STAFFORDSHIRE MOORLANDS LOCAL PLAN EXAMINATION
STATEMENT BY STAFFORDSHIRE MOORLANDS DISTRICT COUNCIL ON THE INSPECTOR'S MATTERS, ISSUES & QUESTIONS

MATTER 3

Housing and Employment Objectively Assessed Needs (OAN) and Requirements

Issue 1 – The Housing OAN and Requirement

1.1   Does the evidence base support the requirement for housing of 320 dpa or 6080 dwellings for the LP period within an OAN range of 235 to 330 dpa taking into account demographic and economic factors, market signals and affordable housing need?

1.1.1   The rationale behind the Local Plan housing requirement is set out in the Policy Topic Paper (ED13.5, paragraphs 2.31 to 2.36). In terms of the OAN, a commentary is also set out in the Policy Topic Paper and supplemented by technical Appendix 1 to this statement. The appendices have been prepared by the Council's consultants in relation to housing and employment requirements – Lichfields.

1.2   Or should the requirement be higher to support job growth and the delivery of affordable housing e.g. at the top of the range identified in the SHMA – 330 dpa?

1.2.1   For the reasons set out in response to Question 1.1, the requirement should not be higher.

1.3   Alternatively should the requirement be lower so that it is 'aspirational but realistic' taking into account past delivery rates?

1.3.1   No. The Council is keen to ensure that the Local Plan support jobs growth and the provision of affordable housing which are key aspects of the strategy. It is acknowledged that completions have been below the annualised requirement over the past decade. However, the housing trajectory identifies how the Council envisages housing growth to increase over the coming years. The adoption of a Local Plan with site allocations will provide landowners and developers with the certainty required to encourage development. The site allocations provide a range of development opportunities to attract national, regional and local developers. There is evidence that this is already having a positive impact with recent activity in the District with St Modwen Homes (Blythe Vale consent), Persimmon (Cheadle North application) which has begun to supplement the smaller scale sites with permission.

1.3.2   As set out in the Council's response to the preliminary questions, the Council has already begun to adopt a more pro-active approach to housing delivery. A report approved by the Council's Cabinet on 24th April 2018 (ED33.6) identified a number of measures to be taken by the Council in order to ensure the timely delivery of housing land. These include the preparation of masterplans for key sites and working with land owners, developers, Homes England and Registered Provider to identify constraints and realise opportunities. The Strategic Alliance with High Peak Borough Council has successfully applied this approach in High Peak following the adoption of the High Peak Local Plan in 2016.

1.3.3   Within Staffordshire Moorlands, the Council successfully worked in a joint venture with the Harvest Housing Group to delivery affordable homes across the District. In total "Ascent" provided 370

affordable homes in the Staffordshire Moorlands by March 2015 with assistance from the Homes and Communities Agency and Staffordshire County Council. This boost to delivery is reflected in the housing monitoring data for 2014/15 which identifies that 307 homes were completed during that year – the single most fruitful in in terms of housing delivery over the period 2006/7 to 2017/18 (ED13.5, page 58). The Council is actively considering options to continue playing an active role in housing delivery, including through strategic acquisition.

1.4   Does the requirement reflect the failure to deliver housing to meet past 'targets'?

1.4.1   Yes, as set out in the Council's response to the preliminary questions, the Local Plan Submission Version factors in the backlog of housing provision from 2012 to 2016 as well that that which has occurred within the plan period. 2012 was applied as this was the base date for the 2014 SHMA. This calculation applied the proposed 320 annual requirement alongside completions during the period 2012 – 2016.

1.4.2   The 2017 SHMA Update also takes account of past under delivery. The OAHN set out in the 2017 SHMA update effectively 'resets' the housing figure and implicitly takes into account demographic and market pressures resulting from previous under-delivery. As required by the Practice Guidance, the latest household projections are used as the starting point for the assessment. As these are largely trend-based, they reflect levels of net inward migration over the past 5/6 years to Staffordshire Moorlands District, which could be suppressed by under-delivering housing against need.

1.4.3   To address this, the Practice Guidance sets out the following:

"The household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends. For example, 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. As household projections do not reflect unmet housing need, local planning authorities should take a view based on available evidence of the extent to which household formation rates are or have been constrained by supply."

1.4.4   The modelling undertaken by Lichfields in the 2017 SHMA Update ran several sensitivity tests to rectify the impacts of supressed household formation, which may have been partly caused by a lack of available housing. This involved modelling 'Partial Catch Up' scenarios. Because young people have been disproportionately impacted by supressed household formation in recent years, the sensitivity focused around those aged 15-34. Young people are having to live with parents for longer than seen historically or pay a significantly greater proportion of their earnings to rent, which leaves them unable to save for a deposit for a house. The sensitivity test accelerated household formation rates amongst the younger age groups, for all of the scenarios. This had the effect of increasing the OAHN by between 20-26 dpa, depending on the scenario.

