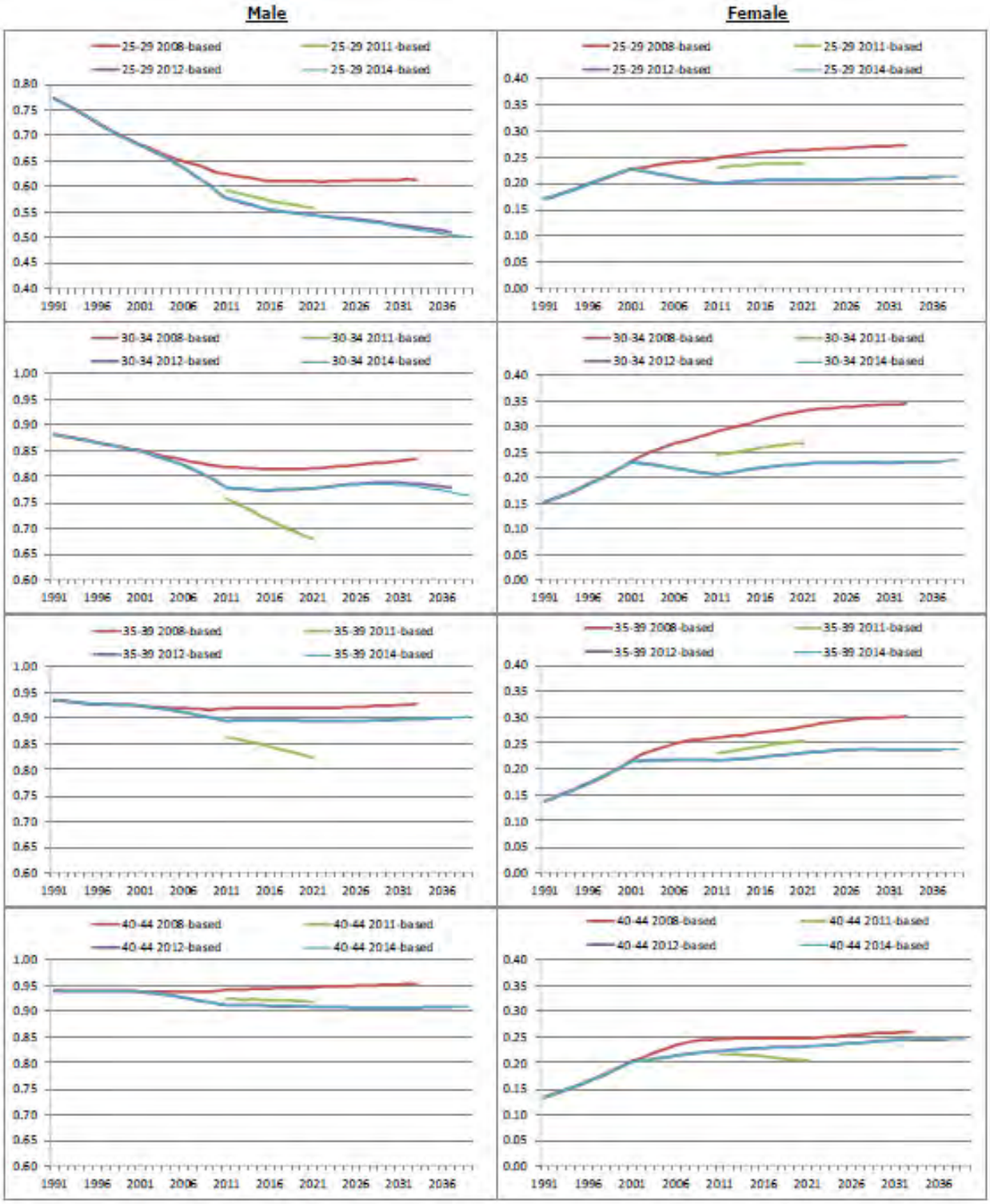
8.19 The charts on the next table provide a comparison of the Household representation rates for all age groups including the ones referred to above. These show the 2008 rates in red and the most recent 2014 rates in light blue.

8.20 These shows that for the all groups up to 44 years old there is a substantial divergence form the earlier 2008 projections although this is most pronounced in the 25 to 34 age groups.

8.21 It would appear clear that the increase in "other Households" in Telford and Wrekin is an indicator of suppressed household formation. Similarly, increased numbers of concealed households are also an indicator of such suppressed need. Lastly the departure from the 2008 Household representation rates further illustrate that the issues impacting on the wider country as a whole are also present in Telford and Wrekin.

8.22 Increased housing provision which improves affordability together with improvements to the economic should result in improvements to these trends based household representation rates. Modelling a return to the 2008 rates would for the most impacted groups would allow for such a scenario to occur.

Chart 5: Comparison of Household Representation rates from DCLG projections



8.23 In light of the above I have considered inappropriate to utilise the Household Representation Rates in the 2014 Household Projections which project forward the continuation of above trends which are in conflict with the Framework notably in terms of:

a. Not meeting housing demand (Framework paragraph 159)

b. Not delivering a wide choice of homes and widen home ownership (Framework paragraph 50).

8.24 In my main projections, I have used two approaches, first I have held any decreases in the rates steady rather than model a decline this is a "no worse than 2014" scenario. Second I have modelled an increase back to half the 2008 rate.

8.25 Below I set out for the baseline projection and the job led projection the impact of differing assumptions regarding household representation rates. These being:

a. The 2014 DCLG rates

b. HRR- Holding declining rates for the under 44's at the 2014 DCLG levels

c. ½ 2008 – returning rates to half of 2008 trend for 25 to 44 age groups

d. Full 2008 HRR returning to the full 2008 Household representation rates for the 25 to 44 year old age groups.

