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Briefing Note

Our ref   41306/07/MW/CR
Date   22nd October 2018
To   Staffordshire Moorlands District Council
From   Lichfields

Subject   Addressing C2 Needs

1.0   Introduction

1.1   This note addresses issues relating to C2 communal living raised during the recent hearing sessions of the Staffordshire Moorlands Local Plan Examination.

1.2   The Inspector raised the following Issues and Questions in his Agenda for Matter 3 – Housing and Employment Objectively Assessed Needs [OAN] and Requirements:

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

<u>*Supplementary Question*</u> *– Should the need for residential/nursing care places be included in the housing requirement as in Cheshire East?*

1.3   A Matter 3 Position Statement produced by Emery Planning on behalf of Mr and Mrs Webb suggested that no allowance had been made within the housing requirement for C2 uses for older persons' accommodation, and argued that the approach taken by Cheshire East Council to include an allowance for 2,185 C2 bedspaces in its overall requirement of 36,000 dwellings should be followed by SMDC. Emery Planning considered that the need for C2 accommodation should be added to the identified OAN.

1.4   This issue was debated by the interested parties at the EiP hearing sessions. As a result, the Inspector requested that Lichfields provide a note setting out how the need for C2 accommodation is addressed in Staffordshire Moorlands District's housing requirement.

1.5   This Technical Note has therefore been prepared in response to this request, discussing the need for C2 accommodation in the District and how this has been addressed in the evidence underpinning the emerging Local Plan.

2.0   Context

2.1   The Planning Practice Guidance [PPG] states that up-to-date household projections published by CLG should form the starting point estimate of overall housing need[1]. This data source has underpinned Lichfields' OAHN range in its 2017 SHMA Update (February 2017) for Staffordshire Moorlands District.

2.2   The PPG sets out how adjustments can be made to household-based estimates of housing need, including formation rates which may have been suppressed by under-supply of housing[2]. It also

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[1] 2a-016-20150227
[2] 2a-016-20150227

states that the starting point should be adjusted to reflect appropriate market signals[3], and that employment trends and affordable housing need should also be taken into account.

2.3   The PPG also states that "*once an overall housing figure has been identified, plan makers will need to break this down by tenure, household type (singles, couples and families) and household size*"[4]. It then discusses the need for certain types of housing and the needs of different groups in more detail. These groups/house types are identified as the private rented sector; self-build and custom housebuilding; family housing; households with specific needs; student housing; and housing for older people. This is not an invitation to add further to the housing requirement, but, in plan making terms, to disaggregate the overall housing figure between the different housing typologies.

2.4   The PPG states that:

"*The assessment should set out the level of need for residential institutions (Use Class C2). Many older people may not want or need specialist accommodation or care and may wish to stay or move to general housing that is already suitable, such as bungalows, or homes which can be adapted to meet a change in their needs. Local authorities should therefore identify particular types of general housing as part of their assessment.*"[5]

2.5   There is no detailed guidance in the PPG as to how C2 needs might be addressed in an OAN calculation. Furthermore, the Planning Advisory Service's Technical Advice Note on Objectively Assessed Need and Housing Targets (Second edition, July 2015) also makes no mention whatsoever of integrating C2 needs into its assessment methodology for identifying housing OAN.

2.6   Setting this to one side, the 2017 SHMA Update addresses the issue of C2 specialist housing needs in Section 7.0. The document reports that the need for Housing with Care could increase from 5% in 2014, to 9% in 2031 [paragraph 7.76]. The document also 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).

2.7   The SHOP tool also identifies an increased need for sheltered housing, Extra Care and Nursing Care homes up to 2030 in the District. The SHMA Update also reports that between 2014 and 2030:

"*There will be an increase from 4,939 older people (75+) living alone to 8,067, an increase of 63%. These trends will have a significant impact on the type of housing required by Staffordshire Moorlands' residents over the plan period and suggest a clear need for specific elderly care provision going forward*" [paragraph 7.84].

2.8   This recommendation was taken into account by SMDC in its emerging Local Plan, with Policy H1 making specific provision for special groups, "*particularly for older people*".

