

**Home Builders Federation
Respondent No.**

Hearing Session : Matter 1 – Housing Needs, Requirement & Supply

TELFORD & WREKIN LOCAL PLAN EXAMINATION

MATTER 1 – HOUSING NEEDS, REQUIREMENT & SUPPLY

Inspector's Key Issues and Questions in bold text.

The following Hearing Statement is made for and on behalf of the Home Builders Federation (HBF) in regard to the Telford & Wrekin Local Plan. This Statement responds to questions set out in the Inspectors Matters & Issues document. The following answers should be read in conjunction with our representations to the Local Plan pre submission consultation ended on 15th March 2016.

Questions

1.1 Is the Council's full objective assessment of housing needs (totalling 9,940 homes for the Plan period) sufficiently justified in line with the National Planning Policy Framework (the Framework) and Planning Practice Guidance (PPG)?

The Council's approach to objectively assessed housing needs (OAHN) is broadly aligned with the National Planning Policy Framework (NPPF) and the National Planning Practice Guidance (NPPG) however the HBF are concerned about a number of the assumptions used by the Council in its assessment. These concerns are set out in the answers to Questions 1.1 to 1.3.

Has appropriate account been taken of demographic and economic information, as well as market signals?

Demographic information

The Council's assessment is based on 2012 Sub National Household Projections (SNHP). The NPPG sets out that OAHN should be based on the most up to date information available. Since the Council's assessment was undertaken the 2014 SNHP have been published. As set out in the NPPG (ID 2a-016-20140306) a re-assessment of OAHN is necessary if a meaningful change is identified. It is noted that these latest projections show higher household growth than the 2012 based figures equivalent to +500 dwellings. The HBF believe that this increase should be considered in establishing the demographic starting point for OAHN for Telford & Wrekin.

The HBF agree that in establishing the demographic starting point for OAHN sensitivity testing of both long and short term migration trends should be undertaken. The recommendations of the Local Plans Expert Group (LPEG) Report for a standardised methodology for OAHN propose that after sensitivity testing of migration trends whichever is the higher figure should be

used (see Flowchart Step A in Appendix 6 of LPEG Report) the HBF would concur with this recommendation.

It is also considered necessary to sensitivity test household formation rates (HFR) in younger age groups and if HFR are suppressed and continue to decline into the future then adjustments should be made (NPPG para 2a-017-20140306). It is noted that the Council has not done so in its assessment. However as upward adjustments are not mutually exclusive it is acknowledged that the uplift to increase affordable housing delivery will contribute to improving the ability of younger households to form.

Economic information

The appropriateness of the account taken of economic information is less straight forward. It is noted that the Council's economic modelling is based on only one economic forecast by Experian. The Council's latest evidence states that jobs growth is not constrained and no further adjustment to support the Experian jobs forecast is needed (para 5.1.12 Housing Growth Technical Paper June 2016 (Document B2A)). However there is concern that the relationship between the Council's demographic and economic modelling is circular. The Council is referred to guidance contained in Chapter 8 Future Employment of the Planning Advisory Service (PAS) Objectively Assessed Need and Housing Targets Technical Advice Note Second Edition dated July 2015 in particular reference to the difficulties involved in modelling if the resident population is both an input as well as an output of the model meaning the resultant housing need figure is just a reflection of the population assumption from which the economic model started because the model flexes variable factors such as commuting, double-jobbing, economic activity rates and unemployment that link population and jobs. So in the case of Telford & Wrekin the Experian model is constrained by the PBA Trends 2003 – 13 scenario and the Council's demographic modelling is unchanged because the economic modelling assumes lower unemployment rates, increases in the number of double jobbers, variable rather than constant commuting patterns irrespective of the impact on neighbouring authorities and increases in the economic participation rates of older age groups. The result is the appearance that more labour can be drawn from the resident labour supply without needing more houses when the opposite is in fact true that there is a deficit of labour to support expected jobs growth. It is known that other parties have submitted alternative economic led OAHN demonstrating figures greater than the Council's proposed housing requirement of 15,500 dwellings.

As the level of jobs supported by the demographic modelling is lower than the projected jobs demand the Local Plan is not aligned with the LEP SEP which describes Telford as an "urban powerhouse" with a role to fulfil promoting prosperity and as a regional hub for economic growth. Since the Council's proposed housing requirement is needed so labour supply grows in line with job growth to meet an economic led housing need it should not be seen as a policy on position exceeding OAHN as originally portrayed by the Council. Indeed in its latest evidence the Council states that the uplift is due to a range of factors not simply delivering affordable housing which alludes to an economic led OAHN (para 5.4.17 Housing Growth Technical Paper June

2016 (Document B2A)). This position is further re-enforced by the Council's statement that the housing requirement of 15,550 dwellings is meeting Telford & Wrekin's own housing needs only and makes no contribution to unmet needs from elsewhere (Council's Response to F2).

