



THE HOME BUILDERS FEDERATION

Date: 29th January 2014
Consultee ID: 16

ALLERDALE BOROUGH COUNCIL LOCAL PLAN PART 1 EXAMINATION

DERIVATION OF THE HOUSING REQUIREMENT:

In response to the Inspector's request for both the Council and the HBF to identify how the housing requirement has been derived. The HBF would like to submit the following note. The following comments are additional to those included in our submission representation dated 14th June 2013 and additional statements dated 3rd January 2014. This note does not supersede any of the issues raised within our earlier representations.

1. Identifying Objectively Assessed Needs

1.1 The revocation of the RS means that the Council must identify its own objectively assessed housing need. The evidence upon which this should be based is indicated within the National Planning Policy Framework (NPPF). Paragraph 47 of the NPPF identifies the need to *'boost significantly the supply of housing'* and for local authorities to *'use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area'*. The NPPF, paragraph 159, places significant emphasis upon the Strategic Housing Market Assessment (SHMA) in assessing need. Indicating that local authorities should *'prepare a Strategic Housing Market Assessment to assess their full housing needs'*.

1.2 The derivation of how to identify a housing requirement is further expanded upon within the PAS publication *'Ten key principles for owning your housing number (July 2013)'* and the draft National Planning Practice Guidance (NPPG). Whilst it is noted that the latter is still in draft form it does provide a good indication of the government's proposed direction of travel and has been referenced at numerous local plan examinations. Both documents indicate that the following sources of data should be used;

- Household and population projections produced by the ONS,
- Strategic Housing Market Assessment (SHMA) relevant to the area of concern,
- The economic aspirations of the authority, and

- The need to address any unmet needs from neighbouring authorities.

2. The Council's Position

2.1 The Council have produced two topic papers to identify how it has identified its housing requirements. These are;

- TP4: Housing Growth Topic Paper (May 2013), and
- TP4a: Housing Growth Topic Paper Update (October 2013)

2.2 Paragraph 43 of examination document TP4 indicates that in determining the housing requirement the Council has had regard to the following;

- Demographic and economic projections;
- Past delivery;
- Other policy imperatives such as affordable housing;
- Availability and viability of land delivery; and
- Capacity of the construction industry to deliver and the level of market demand.

2.3 It is concerning that the Council do not appear to have had full regard to the contents of the SHMA, despite the requirement within the NPPF (paragraph 159). The SHMA is discussed in greater detail in paragraph 3.9 below.

2.4 The HBF contends that past delivery and the capacity of the construction industry to deliver the appropriate level of market housing are supply issues and should not be used to determine the level of need. The NPPF is very clear that it is need (paragraph 14, 47, 159), not supply which should determine the housing requirement. Indeed the draft NPPG indicates that; *'Plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historic under performance.....'*(ID 2a-004-130729). To identify unfounded supply issues as a possible constraint is therefore unsound and unjustified.

2.5 The demographic and economic projections undertaken by GVA, on behalf of Cumbria County Council in 2011, are set out below;

Scenario	Projected dwelling requirement	Dwelling requirement per year		
		West Cumbria	Allerdale	Copeland
CS2: Zero net migration	2837	189	75	114
CS3: 5 year migration trend	3340	223	111	112
CS4: 10 year migration trend	5277	352	186	166

CS5: Employment baseline	9230	615	497	118
Nuclear Build	New 11046	736	516	220

2.6 The Council clearly state at paragraph 44 of examination document TP4 that the *'target is taken from the mid-point between household growth projections set out in scenarios CS3 and CS5 (i.e. (111+497)/2 = 304). This was considered to be the most appropriate approach taking into account the issues raised in this topic paper'*.

2.7 The proposed housing requirement is therefore a hybrid figure with no evidential basis and does not represent an objectively assessed need. It is noted that land availability is not an issue for any of the modelled economic or demographic scenarios (examination document TP4, figure 10).

3. The HBF Position

3.1 The HBF maintains that the proposed housing requirement is insufficient and does not meet the full objectively assessed needs for housing required by the NPPF for the following reasons;

- **Demographic and household projections**

3.2 The chosen housing requirement compares favourably with both the 2008 based and 2011 based interim household projections. The 2008 based projections for Allerdale included in the *'What Homes Where'* toolkit identifies an annual requirement of 280 dwellings per annum over the plan period, just 24 dwellings short of the Council's chosen annual requirement.

3.3 The more recent 2011 interim projections identify a greater contrast. These figures should, however, be viewed with caution as they are only interim, do not represent the full plan period, are based upon a hybrid dataset and are borne through a period of recession. This issue of using the 2011 interim household projections has recently raised by the Inspectors of both the Lichfield Local Plan and South Worcestershire Local Plan who both note that Councils **should not** plan on the basis of the 2011 headship rates as to do so would be tantamount to planning for recession.

3.4 It is, however, clear that the household projections are only the starting point for considering an objectively assessed need for housing. This message is consistently repeated through the draft NPPG, PAS publication *'Ten key principles for owning your housing number (July 2013)* and more recent RTPI publication *'Planning for housing in England: Understanding recent changes in household formation rates and their implications for planning for housing in England (January 2014)'*.