Table 12 Scenario testing in respect of improving household formation

Dwelling change	2011-2016	2016-2021	2021-2026	2026-2031	Total 2011 2031	Annual Average 2011 - 2031
Baseline	690	702	660	618	13,349	667
Baseline UE PA EA HRR	723	726	684	657	13,950	698
Baseline 1/2 2008 HRR	690	859	740	638	14,638	732
Baseline full 2008HRR	690	871	823	790	15,868	793
Average rate of Employment Change UE PA DJ AR	1,198	687	876	696	17,287	864
Average rate of Employment Change UE PA DJ AR HRR	1,235	692	883	740	17,752	888
Average rate of Employment Change UE PA DJ AR 1/2 2008 HRR	1,198	848	963	721	18,651	933
Average rate of Employment Change UE PA DJ AR full 2008HRR	1,198	861	1,051	880	19,951	998

8.26 The return to the full 2008 rates for the 25 to 44 age groups from the low rates in the 2011 census require a 15% increase in the level of housing provision for the job led projection and an 18% increase for the baseline projection. These are not substantial increases in my opinion considering the scale of the issue with regard to the housing crisis.

Alternative assessment of housing need

8.27 I have already highlighted the assessment of need undertaken for the appeal at Wellington (CD8.20) in which the inspector considered the evidence supporting the councils proposed OAHN of 497 dwellings a year against a higher OAHN of 961 dwellings.

8.28 This higher level of need for 961 dpa was contained in Mr Donagh's (Barton Wilmore) evidence to support this annual growth of 690 jobs (IL paragraph 40).

8.29 In terms of market signals, the inspector at this appeal noted that affordability had worsened locally over recent years, despite being more affordable than the regional and national average. Similarly, that although overcrowding and the number of concealed households had also worsened in Telford and Wrekin, despite the situation is less severe than the national average (IL paragraph 41).

8.30 The inspector rejects a number of the council's criticisms of the appellants OAHN figure as follows:

a. In terms of changes in headship rates the council reference to recent academic articles to suggest that headship rates will continue to fall and will not return to the 2008 rates was rejected on the grounds that low household formation rates can and do have harmful social impacts, such as the creation of concealed households.

b. The correct response to falling headship rates is not simply to take these forward in the OAHN, but seek to address and improve this situation in view of the Framework's requirement that local planning authorities boost significantly the supply of housing (IL paragraph 42).

c. The criticism that the approach of using job forecasts as an input to household projections was logically inconsistent did not seem to be supported by submitted emails from both Oxford Economics and Cambridge

Econometrics, which make it quite clear that their employment projections are not constrained by population projections (IL paragraph 43).

8.31 In their more recent submission to the Examination of the Local Plan (appendix 15) Barton Wilmore, using the 2014 based Household projections as their starting point suggest a demographic requirement of between 621 and 680 dwellings a year (table 5.11 page 58).

8.32 This report models the level of housing to meet the projected job growth of 693 jobs a year to be between 826 and 891 dwellings a year. This differs from their earlier assessment of 960 dwellings to meet a similar level of growth.

8.33 While there are clearly differences in approaches between the two Barton Wilmore reports most notably in terms of household representation rates, economic activity, and unemployment rates they nevertheless set a range close to the figure of 900 dpa. In contrast the council's suggestion that the provision of just 497 dwellings will meet this level of projected employment growth is substantially less be as it is based on very different assumptions.

9.0 CONCLUSIONS

9.1 I have reviewed all the most recent evidence including the 2014 DCLG household projections and the 2015 MYE and I conclude that while these represent the starting point there are a number of reasons that justify a higher rate of housing provision. These are summarised as follows:

a. Recent rates of in migration have been suppressed and a return to both the higher rates of housing delivery and the higher rates of net migration appear not only possible but entirely realistic given recent rates of completions and last year's migration figures.

b. There is an imbalance between projected employment growth and housing provision. Making suitable allowances for increased activity rates, lower levels of unemployment, and double jobbing a substantial uplift in housing would be required to meet this level of job growth. This would suggest a minimum requirement of 888 dwellings a year. The fact that housing delivery has already increased alongside recent employment growth would support this conclusion. Dwellings completions are currently averaging 900 dwellings a year over the last five years.

c. Indicators of affordability including a substantial backlog of affordable housing also support a higher level of housing than that being suggested by the DCLG 2014 projections.

9.2 To meet the average of the three most recent projections of employment growth (693 jobs a year) and sensible assumptions about meeting that growth, there is a requirement either 888 or 933 dwellings a year, The difference is dependent upon whether household representation rates (HRR) for the under 45's are either held constant are modelled to return to half the trend of the 2008-based projections by 2031.

9.3 In respect of the OAHN Report (March 2015) (CD4.1), this is based upon the lower 2012 DCLG projections, and I consider that this report has underestimated the future level of housing need in the area due to the following inappropriate assumptions:

a. The Experian baseline model assumes an increase of the working population of 4,900 whilst the 2012 SNPP on which it is based suggests a fall of 4,900

persons in these age groups. This appears to be adding approximately 10,000 persons to the working age population

b. The Experian baseline model produces changes to commuting patterns but provides no evidence as to why this is likely to happen. This approach is contrary to that adopted by previous Inspectors and in my opinion would need to be subject to the duty to cooperate with those areas likely to be affected.

c. The Experian baseline model produces a level of double jobbing of 26% of all new jobs compared to available evidence which suggests a level of 4% but provides no evidence as to why this is likely to happen.

9.4 The differences between the two sets of assumptions are summarised below:

Table 13 Summary of difference between approaches

Projection (000's)	Experian Baseline 2015 (497 dwellings)	SPRU (888 to 933 dwellings)
Working age population	4.9	5.8
Resident labour force (for SPRU this includes impact of increase activity rates including pension age changes)	4.3	6.7
Unemployment	-4.2	4.2
Resident based Employment	8.5	10.6
Net Commuting (for SPRU commuting ratios are held constant)	3.6	0.9
Workplace based employment	12.1	11.5
Double jobbing	4.3	0.6
Job growth	16.3	12.0

Source: OAHN report (March 2015) & SPRU Chelmer results (may not sum due to rounding)

9.5 My projection is derived from the 2014 DCLG projections and the increase in dwelling provision proposed is commensurate both with historic and current build rates it also reflects the level of migration that has occurred previously and this level appears to be returning. This level of provision will also address issues of affordability including increasing the level of affordable housing to meet the substantial backlog.