1.4.5   In addition to this, the rate of past development is also one of the 6 key market signals to be assessed, and is intended to be a supply-side indicator of previous under-delivery.

1.4.6   The Practice Guidance sets out that:

"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"

1.4.7   The rate of development is therefore a market signal relating to the quantity of past under-supply, which will need to be made up. Section 4.0 of the 2017 SHMA Update analysed this in detail and concluded that depending upon the housing requirement used, Staffordshire Moorlands was falling short of meeting needs over the plan period, with a backlog of 478 - 798 dwellings accrued over the past five years. This may have contributed towards some of the other housing market signals which indicated that there had been increasing stress in the housing market as a result of demand not being met.

1.4.8   This, alongside other worsening market signals, led Lichfields to conclude that there needed to be some improvement in affordability within Staffordshire Moorlands and a requirement to boost the past under-delivery of housing, if the Council was to meet the requirements within its Core Strategy over the plan period. This informed their conclusion that an uplift to the demographic starting point in the order of 10% would be appropriate.

1.4.9   Hence the 230-320 dpa target in the Local Plan incorporates uplifts to help address negative impacts likely to have resulted from past under-delivery.

1.5   Has the need for older persons' accommodation, including that within C2 communal living been taken into account in the OAN?

1.5.1   The Practice Guidance states that up-to-date household projections published by CLG should form the starting point estimate of overall housing need. This data source has underpinned Lichfields' OAHN range in its 2017 SHMA Update for Staffordshire Moorlands District.

1.5.2   CLG's household projections are based on the projected household population rather than the total population. The difference between the two is the population in communal establishments, also termed the 'institutional' population. This population comprises all people not living in private households. These include people living in nursing homes, halls of residence, military barracks and prisons. The institutional population is subtracted from the total resident population projections by age, sex and marital status to leave the private household population, split by sex, age and marital status in the years required for household projections .

1.5.3   Therefore the standard approach the Government requires to be followed in calculating OAHN explicitly excludes the housing needs of those likely to live in C2 accommodation. It should be noted that older people likely to live in non-communal C3 accommodation with an element of care are included in the projections. Therefore the 230-320 dpa OAHN range does not make provision for communal C2 housing needs.

1.5.4   The 2017 SHMA Update addresses this issue separately in Section 7.0, where it reports the findings of the Strategic Housing for Older People [SHOP] tool produced by the Housing Learning and Improvement Network [LIN]. This provides estimates of current and future need for older person's housing across different Local Authority areas. For Staffordshire Moorlands District, the Housing LIN

data indicates that there will be an increased need for residential care home places from 644 in 2014, to 1,086 in 2030. This is set against a current supply of 262 residential care places (see Table 7.8 of the 2017 SHMA Update ED27.5).

1.5.5 Policy H1 makes provision for housing for special groups, "particularly for older people".

1.6 Whilst policies in the 2012 Framework should apply in examining the LP does the new methodology for calculating housing need proposed within the revised Framework have any implications for the OAN?

1.6.1 The recently updated Framework, released on 24th July 2018, formally introduces the new standardised methodology for calculating housing needs:

"To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals." [paragraph 60]

1.6.2 To accompany the new Framework, the Government released a short methodological note on how to calculate the standard method , setting out the three-stage process to calculate a minimum annual local housing need figure.

1.6.3 This starts with the average annual household growth (using the latest national household growth projections) over a consecutive 10-year period, with the current year (2018) being the first year. The projected annual household figure should then be adjusted based on the affordability of the area (using the most recent median workplace-based affordability ratios). For each 1% increase in the ratio of house prices to earnings, where the ratio is above 4, the average household growth should be increased by a quarter of a percent. The final stage applies a cap, which limits the increase in the minimum annual housing need figure an individual local authority can face (capped at 40% above the average annual housing requirement figure set out in the existing policies, is adopted within the last 5 years).

1.6.4 At present, the standard methodology would result in a local housing need figure of 194 dpa for Staffordshire Moorlands District. This is based on the 2014-based household projections for 2018-2028, which equates to household growth of 172 per annum, plus a market signals uplift of 13%. This latter figure has been generated based on the most recent median workplace-based affordability ratios (published by ONS). As Staffordshire Moorlands District's median workplace-based affordability rates was 6.12 in 2017, this equates to an adjustment factor of 0.13, or 13%.

1.6.5 Although this figure is significantly lower than the OAHN range in Lichfields' 2017 SHMA Update and the Council's 320 dpa housing requirement, the transitional arrangements set out in paragraph 214 of the Framework are clear that:

"The policies in the previous Framework will apply for the purpose of examining plans, where those plans are submitted on or before 24 January 2019."

1.6.6 As the Plan was submitted to the Secretary of State in February 2018, the policies in the previous Framework apply. The 194 dpa figure derived from the standard methodology is therefore irrelevant for the purposes of the emerging Local Plan.