Economic aspirations

3.5 The Council clearly sets out the context for its economic aspirations within the vision of the plan, which states;

'By 2028 Allerdale's communities will be sustainable, prosperous, safe, healthy and vibrant. The economy will be strong, diversified and well connected, with a growing and highly skilled population, with high employment, capitalising on skills and opportunities in the nuclear, energy and tourism sectors.'

This aspiration for economic growth is further enhanced within the Strategic Objectives section which aims for *'maximising economic opportunities'*.

3.6 The modelled economic scenarios CS5: Employment baseline and Nuclear New Build indicate net annual housing requirements for Allerdale of 497 and 516 respectively. The Council has discounted the use of the Employment baseline figure on the basis that the economic projections for West Cumbria are work place based and that it is likely that the requirement for housing growth will be tempered by commuting from neighbouring authorities, especially Copeland where the modelling suggests substantial job losses in the nuclear sector (TP4 figure 11, TP4a paragraph 11). The HBF cannot identify any evidence to justify the Council's assumption nor the scale of reduction of 194 dwellings per annum from the housing requirement. The HBF maintains that the proposed housing figure is an arbitrary figure which is not based upon evidence.

3.7 The plan identifies that the Council intends to allocate 54ha of employment land (Policy S3 as amended by Major Modification 12) equating to an annualised target of 3ha per annum. This represents the higher end of the employment land requirement scenarios included within the updated Employment Land Review (EB6a, Figure 7.1). Whilst the HBF is supportive of the Council's aspirations in relation to employment land it is unclear why the same aspirations do not relate to the housing requirement.

3.8 The Nuclear New Build scenario is discounted due to uncertainties in timing and effect on Allerdale (paragraph 14, TP4a). The Council suggests that the uplift in employment and requirement for additional housing that may arise with Nuclear New Build is likely to be low in Allerdale, with the majority of impact taking place in Copeland Plan Area. Whilst the effects are predicted to be small above the Economic Baseline scenario the Council's housing requirement is not based upon this scenario, indeed it is 194 dwellings per annum less. In addition whilst there may be uncertainties over the impact of Nuclear New Build on Allerdale the implications would certainly impact upon the unfounded assumption in the Economic Baseline scenario that jobs created in Allerdale would be taken by unemployed nuclear workers from Copeland (TP4 figure 11, TP4a para 11).

SHMA

3.9 The government places significant emphasis upon the Strategic Housing Market Assessment (SHMA) in identifying housing need (NPPF paragraph 159). As stated in our representations upon the submission version of the plan and hearing statements, the 2011 SHMA (EB2) and subsequent 2013 update (EB2e) identify an annual need for 181 affordable dwellings (figure 5, EB2e) and 295 market dwellings (figure 21, EB2e) over the next 5 years. This equates to a requirement for 476 dwellings per annum. Given the importance government places upon the SHMA it is unclear why Allerdale has not considered this requirement and sought to address this need in full.

Neighbouring Authorities

3.10 In determining its housing requirement the neighbouring West Cumbria authority of Copeland has chosen a figure of 230 dwellings per annum based upon the potential for Nuclear New Build. In contrast Allerdale has sought an arbitrary figure which sits at the mid-point between the '5 year migration trend' and 'Employment Baseline' scenarios. This inconsistency in target setting between two closely related authorities has meant that the modelled requirement for the 'Employment Baseline' scenario in West Cumbria of 615 net dwellings per annum will not be met. The combined housing requirement would therefore be 554 dwellings per annum, some 61 dwellings per annum or 1,098 dwellings short of this requirement over the plan period.

3.11 When considered against the Nuclear New Build scenario the issue is considerably worse. Whilst the Copeland plan does provide some flexibility if Nuclear New Build was to occur (70 dwellings per annum), no such flexibility is included in the Allerdale plan. This would therefore leave West Cumbria 112 dwellings short of this scenario per annum, or 2,016 over the plan period. This lack of flexibility to accommodate such a potentially important national infrastructure project is particularly concerning.

Addressing the backlog

3.12 The Council has consistently under-performed against previous housing requirements. The most recent Annual Monitoring Report identifies a shortfall of 857 dwellings against the now revoked Regional Spatial Strategy requirement (EB22, Annual Monitoring Report).

3.13 The impact of such under-performance will be the suppression of household formation rates and worsening affordability of housing. These issues are not reflected in the household projections as they do not reflect unmet housing needs for the area. The Council should therefore seek to address the accrued backlog and consider the extent to which household formation rates are, or have been, constrained by supply. This should ideally be dealt with over the first five years of the plan. The current housing requirement pays no regard to this issue and is therefore unsound.

4. Conclusion

4.1 The housing requirement is not based upon the objectively assessed needs of the area. The HBF therefore re-iterates our previous statements to suggest that the housing requirement figure should be increased taking account of the need identified in the SHMA, previous under-delivery and the Councils aspiration for growth. It is recommended that an annual housing requirement nearer 500 new dwellings should be planned for.

Yours sincerely

MJ Good

Matthew Good
Planning Manager – Local Plans
Email: matthew.good@hbf.co.uk
Tel: 07972774229