9.6 Lastly the provision of 888 or 933 dpa would boost significantly the supply of housing as required by paragraph 47 of the Framework. The suggestion that an annual rate of provision of just 497 dwellings a year would meet this policy aspiration when the most recent rate of delivery was 1,255 dwellings lacks credibility.

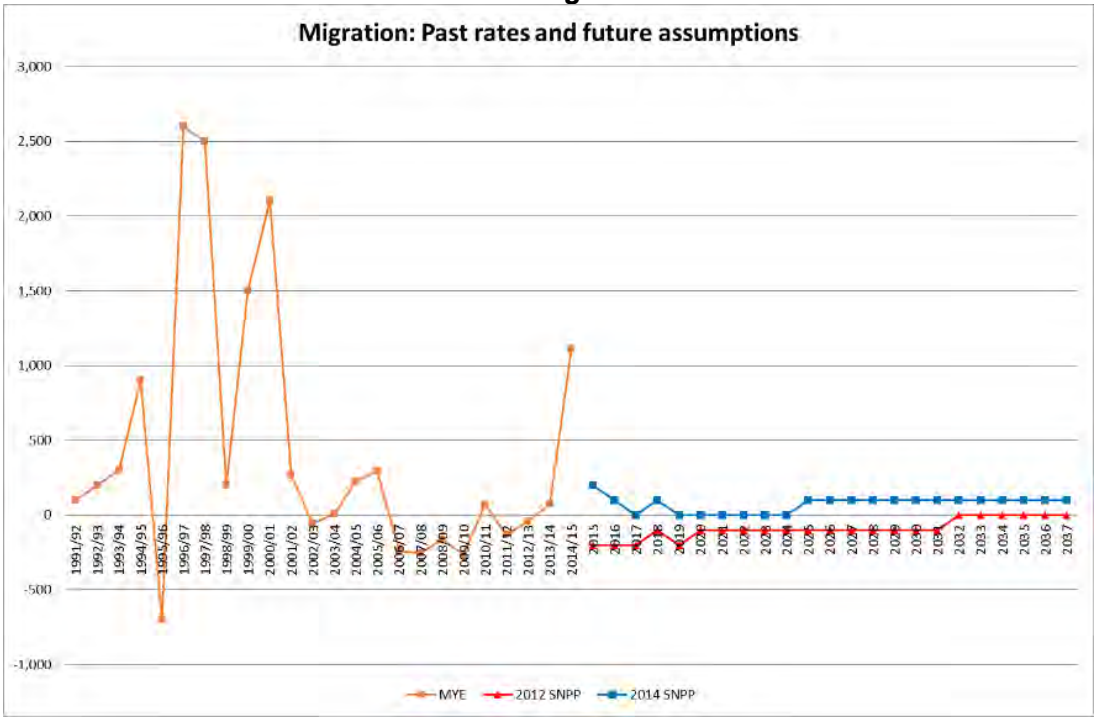
APPENDIX 1: BACKGROUND EVIDENCE

Past rates of migration

A1.1 The average level of migration over the 1991 to 2015 period is 441 persons a year although the five year average rate has fluctuated between -170 persons a year (2006 – 2011) and 1,780 persons a year (1996 to 2001).

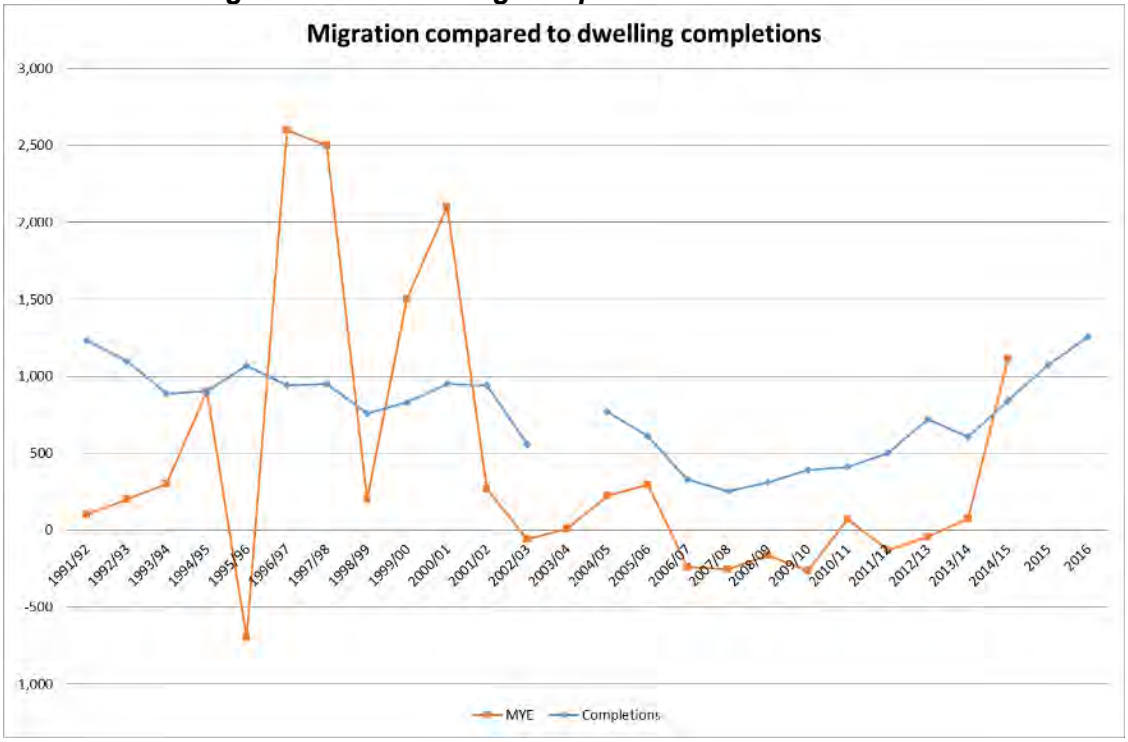
A1.2 Chart 2 illustrates past levels of migration as well as the two most recent SNPP projections for the future. Both the 2012 and 2014 SNPP assumptions appear too low when considered in the context of the longer-term pattern of migration into the area. Chart 3 compares previous rates of housing completions and net migration, while there is not a direct correlation there is clearly a relationship between the provision of housing and migration. It is pertinent to note that recent increases in dwelling provision has been reflected in increased levels of net in internal migration.