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[3] 2a-020-20140306
[4] 2a-022-20140306
[5] ibid

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3.0 Application of the Cheshire East approach

3.1 Emery Planning's Matter 3 Hearing Statement argues that there are no local reasons for taking a different approach in SMDC's Plan to that taken in the Cheshire East Local Plan, and the need for C2 accommodation should be 'added to' the identified OAN [paragraph 2.16].

3.2 Cheshire East's Local Plan was adopted in July 2017. Policy PG1 of that document states that sufficient land will be provided to accommodate the full, objectively assessed needs for the Borough of a minimum of 36,000 homes between 2010 and 2030, averaging 1,800 net additional dwellings per year.

3.3 The supporting text to this Policy states the following:

"The housing requirement set out in Policy PG 1 responds to the Housing Development Study (2015) and aims to meet the full objectively assessed need for an additional 36,000 dwellings that is predicted to arise in Cheshire East over the 2010 – 2030 period [1,800 dpa]. The Housing Development Study has used the CLG 2012-based household projections as a 'starting point' and applied a 10-year migration trend. The study also projected economic activity rates up to 2030 and assumed that there are no further falls in unemployment. It considered the evidence on market signals along with the need for affordable housing and for older people (including C2 bed spaces). It then sought to identify the appropriate balance – between working residents and the number of people working in the borough – that is necessary to achieve jobs growth of around 31,000 (an average of 0.7% jobs growth a year). Such a balance requires both migration flows and commuting flows to be sustainable over the plan period."

3.4 The source document underpinning the 1,800 dpa figure is the *Cheshire East Housing Development Study* (HDS, 2015), produced by ORS. Section 3.0 of that document explores whether C2 bedspaces should be included in the housing OAN figure:

"Households needing Class C2 usage would be considered as part of the communal establishment population and therefore any people living in this type of accommodation would not be included in the household projections. Given that the projections identify a growth of 2,185 persons aged over 75 years living in communal housing over the 20-year period 2010-30 (based on mid-trend migration), this represents an increased need for Class C2 usage dwellings as each person would require a bedspace.

On this basis, for the Council to count the supply of additional C2 bedspaces towards their overall housing delivery, it is also necessary to count this increase in communal establishment population aged 75 or over as an additional component within the assessed OAN. Cheshire East Council do intend to count Class C2 needs towards their OAN figure, so they are included in all subsequent figures." [HDS, paragraphs 3.51-3.52]

3.5 As requested by the Inspector, Lichfields has analysed the 2014-based Sub-National Household Projections [SNHP] Institutionalised population figures for the over 75s for Staffordshire Moorlands District (to be consistent with the 2014-based dataset that has underpinned the housing evidence of the Local Plan).

3.6 As can be seen in Table 1, this indicates that of the 1,264 residents living in some form of communal establishment in Staffordshire Moorlands District in 2014, 680 were aged over 75. This is projected to increase by 424 residents to 1,104 by 2031, at a rate of 25 additional residents annually. Extending the timeframe from 2031 to 2033 (Table 2) increases the number of over 75s living in communal establishments to 504, an average of 27 annually. By way of comparison, the communal establishment figures in the 2016-based SNHP identifies net growth

of 419 residents aged over 75 between 2014 and 2031, an identical annual growth rate (+25) to the 2014-based iteration.

Table 1: Institutional Population in Staffordshire Moorlands District 2014-2031

	2014	2031	Difference	Annual
Total Institutional population	1,264	1,686	422	25
Institutional population aged over 75	**680**	**1,104**	**424**	**25**
Institutional population aged over 75 – 'Couple' Relationship Status	643	1,027	384	23

Source: CLG (2016): Household Projections model (2014-based) Institutionalised Population

Table 2: Institutional Population in Staffordshire Moorlands District 2014-2033

	2014	2033	Difference	Annual
Total Institutional population	1,264	1,769	505	27
Institutional population aged over 75	**680**	**1,184**	**504**	**27**
Institutional population aged over 75 – 'Couple' Relationship Status	643	1,103	460	24