Market signals

The Council has applied no uplift for market signals. Whilst affordability was not considered adversely expensive in comparison to other national, regional and Shropshire benchmarks (Telford & Wrekin OAHN Final Report paragraph 4.29) this comparison masks affordability problems in the rural areas. Locally within Telford & Wrekin housing affordability is a challenge. The cost of a typical house is 7 times mean income rising to 9 times in parts of the rural area and Newport (Local Plan paragraph 2.33). Moreover average house prices are 36 – 46% higher in the rural areas (Technical Paper Rural Settlement paragraph 2.14). This market signal should have been given greater consideration by the Council.

Has an assessment been made of affordable housing needs as part of this process?

The NPPF requires the Council to assess the OAHN for both market and affordable dwellings (para 47). The assessment of affordable housing need is confusing and various figures have been stated over time in different reports which are summarised as :-

- 445 dwellings per annum (para 5.4.7 of Technical Paper Housing Growth) ;
- 567 net new affordable dwellings per annum (para 4.52 of Telford & Wrekin OAHN Final Report) ;
- 665 affordable homes per annum (ARC4 SHMA).

It is agreed that the affordable housing need figure in Telford & Wrekin is a significant exceeding the demographic based OAHN. It is also agreed that the affordable housing need currently identified in the SHMA is unlikely to be addressed through delivery of a housing requirement set at or near to a demographically derived OAHN. The NPPG states that an increase in the total housing included in the Local Plan should be considered where it could help to deliver the required number of affordable homes (ID : 2a-029-20140306). Therefore the proposed housing requirement is in line with the NPPG.

Can the Council explain and justify the timing of the release of the updated SHMA document?

The Council to explain however the HBF reserve the right to respond to the Council's answer. As set out in the HBF representation to the pre submission Local Plan consultation there was insufficient time available (only 2 days before the end of the consultation period) to comment on this new evidence which disadvantaged participants.

How does this relate to the previous SHMA document?

The status of the new evidence and its relationship to the previous SHMA documentation is unclear. It is not obviously if this new evidence compliments or supersedes the previous SHMA evidence. Since this evidence was produced at the end of the plan making process it is a somewhat retrospective justification for a plan it could not have informed. It is understood that the previous Housing Vision SHMA February 2014 (now no longer available on the Council's website) calculated a higher OAHN of 18,691 dwellings. The Council has not provided an explanation for the differences between the original and later OAHN figures and the proposed lower housing requirement figure.

1.2 Is the Plan's proposed housing requirement (totalling 15,555 homes for the Plan period) sufficiently justified in line with the Framework and PPG?

As set out in answer to Q1.1 the proposed housing requirement is based on an OAHN which includes assumptions that are of concern to the HBF.

The housing requirement in Policy HO1 should be expressed as a minimum figure.

In particular, can it be shown that this figure is both deliverable and sustainable?

The Council's Sustainability Appraisal demonstrates that all housing growth opinions tested including up to and beyond 15,550 can be accommodated subject to appropriate mitigation (paragraph 5.5.8 of Technical Paper Housing Growth dated July 2015).

The figure is deliverable. Since 2011 delivery has averaged 900 dwellings per annum. In the last 2 years completed dwellings have exceeded 1,000 dwellings per annum (para 5.4.18 Housing Growth Technical Paper dated June 2016 (Document B2A)). Therefore the proposed 778 dwellings per annum is representative of a decline in housing delivery rather than significantly boosting housing supply as set out in the NPPF (para 47).

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

The Council to explain however the HBF reserve the right to respond to the Council's answer. As set out in answer to Q1.1 the HBF have concerns about the Council's economic growth modelling.

1.4 Can an adequate and flexible supply of housing land be demonstrated in respect of (1) the Local Plan's housing target and (2) the five year housing land supply as required by the Framework and PPG?

In both of these cases, are the components of housing supply clearly set out and appropriately justified?

In the overall housing land supply the Council has applied a 20% non-implementation allowance to existing planning permissions, resolutions to grant planning permission and site allocations. It is suggested that this non-implementation allowance should also have been applied to the Madeley Neighbourhood Plan allocation.

The HBF's opinion is that the most appropriate calculation of the Council's 5 YHLS is set out in Table 7 of Telford & Wrekin Housing Land Supply Statement 2016 – 2021 updated October 2016 (Document G5). This calculation uses the 20% buffer resulting in 6.95 years. The HBF do not comment on individual sites so no analysis has been undertaken of the Council's land supply included in the 5 YHLS calculation. Therefore this response is submitted without prejudice to comments submitted by other parties. Indeed by forensic analysis of individual sites other parties may demonstrate a 5 YHLS of less than 6.95 years or even less than 5 years.

In the HBF's opinion the 20% buffer is the most appropriate because over time the Council has under-performed against set targets. The Council should not be re-writing history by disregarding established targets from the past.

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

There are not sufficient safeguards in place to address any unanticipated shortfalls in housing land supply during the plan period. The HBF have raised concerns about the lack of supply of housing in rural areas (see answer to Q3.2 Matter 3), the prioritising of previously developed sites and publicly owned sites (see answers to Q3.3 Matter 3), development viability (see answer to Q5.1 Matter 5) and unmet housing needs from elsewhere in the Midlands region (see answer to Q2.2 Matter 2). It is suggested that consideration is given to the allocation of additional housing sites as promoted by other parties and / or a reserve sites policy and / or an early review policy.

Susan E Green MRTPI
Planning Manager – Local Plans