Chart 6: Telford and Wrekin: Net Migration



Source: ONS

Chart 7: Migration and dwelling completions



The consideration of migration assumptions

A1.3 The Guidance (Paragraph: 019 Reference ID: 2a-019-201403060) highlights that past under supply can impact on migration, household formation and affordability. In this context, it is important to consider the level of undersupply that has occurred within the area will have impacted on both the level of migration and the ability to form households.

A1.4 The Planning Advisory Service publication "Objectively Assessed Need and Housing Targets: Technical advice note" (Second edition July 2015)(CD4.7) is not government guidance and takes a different position on the suitability of the ONS approach to using the most recent five-year migration for the projection of future population:

6.24 For all these reasons, in assessing housing need it is generally advisable to test alternative scenarios based on a longer reference, period, probably starting with the 2001 Census (further back in history data may be unreliable). Other things being equal, a 10-to-15 year base period should provide more stable and more robust projections than the ONS's five years. But sometimes other things will not be equal, because the early years of this long period included untypical one-off events as described earlier. If so, a shorter base period despite its disadvantages could be preferable.

6.25 On a more general point, there are many kinds of unusual events which may have impacted on population and household growth in the reference period, whether that period is five, 10 or 15 years. In particular, it may be that housing development was constrained by planning, so that for some or all of the period land supply fell

short of demand or need. If so the demographic projections will underestimate future demand or need and should be adjusted upwards, as discussed in Chapter 7 below.

A1.5 As highlighted in this objection the level of housing in Telford and Wrekin has been below that required to meet past projections and past policy. In light of these past events and in accordance with the PAS guidance the use of a shorter period is clearly justified.

A1.6 Part of the justification in the PAS guidance for considering longer time periods is that they consider the base period used in the latest official projections, 2007-12, to be "especially problematic" and it states:

"The period covers all of the last recession, in which migration was severely suppressed as many households were unable to move due to falling incomes and tight credit. Therefore the official projections may underestimate future migration - so that they show too little population growth for the more prosperous parts of the country, which have been recipients of net migration in the past. If so, by the same token the projections will also overestimate population growth for areas with a history of net out-migration."

A1.7 The justification for looking at a longer period therefore is to establish if the official projections are likely to underestimate the need in Telford as in the past it had been a net recipient of migration but recent events have reversed this and it is a net exporter of migration.

A1.8 The most recent levels of migration appear to be affected by the reduction in the level of supply below both policy and projected needs. The impact of the recession will have also had an impact. In these circumstances, it would appear to be appropriate to consider a wider evidence base for deriving suitable migration assumptions for the OAHN.

A1.9 The OAHN Report 2015 (CD 4.1) recognises that in the longer term the Borough had been focus for in migration from the Black Country and that this role might be revised in the future. In particular, this could be driven by the unmet need rippling out of Birmingham. It is appropriate to conclude that this emerging unmet need is likely to drive a "ripple effect" of out migration from both Birmingham and the Black Country that would strongly suggest the recent levels of net out migration experienced in Telford and Wrekin are unlikely to continue.

A1.10 Considering change over the longer time period there was a decline in dwelling provision since 2001. This according the OAHN Report 2015 (CD 4.1) was due in part to the activity of English Partnerships (paragraph 4.15). The lower population growth and migration are to an extent the result of these lower levels of dwelling completions. The return to higher levels of net migration experienced in the 1990's is a scenario that is worthy of further consideration.

Conclusion on future levels of migration

A1.11 The evidence, in my opinion, does not support the net out migration assumptions in the 2012 DCLG Household Projections which have been used as the starting point for the OAHN report (March 2015).

A1.12 I also consider that a wider overview of housebuilding and migration in the longer time period would support a considerably higher rate of net in migration.

A1.13 Having reviewed the factors which have impacted on migration patterns in the last 20 years as well as the factors likely to influence migration in the next 10 years, then these very modest assumptions of limited net in migration in the OAHN Report 2015 (CD 4.1)appear to be an underestimation of the likely future levels of migration. An exploration of the factors likely to impact upon future migration levels such as economic growth, affordability and unmet need in other locations are covered in the next section of my evidence.

A1.14 In terms of migration as well as modelling the 2014 SNPP I have also modelled the Chelmer "Baseline" case which is based on a rolling five year average of migration taking into account the migration recorded in the 2015 MYE's,

Employment growth

Employment led projections of Housing

A1.15 In section 3 of this evidence I set out how, according to the PPG (Paragraph: 018 Reference ID: 2a-018-20140306), employment trends are to be taken into account and this is the approach I have adopted, I have considered the average rate of employment growth between 3 projections and used the Chelmer model to calculate the requisite change the working age population and hence the dwelling requirement.

A1.16 I note that the advice from the Local Plans Expert Group (LPEG) to government recommends changes to this approach. These changes have not been however been incorporated into the PPG.

A1.17 In particular I note that estimates of future employment growth should not be used as part of the calculation of housing need, because other adjustments made as part of the full objectively assessed need, such as market signals, are likely to respond proportionately to housing pressures arising from local economic growth across the housing market area but that plan makers may choose to use estimates of future employment growth to justify a plan adopting a housing requirement in excess of the FOAHN for housing. This is described as a policy matter for plan makers in setting the housing requirement.