Source: CLG (2016): Household Projections model (2014-based) Institutionalised Population

3.7   It should of course be noted that the figures in the Tables above relate to individuals living in communal accommodation, or bedspaces. As can be seen in Table 1, almost three quarters of residents aged over 75 and living in institutional accommodation are part of a couple. Although many elderly people who need to move into a care home are living alone, a significant number are living with their spouse and will have been together for many years, hence the challenge is often to find a care home where they can move in together with all their needs being met. Whilst it is accepted that this is often difficult to achieve, there is an increasing choice and flexibility in C2 homes where couples can continue to live together. As such, it is unlikely that all 1,104 individuals projected to be living in C2 accommodation in 2031 would require single bedspaces; hence the net annual increase of 25 bedspaces indicated in Table 1 is likely to significantly over-estimate the C2 housing need.

4.0   Implications

4.1   Assuming the same approach was taken to market signals and affordable housing uplifts, then if the net additional annual growth in C2 bedspaces in Staffordshire Moorlands District (+25 to 2031/+27 to 2033) has to be factored in to the demographic starting point, this would increase the demographic-led needs to **267 dpa** between 2014 and 2031 (and to 263 dpa between 2014 and 2033).

4.2   This would have the effect of adjusting the (rounded) housing OAN for Staffordshire Moorlands District to between **265 dpa and 330 dpa to 2031**, and to between 265 dpa and 320 dpa to 2033 as set out in Table 3.

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Table 3   C2 adjustment to OAN for Staffordshire Moorlands 2014-2031/33

	Dwellings per annum (2014-2031)	Dwellings per annum (2014-2033)
Demographic Starting Point	170 dpa	165 dpa
Adjustments to Demographic-led Needs	196 dpa	190 dpa
Uplift for C2 uses	+25 bedspaces =221 dpa	+27 bedspaces =217 dpa
Uplift for Market Signals	243 dpa	239 dpa
Employment Led Needs	329 dpa	319 dpa
Affordable Housing Needs (@33% delivery)	679 – 1,309 dpa	679 – 1,309 dpa
Uplift to demographic led needs for Affordable Housing (@10%)	267 dpa	263 dpa
Full Objectively Assessed Needs (rounded)	**265 dpa – 330 dpa**	**265 dpa – 320 dpa**

Source: Lichfields

4.3   It is considered that a C2 adjustment should not be added on top of the upper end of the OAN range as Emery Planning seem to be implying. As is set out clearly in the PPG, the OAN test involves assessing the likely change in job numbers based on past trends and/or economic forecasts as appropriate, having regard to the growth of the working age population:

"Where the supply of working age population that is economically active (the labour force) is less than the projected job growth, this could result in unsustainable commuting patterns…in such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems."[6]

4.4   Our analysis has demonstrated that the provision of 196 dpa (before the various adjustments for market signals and affordable housing) would see the labour force declining in the District, with a net job growth of -1,579 (see Table 3.1 of SHMA Update 2017, Scenario Ab). The inclusion of 25 bedspaces is not going to have any effect on boosting the labour force, as it is unlikely that any residents aged over 75 and living in a nursing home will be in employment.

4.5   The Council is pursuing an economic strategy that aligns with the Combined Job Growth Scenario Ia, which would require a net job growth of 870 to 2031 (893 to 2033). This level of growth could not be achieved through the provision of 267 dpa without unsustainable consequences (such as worsening commuting imbalances and congestion). Therefore, the upper end of the OAN range, of 320/330 dpa, would need to be pursued to ensure an appropriate alignment with all housing needs and economic growth. This figure incorporates an adjustment for market signals, affordable housing and C2 needs.

4.6   Table 3 above demonstrates how an OAN range can be derived from a base position established by the demographic starting point and addressing C2 need to compare with the employment-led need. In this case, the adjusted demographic starting point is lower than the employment led figure, but this need not always be the case. In some authorities the employment led figure may be lower than the adjusted demographic baseline, in which case the upper end of the OAN range would be set by the adjusted demographic baseline figure (which is already adjusted for C2 needs). In such instances one would simply not add in C2 requirements to the upper end of this

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[6] PPG: 2a-019-20140306

range because this need is already factored into the demographic base requirement. This would involve double counting and would risk over-inflating the OAN.

