

**EAST STAFFORDSHIRE BOROUGH COUNCIL LOCAL PLAN
EXAMINATION
EAST STAFFORDSHIRE BOROUGH COUNCIL RESPONSE TO
INTERIM FINDINGS BY THE INSPECTOR**

b. Objectively Assessed Housing Need as listed in Note E.18

13. I refer above to the DtC and the evidence of a self-contained HMA within the Borough. In that context, it is evident that the assessment of housing need in the SHMA, with its addendum, properly bases its initial estimate of need on up-to-date published population and household projections, save that the most recent population projections forecast a significant downturn by comparison. This implies that the overall figure of 11,648 dwellings could represent a generous estimate before appropriate adjustments for estimated employment growth and market indicators are made. Importantly however, the effect of any such downturn remains un-quantified.

The effect of the downturn in population projections on the OAHN is quantified in the SHMA Addendum document F24.

14. The total draft requirement of 11,648 dwellings is substantially questioned in one particular respect related to the jobs growth scenarios considered in the Employment Land Review (ELR) and carried forward into the SHMA. The ELR includes a benchmarking exercise between several acknowledged sources of employment predictions and adopts a net employment yield from committed projects considered to be the most reliable for East Staffordshire of 4,751 jobs. This is elevated to 5,728 jobs based on an alternative labour demand scenario specifically related to local economic strengths. This figure is then carried forward into the SHMA.

15. The SHMA goes on to predict annual average change in dwelling requirement between 596 and 630 dwellings per annum (dpa), depending on whether fixed or employment-led headship rates are assumed. The ESLP adopts the mid-point calculation of 613dpa, equivalent to the ESLP total of 11,648 units.

The contrast is not between fixed and employment-led headship rates, but between fixed headship rates and 2008-based changes in headship rates.

16. The choice of the mid-point requirement is questionable on grounds that the higher employment-led total assumes a return to pre-recession economic trends within the Plan period and accordingly more appropriately reflects the thrust of the NPPF to boost growth and housing supply.

The mid-point requirement does not restrict growth and substantially boosts housing supply. It is therefore fully consistent with the thrust of the NPPF.

Employment growth does not necessarily imply a return to pre-recession economic trends and will not necessarily increase headship

rates: employment may be insecure, poorly paid, or insufficient to enable people to save a deposit; mortgages are likely to remain more difficult to secure than pre-recession; there may have been a cultural change in the age of leaving home; higher employment could reduce the amount of family breakdown.

The mid-point calculation is more consistent with the approaches taken by other authorities and endorsed by Inspectors which project a partial return to 2008-based rates of change, including what is commonly called the "index" method. That method was endorsed by the Inspector examining the South Worcestershire Development Plan.

In his initial findings concerning the Birmingham Development Plan, that same Inspector referred to suggestions that the Inspector examining the Derbyshire Dales Local Plan favoured a different approach although said that that was not entirely clear. In fact the Inspector examining the Derbyshire Dales Local Plan appears to advocate exactly the same approach saying "I therefore consider that a "blended" rate that assumes the 2011 rate until 2020 and the higher 2008 rate thereafter is appropriate."

There is therefore ample support for an approach which does not assume 2008-based rates of change over the whole of the plan period.

Using 2011-based changes in average household size up to 2031, and the Index (Blended) approach of using 2011-based changes to 2021 and 2008-based changes from 2021 to 2031, produce the following results:

	Scenario 2a: 2008 based changes in headship	Scenario 2b: Fixed 2011 headship	Mid-point	Interim 2011 based changes	Index/ Blended method
Average household size 2011	2.364				
Average household size 2031	2.247	2.272	2.259	2.290	2.269
Households in 2031	59,446	58,806	59,126	58,337	58,886
Change 2011-2031	12,195	11,555	11,875	11,086	11,635
Household growth pa	610	578	594	554	582
Dwellings 2011-2031	12,500	11,844	12,172	11,363	11,926
Dwellings 2012-2031	11,976	11,320	11,648	10,839	11,402
Dwelling requirement pa	630	596	613	570	600

The Index method produces a lower housing requirement than the mid-point calculation. This is because the Fixed Headship scenario does not

amount to the fixing of average household size, because of changes to the population structure, and it produces a bigger reduction in average household size than the 2011-based scenario.

Hence calculation of the housing requirement at the mid-point is generous and more than sufficient.

When the new household projections are published by DCLG – due late February - they will provide an official and presumably definitive answer to the question about average household size.