A1.18 The LPEG advice states that an estimate of FOAHN arrived at through application of this guidance will not be considered unsound because estimates of employment growth informing other parts of the Plan might imply a higher level of housing at the existing commuting ratio.

A1.19 In situations where plan makers choose to set a 'policy on' housing requirement in excess of the FOAHN, based on employment growth, this should be based on:

a. applying the changes in economic activity rates that are projected in estimates produced annually by the Office for Budget Responsibility, applied to the local baseline rates of economic activity.

b. Maintaining existing commuting, based on a comparison of economically active residents drawn from the Annual Population Survey and the number of jobs drawn from BRES.

A1.20 What is of note in the situation in Telford and Wrekin is that, according to my analysis, while the OAHN Report 2015 (CD 4.1) suggests there is no requirement for additional dwellings to support the proposed level of employment growth, it is

clearly the council's intention to support the economic growth of the area. The submission Local plan paragraph 2.2.2 outlines the plans vision as being by 2031, Telford & Wrekin will be a healthier, more prosperous and better connected place. While paragraph 2.2.4 states that this vision the provision of sufficient homes, the right businesses and jobs to provide employment, economic prosperity and education to deliver the skills required by growing businesses as well as the provision of services and facilities to meet our communities' current and future needs.

A1.21 If the council is to support the growth of the economy then adopting the approach in the LPEG guidance would suggest a higher housing requirement, as the approach adopted by PBA is dependent on assumptions relating to changes in commuting patterns and double jobbing contrary to the LPEG recommendations.

A1.22 In contrast the approach that I have taken to modelling the housing requirement from the projections of employment growth is in accordance with the LPEG approach in that it does not assume changes to the pattern of commuting and applies only marginal growth to future activity rates.

Past rates of job growth

A1.23 The OAHN Report 2015 (CD 4.1)(figure 5.1) suggest that since 2001 workplace jobs increased by 5% until falling back as a result of the recession before increasing quickly by about 8% by 2015. Over the period to 2031 it is suggested that there will be an increase of some 19% in terms of workplace jobs (OAHN Report 2015 (CD 4.1) paragraph 5.5).

A1.24 Other indicators of past growth are available from local area statistics (Nomis) and these are set out in the table below and suggest a rate of some 600 jobs a year between 2000 and 2014 which at 0.72% a year is higher than for the region but lower than for England. At an average of 600 jobs a year it is also lower than the 810 jobs projected in the Experian Forecast in the OAHN report (March 2015 paragraph 5.9 and Figure 5.1 pages 31 and 33).

A1.25 There appears to have been a recent increase in the rate of job creation in the Council area with the five year average being higher than both the region and England (1.9% per year).

Table 14 Telford and Wrekin: Job Growth 2000 to 2014

Date	Telford and Wrekin	Great Britain	West Midlands
2000	83,000	28,973,000	2,588,000
2001	83,000	29,283,000	2,609,000
2002	88,000	29,477,000	2,616,000
2003	83,000	29,747,000	2,636,000
2004	88,000	30,042,000	2,661,000
2005	91,000	30,539,000	2,691,000
2006	89,000	30,339,000	2,694,000
2007	89,000	30,667,000	2,674,000
2008	89,000	30,689,000	2,666,000
2009	84,000	30,266,000	2,588,000
2010	86,000	30,235,000	2,600,000
2011	85,000	30,897,000	2,635,000
2012	88,000	31,132,000	2,659,000
2013	87,000	31,574,000	2,700,000
2014	92,000	32,621,000	2,766,000
Total Change 2004 to 2014	9,000	3,648,000	178,000
14 year Average Annual	600	243,200	11,867
14 year Percentage Change per year	0.72%	0.84%	0.46%
10 year Change 2004 to 2014	4,000	2,579,000	105,000
10 year Average Annual	400	257,900	10,500
10 year Percentage Change per year	0.5%	0.9%	0.4%
5 year Change 2009 to 2014	8,000	2,355,000	178,000
5 year Average Annual	1,600	471,000	35,600
5 year Percentage Change per year	1.9%	1.6%	1.4%

ONS Crown Copyright Reserved [from Nomis on 5 October 2016]

Past and Future rates of job growth

A1.26 The OAHN Report 2015 (CD 4.1)contains the following projections of job growth.

Table 15 Summary of employment growth

Source	Annual Jobs
Past Rate: 2001 – 2008 (OAHN Report 2015)	655
Past Rate: 2000 – 2014 (14 year - Nomis)	600
Past Rate: 2004 – 2014 (10 year - Nomis)	400
Past Rate 2009 – 2014 (5 year - Nomis)	1,600
Cambridge Econometrics (The Marches LEP 2014)	590
Experian baseline (OAHN Report 2015 (CD 4.1)paragraph 5.9)	810

Sources: Nomis, OAHN report

A1.27 This evidence uses the average rate of job growth as calculated using the following projections from Cambridge Econometrics, Oxford Economics and Experian.

Table 16 Employment projections used in this evidence

	2011	2016	2021	2025	2026	2031	job growth from 2011	annual average rate of job growth from 2011
Cambridge Econometrics	84,000	94,100	96,700	99,100	99,800	103,000	19,000	950
Oxford Economics	84,328	92,682	92,309	93,590	93,519	92,697	8,370	418
Experian	86,100	93,900	94,700	97,400	98,000	100,300	14,200	710
Average rates of growth	84,809	93,561	94,570	96,697	97,106	98,666	13,857	693

Sources: Cambridge Econometrics, Oxford Economics and Experian

A1.28 As these projections have a different number of jobs at the start of the period I have used the rate of change rather than the actual number of jobs to calculate the required level of new housing. The calculation of this is shown below.