4.7   It is important to note that not all of the stages set out above are cumulative. This is accepted in ORS's Cheshire East Housing Development Study 2015:

"*It is clear that the housing number for period 2010-30 should be increased from the "starting point" of 21,000 households based on the CLG 2012-based household projections; and whilst the 25,700 households identified based on 10-year migration trends provides a more appropriate baseline (which equates to a need for 29,000 dwellings, taking account of vacant and second homes and including the need for Class C2 usage bedspaces) there is need to increase the housing number further to help balance future jobs and workers in particular. **However, it is important to recognise that as well as yielding extra population and workers, any increase in housing will also respond to Market Signals and help provide affordable housing – so the increases identified are not cumulative,** and providing the homes required to balance jobs and workers will help ease market pressure and enable more affordable housing to be delivered through the planning system.*" [Lichfields' emphasis].

4.8   Indeed, ORS's approach does not even meet the 1,894 dpa housing need figure it considers to align with the economic growth target, instead preferring to adjust the figure downwards to 1,800 dpa, arguing that the levels of migration necessary to achieve the higher figure would be 'unprecedented' [paragraph 5.98].

Objectors' Expressed Concerns Regarding the ORS Approach

4.9   This analysis should not be interpreted as an acceptance on Lichfields' part that the ORS approach to defining housing need is 'correct'. The Cheshire East HDS 2015 does not in any way represent best practice and although it was endorsed by the Inspector at the Cheshire East EiP, this does not mean its approach would be appropriate elsewhere.

4.10   Indeed, Lichfields voiced a number of concerns during the Cheshire East Local Plan EiP regarding the robustness of that Council's housing evidence.

4.11   It is also pertinent to note that Emery Planning also voiced serious concerns regarding the robustness of the ORS Cheshire East 2015 HDS including the approach taken to include C2 uses in the housing requirement, hence we find it inconsistent that they are now advocating that the same approach should be followed for Staffordshire Moorlands District.

4.12   Emery Planning submitted a Hearing Statement on *Matter 1: Housing Requirements* on behalf of Mr Tony Hill, Bloor Homes Ltd, Dewscope Ltd and Wainhomes in September 2015. They raise a number of points concerning the flaws in ORS's approach to deriving the 1,800 dpa target:

"*From the outset we wish to **draw attention to a critical failing of the assessment of the OAN in the ORS report** (without prejudice to our concerns on the other factors). Specifically the report recognises that there is a need to increase the housing number further to help balance future jobs and workers in particular. To align with the economic strategy including 0.7% jobs growth, 1,894 dpa are required.*" [paragraph 2.2, Lichfields' emphasis]

"*Specifically, we have concerns as to whether the proposed requirement is justified by the evidence, and compliant with the NPPF requirement to meet the OAN in full. We also have concerns as to whether the requirement would be legally compliant, having regard to the*

various judgements in respect of formulating the requirement, including the Satnam Judgement". [paragraph 2.37]

4.13   Emery Planning was also highly critical of the approach taken by ORS regarding the need for C2 accommodation and how this should be included in the housing requirement:

"The need for C2 accommodation for older persons is treated as a separate element of the OAN. The ORS report indicates that 2,185 bed spaces are required to 2030. **However, we have concerns as to how that figure has been arrived at.** *Paragraph 2a-021 of the PPG sets out the correct approach, and requires an assessment of the future need for specialist accommodation for older people broken down by tenure and type (e.g sheltered, enhanced sheltered, extra care, registered care). There does not appear to have been any assessment as to whether the existing supply of C2 units is adequate, whether any adjustments to the projections are required and whether account has been taken of the increased housing provision associated with meeting the full OAN. It is also not clear how the assessment correlates with the assessment of need in the Vulnerable and Older People's Housing Strategy.*