1.6.7 This view is supported by the initial findings of the Inspector at the recent Peterborough Local Plan Examination. The Inspector's post hearings advice following stage 1 hearings was as follows :

"Having regard to all of the evidence before me, including what I heard at the hearing sessions last week, I consider that this Plan's housing requirement should be based on the OAN figure identified through the up-to-date 2017 SHMA and not the local housing need method used in the Plan."

1.7 Is the discrepancy between the plan period (2016-2031) and the period for the housing requirement within Policy SS3 justified?

1.7.1 As per the Council's response to the Inspector's preliminary questions and Question 1.4 above, 2012 was applied as the start point for the Local Plan housing requirement to take further account of past under delivery and as this was the base date for the 2014 SHMA (EL.001b, page 10).

1.8 What would be the implications of aligning the housing requirement and the LP period?

1.8.1 Modelling work in the 2017 SHMA Update used a base date of 2014 and provided a detailed assessment of housing needs over the period to 2031/33. Based on exactly the same methodology as before (using the same model outputs but using 2016 as the base date rather than 2014), this would increase the OAHN range very slightly, from 235-330 dpa to 240-330 dpa as summarised in the table below. To 2033, the OAHN range would decrease very slightly, from 230-320 dpa, to 230-315 dpa. Please note that this modelling does not consider the 2016-based household projections as published on 20 September 2018 which indicate a reduction in average annual household growth from 172 to 160 when compared with the 2014-based projections.

	Dwellings per annum (2016-2031)	Dwellings per annum (2016-2033)
Demographic Starting Point	170 dpa	164 dpa
Adjustments to Demographic-led Needs	199 dpa	192 dpa
Uplift for Market Signals	219 dpa	211 dpa
Employment Led Needs	328 dpa	316 dpa
Affordable Housing Needs (@33% delivery)	679 – 1,309 dpa	679 – 1,309 dpa
Uplift to demographic led needs for Affordable Housing (@10%)	240 dpa	232 dpa
Full Objectively Assessed Needs (rounded)	**240 dpa – 330 dpa**	**230 dpa – 315 dpa**

Issue 2 – Phased approach to delivery?

2.1   Is the move away from the phased approach to the delivery of the housing requirement within the CS justified?

2.1.1   The Council's justification for the approach taken is set out in its response the Inspector's preliminary questions (EL1.001b, pages 12-13). Nevertheless, the Council would be willing to consider a main modification on this matter if deemed necessary.

Issue 3 – The Employment OAN

3.1   Does the evidence base support the OAN of 27 ha of employment land?

3.1.1   Yes. The Employment Land Requirement Study (ED17.3) and subsequent 2017 Update (ED17.5) provide a robust assessment of the need for employment land. A technical summary of the approach taken is provided in Appendix 2 to this statement.

3.2   Taking into account past delivery rates of employment land e.g. 2.39 ha in the period 2012-17, is the employment land requirement realistic?

3.2.1   Yes. Past delivery rates reflect a period of time when there has not been an up to date Local Plan with employment land allocations. The adoption of the Local Plan will provide an improved supply of land which will provide businesses and investors with the certainty regarding development opportunities that has not been present in recent years.

3.2.2   In addition, as with the delivery of housing, the Council is actively pursuing options to improve the delivery of employment land. In 2016, the Council's Cabinet agreed to a range of measures to accelerate business growth in the District and to support the delivery of the emerging Local Plan[1]. These include the preparation of masterplans, working with developers and providing access to finance where appropriate, strategic land acquisition and working with partners such as the County Council and Local Enterprise Partnership

Issue 4 – Alignment between housing and employment requirements

4.1   Is there sufficient alignment between housing and employment in that the employment land requirement is at the top of the range whilst the housing requirement is 10 dpa below the top of the range?

4.1.1   Appendix 3 to this statement provides a technical summary of how the assessments of the objectively assessed need for housing and employment have been aligned. This recognises that whilst alignment is necessary "there is not a straightforward direct causal relationship between job growth and housing need". It goes on to state that "A level of housing provision that bears no

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[1] Accelerating Business Growth Report to Cabinet, October 2016 -
https://democracy.staffsmoorlands.gov.uk/Data/Cabinet/201610181000/Agenda/8.2_accelerating_business_growth.pdf

relation to SMDC's economic needs would result in internal inconsistencies in the Local Plan and have unsustainable consequences" (Paragraph 1.53).

4.1.2   It is the view of the Council that the proposed annual housing requirement of 320 homes per year is broadly consistent with the top of the OAN range for housing (330 homes per year) and therefore is sufficiently aligned to the employment land requirement which reflects the top of the OAN range.

4.2   Assuming that the housing requirement remains at 320 dpa should the employment land requirement be reduced?

4.2.1   No. As per the responses above, the Council wishes to support economic growth in the District and broaden opportunities for businesses to expand and locate in Staffordshire Moorlands. The Council is also of the view that there is sufficient alignment between the housing and employment requirements. Furthermore, the Sustainability Appraisal supports the proposed employment land requirement of 27ha given the economic benefits (ED6.4, Section 6.2).