Table 17 Calculation of growth rates used in model

Rates of growth	2016	2021	2025	2026	2031	Average
Cambridge Econometrics	12.0%	2.8%	2.5%	0.7%	3.2%	4.2%
Oxford Economics	9.9%	-0.4%	1.4%	-0.1%	-0.9%	2.0%
Experian	9.1%	0.9%	2.9%	0.6%	2.3%	3.1%
Average rates of growth	10.3%	1.1%	2.2%	0.4%	1.6%	3.1%

Economic Activity Rates

A1.29 The economic activity rates for Telford and Wrekin have fluctuated in the last 10 years and there is on describable trend (see chart below). The Economic Activity Rates for the wider region have decreased slightly by 1 percentage point, while those for the whole of the UK have increased by about 1.5 percentage points over the last decade mainly due to the impact of London and the South East.

Chart 8: Economic Activity Rates 16 - 64

Source: ONS Crown Copyright Reserved [from Nomis on 7 October 2016] 20/07/2016 Data has been reweighted in line with the latest ONS estimates.

A1.30 In general, the evidence is unconvincing to suggest substantive increases to activity rates in any future projection.

A1.31 I have however considered the published evidence of Participant Rates[1] for England as a whole from the Office for Budget Responsibility (OBR). This is lower as it measured against the 16+ population rather than the 16 – 64 population in the Nomis material above). The OBR suggests that there will be a very small increase over the longer term although while predicting increases in activity rates in the period up to 2021 from 63.1 in 2011/12 to 63.4 in 2019/20 these are predicted to fall back to 63.2 in 2020/21 (see chart below).

A1.32 The percentage change (0.48%) between the highest and lowest rates in between 2011 and 2021 has been used as a guide and I have applied a growth rate of 0.5% for each five-year period resulting in an overall increase of 2% over the 20 year projection period.

A1.33 The table below illustrates that this approach represents a positive interpretation of the evidence on changing Participant Rates as presented by the Office for Budget responsibility.

[1] ONS definition - Those who are participating with the labour market by being either in employment or unemployed and searching for work

Chart 9: Past and projected Participation Rates for England

Source: Office for Budget Responsibility Table 1.6 Labour Market

A1.34 The exception to this is the increased activity rates I have applied to the 60 to 64 and 65 to 69 age groups.

Economic Activity Rates – impact of the pension age changes

A1.35 The approach adopted to pension age is based upon the ONS assessment of the changes of the state pension age as set out in an Edge Analytics report of December 2013 which stated:

'ONS published its last set of economic activity rate forecasts from a 2006 base (ONS January 2006, Projections of the UK labour force, 2006 to 2020). These incorporated an increase in SPA for women to 65 by 2020 but this has since been altered to an accelerated transition by 2018 plus a further extension to 66 by 2020. Over the 2011–2020 period, the ONS forecasts suggested that male economic activity rates would rise by 5.6% and 11.9% in the 60-64 and 65-69 age groups respectively. Corresponding female rates would rise by 33.4% and 16.3% (Figure 14). Given the accelerated pace of change in the female SPA and the clear trends for increased female labour force participation across all age-groups in the last decade, these 2011–2020 rate increases would appear to be relatively conservative assumptions.'

A1.36 These increases are slightly higher than those found as being realistic by the Inspector at the South Worcestershire Development Plan (page 7 Inspectors Interim Conclusions on the stage 1 matters and paragraph 4.4.3 page 15 NLP Miller Strategic Land *"Updated Assessment of Housing Requirements to inform Examination Matter 1"*). In that case the following assumptions were considered to represent a reasonable response to the changes to the pension age:

a) Males 60 to 64: No change.

b) Males 65 to 69: 2 percentage points between 2012 and 2018.

c) Females 60 to 64: 8 percentage points between 2012 and 2018.

d) Females 65 to 69: 2 percentage points between 2012 and 2018.

A1.37 In reaching the conclusion as to the approach to adopt in response to the changing pension age I have also taken into account the following:

a) The findings of the Institute of Fiscal Studies 'Incentives, shocks or signals: labour supply effects of increasing the female state pension age in the UK' (IFS Working Paper W13/03)(Appendix 11), this found the impact of raising the state pension age was 7.3 percentage points for women and a corresponding increase of 4.2 percentage points in their male partners employment rates (page 28). This suggests that an increase in the activity rates for males in the 60 to 64 age group is appropriate.

b) Table 4 of the 'When the State Pension Age will increase to 66 Equality Assessment January 2011' (appendix 12) suggests the bringing forward of the state pension age to 66 will have an additional impact of increasing the numbers in employment by just over 4% at 2020 but that this impact will reduce to under 1% by 2026 (table 4). The impact of this change is only slight and temporal so has not been incorporated into the model.

A1.38 The changes to economic activity rates for these age groups are as follows.

Table 18 Changes to economic activity rates to reflect changes to pension age

Male	2011	2016	2021	2026	2031	2036	2011 to 2021
60-64	0.597	0.614	0.631	0.631	0.631	0.631	5.60%
65-69	0.237	0.250	0.265	0.265	0.265	0.265	11.90%
Female	**2011**	**2016**	**2021**	**2026**	**2031**	**2036**	**2011 to 2021**
60-64	0.352	0.379	0.409	0.409	0.409	0.409	16.30%
65-69	0.159	0.183	0.212	0.212	0.212	0.212	33.40%

Source: Chelmer model inputs

Double jobbing

A1.39 There are no official figures for those persons who take two or more jobs, commonly referred to as "double jobbing".

A1.40 The Financial Times reported (25th January 2015) that there are now about 1.2m workers with two jobs, up from about 1.05m workers in 2007. This is out of a total workforce of 31.4m persons in the UK and therefore represents about 4% of the workforce having two jobs.

A1.41 This information would support the use of a 4% allowance for double jobbing.

A1.42 In the workings of the Chelmer model this is taken into account by reducing the target job growth as an input to the model by 4%.