17. Moreover, several Representors question the source and the treatment of the employment predictions with reference to alternative scenarios and models and arrive at a range of suggested annual requirements between 660 and 880dpa.

Please see the GVA Response (Doc. F.45)

18. It is fair to say that the ESBC benchmarking of employment predictions appears to represent a reasonable and balanced approach in an area where predictions are necessarily uncertain and widely variable. Dispute arises from the treatment of the results. Crucially, the ELR is unclear in the way it discounts from gross employment yield of 12,670 to the net figure of 4,751 with only passing reference to the English Partnerships Additionality Guidance 2008 which, it emerged on Day 2 of the Hearings, has been updated in 2014 in any event. As a result, the ELR methodology is substantially challenged in this respect. Moreover, the relevant sections of the SHMA remain unclear as to the basis of labour force increase scenarios with respect to such considerations as activity rates.

Please see the GVA Response (Doc. F.45)

19. Therefore, on the evidence available, it appears that, at very least, the higher figure of 630dpa should be taken as the OAHN. That alone would result in an overall increase of 323 units in the total requirement. This would be in circumstances where the ESLP itself shows that, after taking account of commitments since 2012, its allocations would already only just meet the requirement as submitted.

For the reasons given the Council does not accept that the OAHN should be 630 dpa, being satisfied that 613 is correct.

However the Council has already approved additional sites providing more than 323 units so that the proposed ESLP will accommodate development in excess of 630 dpa.

20. Having regard to the further challenge to the employment predictions, it could become necessary to conclude that the OAHN should be revised and the ESLP housing land requirement increased, in order to comply with national policy. Additional market signals of worsening overcrowding, increasing demand for housing benefit, under-delivery of affordable housing and reducing vacancy rates might all militate in favour of the same conclusion.

Worsening overcrowding

Market signals indicate that worsening overcrowding is not the result of insufficient market housing supply. This is because prices would have been rising if there was insufficient supply. However prices have not been rising meaning that there has not been insufficient supply. Hence worsening overcrowding cannot be the result of insufficient supply of market housing. It follows that overcrowding will not be reduced by increasing the supply of market housing. The worsening level of overcrowding has been factored in to the calculation of need for affordable housing and is therefore already addressed.

Increasing demand for housing benefit

Increased demand for housing benefit has occurred because more households have found themselves unable to afford rent without assistance. However this is not because rents have been rising, because rents have not been rising. It is instead because more households have had insufficient income. Since increasing the supply of market housing will not raise household incomes it is not the solution to increased demand for housing benefit. Hence increased demand for housing benefit does not signal a need to increase market housing supply. The ability of households to afford market housing has been factored in to the calculation of need for affordable housing and is therefore already addressed.

Under-delivery of affordable housing

The reason for historic under-delivery of affordable housing is under-delivery of market housing and hence under-delivery of affordable housing under Section 106. The OAHN addresses the under-delivery of market housing, and the calculation of need for affordable housing addresses backlog need for affordable housing (current housing need). Hence historic under-delivery of affordable housing is not a reason to further increase housing supply.

Reducing vacancy rates

The proportion of dwellings unoccupied has fallen, but not to a level which indicates undersupply because it remains higher than a normal 2.5% allowance for churn. Hence this fact does not justify an increase in the housing requirement.

Market signals conclusion

Market signals reflect recent supply. The Council's proposed housing requirement will deliver a very large increase in supply and market signals cannot say anything about the adequacy of this projected supply.

21. Moreover, notwithstanding the evidently weak market relationship between East Staffordshire and the Birmingham conurbation, the current uncertainty surrounding unmet housing need in Birmingham, whilst not requiring an immediate elevation of the East Staffordshire requirement, fully justifies a clear commitment to flexible review of the ESLP. That would take account of any change in these circumstances. It is also necessary to make clear that the stated housing requirements of the ESLP are in no way to be regarded as ceilings but as minima.

In his Interim Findings (5th January 2015) the Inspector examining the Birmingham Development Plan has accepted the evidence provided by Birmingham City Council as showing that East Staffordshire is not part of the Birmingham Housing Market Area (HMA) (paragraph 8). He has also said that the Birmingham housing shortfall will need to be met by other Local Planning Authorities within the HMA (paragraphs 70 and 72). It follows that the Inspector does not expect that any of the Birmingham shortfall will be met by East Staffordshire. Following further consideration of this issue the Borough Council will not be proposing main modifications to introduce the word minimum. The Council considers that the housing requirement is the amount of housing which should be provided.