Notwithstanding our concerns over whether the full need for C2 accommodation has been accounted for, **we have concerns about grouping C2 accommodation with the overall housing requirement and supply.** *Whilst the PPG (paragraph 3-037) allows for C2 uses to be included within the supply, the approach must be set out within the Local Plan. Our particular concern is that including C2 units in the overall supply may serve to artificially inflate the supply if the number of C2 units with planning permission exceeds the need. In respect of the need for C2 units, paragraph 5.63 of the ORS report states:*

> *...it does not necessarily follow that all of this need should be provided as additional bedspaces in residential institutions in Use Class C2 – but any reduction in the growth of institutional population aged 75 or over would need to be offset against higher growth for these age groups in the household population.*

Whilst this indicates that not all of the need should necessarily be provided as C2, there is no recommendation that lower levels of housing delivery could be offset by higher levels of C2. In fact that cannot be the case if the number of dwellings needed is necessary to deliver a sufficient workforce to meet the anticipated jobs growth. **We therefore have serious concerns about including the C2 requirement within the overall housing requirement in the absence of a clear policy or monitoring mechanism to ensure that the supply of housing land is not prejudiced.** [paragraphs 2.19-2021, Lichfields emphasis]

4.14   In this regard, Lichfields understands that SMDC does not count C2 schemes towards its housing land supply, which would appear to address the concern Emery Planning raised regarding Cheshire East's Local Plan requirement above.

5.0   Conclusions

5.1   To summarise, there is no detailed guidance in the PPG as to how the demographic starting point should be specifically adjusted to take into account C2 needs. The PPG does not invite plan makers to add further to the housing requirement to meet C2 needs, but, in plan making terms, to disaggregate the overall housing requirement figure between the different housing typologies. Lichfields' 2017 SHMA Update for Staffordshire Moorlands District analysed Housing LIN data and concluded that there was likely to be an increased need for residential care home places, sheltered housing, Extra Care and Nursing Care homes up to 2030. The

upper end of the OAN range (330 dpa to 2031, 320 dpa to 2033) was considered by Lichfields to address the objectively assessed need for housing in full in accordance with the PPG.

5.2   By applying the approach taken by ORS in the Cheshire East HDS 2015, there could be (at the very most) an increase of 25 C2 bedspaces needed annually to 2031, rising slightly to 27 C2 bedspaces by 2033. By incorporating these figures within the adjusted demographic starting point and applying similar uplifts to address worsening market signals and affordable housing needs, this would increase the lower end of the range to **265 dpa**.

5.3   It would not increase the employment-led upper end of the range, which would remain at 330 dpa to 2031 (320 dpa to 2033) as few if any of these individuals would contribute to the labour force. To follow the approach suggested by Emery risks over-inflating the upper end of the OAN. ORS themselves point out that the increases identified are not cumulative, and that (for example) as well as yielding extra population and workers, any increase in housing to align with economic growth needs will also respond to market signals and help provide affordable housing.

5.4   Furthermore, the ORS report is not a best practice document and we have previously raised concerns with their approach. It is also relevant to note that Emery Planning themselves consider that ORS's approach to identifying the 1,800 dpa Cheshire East Local Plan housing figure was flawed, and raised specific concerns as to how the C2 need figure was arrived at. They also raised clear concerns about including the C2 requirement within the overall housing requirement figure in the absence of a clear policy or monitoring mechanism to ensure that the supply of housing land is not prejudiced. In this regard, Lichfields understands that SMDC does not count C2 schemes towards its housing land supply.

5.5   Finally, we would emphasise that our original SHMA in 2013 and subsequent housing need update work was undertaken on behalf of both High Peak Borough and Staffordshire Moorlands District Councils, with the general approach to identifying housing OAN replicated across the two areas. Our approach was tested in depth at the High Peak Borough Local Plan EiP, with the Inspector concluding that:

> *"Overall I am satisfied that the Housing Need Study is a robust piece of evidence and that the broad range of housing figures it identifies provides an appropriate basis for determining the objective assessment of housing need. This was generally accepted at the initial hearings."* [Inspector's Report to High Peak Borough Council, 24th March 2016, para 40]