APPENDIX 2: SUMMARY OUTPUTS FROM THE CHELMER MODEL

Summary of the projections of Chelmer projections

A2.1 Summary of the projections run in the Chelmer model:

A2.2 ***SNPP –*** this models the impact of the 2014 SNPP making no adjustments for improvements to household formation beyond the changes in the 2014 DCLG Household projections, no increased economic activity rates for the 60 – 65 age, no decrease in unemployment.

A2.3 ***Baseline –*** this models the impact of the rolling average migration for the last 5 years 2010 to 2015 making no adjustments for improvements to household formation beyond the changes in the 2012 DCLG Household projections, no increased economic activity rates for the 60 – 65 age, and no decrease in unemployment.

A2.4 **UE** – These projections contain an adjustment to reduce unemployment levels to 4.3% by the end of the plan period

A2.5 ***PA –*** these projections include an increase in economic activity rates for the 60 to 70 age groups.

A2.6 ***PA EA –*** these projections include an increase in economic activity rates for all age groups of 2% over the plan period and a higher increase in activity rates for the 60 – 65 age.

A2.7 ***HRR –*** these projections hold the household representation rate constant for age groups between 15 and 44 and so prevents further decline in household representation rates in these groups.

A2.8 ***1/2 2008 HRR*** – these projections return the household representation rates for age groups between 25 and 44 to half of the trend in the 2008 projections by 2031.

A2.9 ***Average rate of Employment Change –*** these projections model the impact of increasing in migration to meet the average rate of job growth projected by the three most recent employment projections.

A2.10 ***DJ –*** these projections model the impact of increasing in migration to meet the average job growth projected by the three most recent employment projections but makes an allowance for 4% of new jobs being taken by persons already in employment (Double Jobbing).

Table 19 Summary of selected Chelmer Model outputs

Dwelling change	2011-2016	2016-2021	2021-2026	2026-2031	2011 2031	Annual Average 2011 - 2031
SNPP	555	546	483	422	10,032	502
SNPP 1/2 2008HRR	555	703	562	441	11,305	565
10 yr Mig	613	575	506	451	10,726	536
10yr Mig 1/2 2008 HRR	613	727	580	465	11,928	596
Baseline	690	702	660	618	13,349	667
Baseline UE	690	702	660	618	13,349	667
Baseline UE PA EA	690	702	660	618	13,349	667
Baseline UE PA EA HRR	723	726	684	657	13,950	698
Baseline 1/2 2008 HRR	690	859	740	638	14,638	732
Average rate of Employment Change	2,109	927	1,194	911	25,701	1,285
Average rate of Employment Change UE	1,326	832	1,079	812	20,246	1,012
Average rate of Employment Change UE PA	1,326	769	980	787	19,306	965
Average rate of Employment Change UE PA DJ	1,269	759	961	780	18,843	942
Average rate of Employment Change UE PA DJ AR	1,198	687	876	696	17,287	864
Average rate of Employment Change UE PA DJ AR HRR	1,235	692	883	740	17,752	888
Average rate of Employment Change UE PA DJ AR 1/2 2008 HRR	1,198	848	963	721	18,651	933

Labour force change	2011-2016	2016-2021	2021-2026	2026-2031	2011 2031	Annual Average
SNPP	-10	-90	-175	-191	-2,325	-116
Baseline	52	52	7	-6	518	26
Baseline UE	52	52	7	-6	518	26
Baseline UE PA EA	132	205	196	86	3,097	155
Baseline UE PA EA HRR	132	205	196	86	3,097	155
Average rate of Employment Change	1,758	202	426	82	12,338	617
Average rate of Employment Change UE	836	135	346	29	6,728	336
Average rate of Employment Change UE PA	836	135	346	29	6,728	336
Average rate of Employment Change UE PA DJ	769	127	328	25	6,249	312
Average rate of Employment Change UE PA DJ AR	769	127	328	25	6,249	312
Average rate of Employment Change UE PA DJ AR HRR	769	127	328	25	6,249	312
Population change	2011-2016	2016-2021	2021-2026	2026-2031	2011 2031	Annual Average
SNPP	820	780	640	500	13,701	685
Baseline	1,128	1,185	1,102	966	21,909	1,095
Baseline UE	1,128	1,185	1,102	966	21,909	1,095
Baseline UE PA EA	1,128	1,185	1,102	966	21,909	1,095
Baseline UE PA EA HRR	1,128	1,185	1,102	966	21,909	1,095
Average rate of Employment Change	4,391	1,512	2,158	1,507	47,844	2,392
Average rate of Employment Change UE	2,528	1,324	1,925	1,321	35,489	1,774
Average rate of Employment Change UE PA	2,528	1,146	1,649	1,254	32,884	1,644
Average rate of Employment Change UE PA DJ	2,394	1,126	1,609	1,240	31,848	1,592
Average rate of Employment Change UE PA DJ AR	2,226	964	1,423	1,056	28,348	1,417
Average rate of Employment Change UE PA DJ AR HRR	2,226	964	1,423	1,056	28,348	1,417

Migration	2011-2016	2016-2021	2021-2026	2026-2031	2011 2031	Annual Average
SNPP	-64	-105	-156	-154	-2,400	-120
Baseline	244	347	374	377	6,712	336
Baseline UE	244	347	374	377	6,712	336
Baseline UE PA EA	244	347	374	377	6,712	336
Baseline UE PA EA HRR	244	347	374	377	6,712	336
Average rate of Employment Change	3,507	580	1,309	772	30,836	1,542
Average rate of Employment Change UE	1,644	435	1,121	630	19,147	957
Average rate of Employment Change UE PA	1,644	257	852	581	16,667	833
Average rate of Employment Change UE PA DJ	1,509	240	815	571	15,678	784
Average rate of Employment Change UE PA DJ AR	1,341	82	637	395	12,275	614
Average rate of Employment Change UE PA DJ AR HRR	1,341	82	637	395	12,275	614
Workplace employment	2011-2016	2016-2021	2021-2026	2026-2031	2011 2031	Annual Average 2011 - 2031
SNPP	-21	-88	-171	-187	-2,327	-116
Baseline	44	50	6	-6	474	24
Baseline UE	905	88	32	21	5,232	262
Baseline UE PA EA	987	247	228	117	7,897	395
Baseline UE PA EA HRR	987	247	228	117	7,897	395
Average rate of Employment Change	1,711	197	416	80	12,020	601
Average rate of Employment Change UE	1,711	197	416	80	12,021	601
Average rate of Employment Change UE PA	1,711	197	416	80	12,021	601
Average rate of Employment Change UE PA DJ	1,642	189	398	76	11,525	576
Average rate of Employment Change UE PA DJ AR	1,642	189	398	76	11,525	576
Average rate of Employment Change UE PA DJ AR HRR	1,642	189	398	76	11,525	576

Resident employment	2011-2016	2016-2021	2021-2026	2026-2031	2011 2031	Annual Average 2011 - 2031
SNPP	-19	-81	-157	-172	-2,146	-107
Baseline	40	47	6	-6	436	22
Baseline UE	834	82	30	19	4,824	241
Baseline UE PA EA	910	228	211	108	7,281	364
Baseline UE PA EA HRR	910	228	211	108	7,281	364
Average rate of Employment Change	1,577	182	384	74	11,083	554
Average rate of Employment Change UE	1,577	182	384	74	11,084	554
Average rate of Employment Change UE PA	1,577	182	384	74	11,084	554
Average rate of Employment Change UE PA DJ	1,514	174	367	70	10,626	531
Average rate of Employment Change UE PA DJ AR	1,514	174	367	70	10,626	531
Average rate of Employment Change UE PA DJ AR HRR	1,514	174	367	70	10,626	531
Resident unemployment	2011-2016	2016-2021	2021-2026	2026-2031	2011 2031	Annual Average 2011 - 2031
SNPP	42	-9	-17	-19	-16	-1
Baseline	44	5	1	-1	244	12
Baseline UE	-750	-30	-23	-25	-4,144	-207
Baseline UE PA EA	-746	-22	-14	-21	-4,022	-201
Baseline UE PA EA HRR	-746	-22	-14	-21	-4,022	-201
Average rate of Employment Change	213	20	42	8	1,417	71
Average rate of Employment Change UE	-709	-47	-38	-45	-4,194	-210
Average rate of Employment Change UE PA	-709	-47	-38	-45	-4,194	-210
Average rate of Employment Change UE PA DJ	-713	-47	-38	-45	-4,215	-211
Average rate of Employment Change UE PA DJ AR	-713	-47	-38	-45	-4,215	-211
Average rate of Employment Change UE PA DJ AR HRR	-713	-47	-38	-45	-4,215	-211

Local Plans Expert Group (LPEG) recommended approach

Stage	Step	OAHN Process	Growth 2011-2031 per annum
A. Demographic Starting Point	1.	Latest CLG household projection digs (2014 – based ONS SNPP) Vacancy 3.08	502
	2.	10-year migration trend (2005-2015) scenario digs	536
	3.	10-year migration trend (50% 25-44 HFR return to 2008-based HFRs) households	596
	4.	**OUTPUT A: Demographic starting point (Dwellings)**	596
B. Market Signals	1.	Ratio of median quartile house prices to median earnings (3 year average)	5.8
	2.	Upward adjustment required to Output A	10%
	3.	**OUTPUT B: Demographic starting point plus market signals adjustment dwelling**	656
C. Affordable Housing Need	1.	Estimate affordable need based on standard methodology (dwellings)	665
	2.	Total number of dwellings necessary to meet affordable needs (as the likely rate of delivery at 25% of market housing) dwellings.	2,660
	3.	**OUTPUT C: Number of dwellings required to meet affordable housing need (dwellings)**	2,660
FULL OAHN	1.	Lower of meeting either 1) Output C in full, or 2) Output B plus 10%?	Output B + 10%
	2.	Output B plus 10% = Total Dwellings 2011-2031	721
	3.	**FULL OBJECTIVELY ASSESSED HOUSING NEED FOR TELFORD AND WREKIN 2014-2032**	721

*Affordable need set out in Telford and Wrekin SHMA (March 2016)

BEDFORD - BRISTOL - CARDIFF - EAST MIDLANDS - LEEDS - LONDON - MILTON KEYNES - SHEFFIELD

BEDFORD
4 Abbey Court
Fraser Road
Priory Business Park
Bedford
MK44 3WH

Tel: 01234 832 740
Fax: 01234 831 266
bedford@dlpconsultants.co.uk

BRISTOL
1 Blenheim Court
Beaufort Office Park
Woodlands
Bradley Stoke
Bristol
BS32 4NE

Tel: 01454 410 380
Fax: 01454 410 389
bristol@dlpconsultants.co.uk

CARDIFF
Sophia House
28 Cathedral Road
Cardiff
CF11 9LJ

Tel: 029 2064 6810
cardiff@dlpconsultants.co.uk

EAST MIDLANDS
The Old Vicarage
Market Street
Castle Donington
DE74 2JB

Tel: 01332 856 971
Fax: 01332 856 973
eastmids@dlpconsultants.co.uk

LEEDS
Princes Exchange
Princes Square
Leeds
LS1 4HY

Tel: 0113 280 5808
leeds@dlpconsultants.co.uk

LONDON
1st Floor
3 More London Riverside
London
SE1 2RE

Tel: 020 3283 4140
london@dlpconsultants.co.uk

MILTON KEYNES
Midsummer Court
314 Midsummer Boulevard
Milton Keynes
MK9 2UB

Tel: 01908 440 015
Fax: 01908 357 750
miltonkeynes@dlpconsultants.co.uk

SHEFFIELD / SPRU
Ground Floor
V1 Velocity Village
Tenter Street
Sheffield
S1 4DE

Tel: 0114 228 9190
Fax: 0114 272 1947
sheffield@dlpconsultants.co.uk