

# THE HOME BUILDERS FEDERATION

Planning Policy,

Eden District Council,

Mansion House,

Penrith,

CA11 7YG Date: 24th August 2015

**Email:** **loc.plan2014@eden.gov.uk**

**Sent by Email only**

Dear Sir / Madam,

**Eden Local Plan Selective Consultation: Taking Stock (SHMA)**

1. Thank you for consulting with the Home Builders Federation (HBF) on the Eden Local Plan Selective Consultation: Taking Stock (SHMA).
2. The HBF is the principal representative body of the house building industry in England and Wales and our representations reflect the views of our membership of multinational PLCs, through regional developers to small, local builders. Our members account for over 80% of all new housing built in England and Wales in any one year including a large proportion of the new affordable housing stock.
3. We would like to submit the following comments to the questions posed in the consultation.

**PART ONE: METHODOLOGY**

1. **Do you have any comments on the methodology of the SHMA and the way it has assessed need?**
2. The following response is broken down into two discrete elements the Housing Market Area and Objectively Assessed Needs. In terms of the Size, Type and Tenure section of the report the HBF has not undertaken a detailed assessment of the data but presently has no reason to dispute its validity. The HBF generally supports the provision of an appropriate mix of dwellings across the whole of the plan area and period. It is important that such requirements are considered upon a plan wide or settlement wide basis to ensure that individual sites can respond positively to local characteristics and demands. An over-prescriptive approach could simply stall developments coming forward either through increased costs or lack of market demand for certain products.

**Housing Market Area**

1. The National Planning Practice Guidance (PPG) paragraph 2a-011 identifies the criteria for defining Housing Market Areas (HMAs). These include house prices and rates of change in house prices, household migration and search patterns and contextual data such as travel to work areas. The current study only addresses travel to work areas. Whilst the HBF does not dispute that Eden represents a self-contained HMA this conclusion cannot be drawn from the current analysis.
2. The inclusion of housing needs from the parts of Eden within the Lake District National Park within this study is considered a practical approach given the availability of data and geography of the area. In terms of the apportionment of any of this requirement back to the national park it is essential that this is clearly justified and there is demonstrable agreement from the national park to accommodate any requirement.

**Objectively Assessed Need**

1. The HBF generally agrees with the steps employed in identifying the objectively assessed housing needs of the district. We do, however, have a number of specific comments which we consider should be addressed. These concerns are identified against the relevant sub-sections of the study.
* **Population and Household Growth**
1. The HBF agrees that the most recent household projections produced by government should be utilised as the starting point for considering the objectively assessed needs of the area. In the case of Eden the SHMA identifies this starting point as 120 new households between 2014 and 2032. This is based upon applying the 2008 household representation rates to the 2012 population projections due to recessionary factors evident within the 2012 rates. Whilst the HBF understands the Council’s reasoning for such an assumption this does not deal with the key issue of household growth in Eden, which is migration. Unsurprisingly the utilisation of the 2008 household representation rates applied to the 2012 projections only provides a modest increase. This is due to the continued reliance upon the 2012 migration trends.
2. Paragraph 4.38 of the SHMA correctly identifies that the 2012 household projections will have an element of suppression included within them, this is true for both household formation rates and migration. The period immediately prior to the 2012 projections, upon which they are based, is characterised by low levels of economic growth and limited housing growth within Eden. Whilst the comments in ‘explanation five’ are noted the lack of deliverable sites will have played a part in the poor delivery within the area over this period. The impact of low rates of economic growth and new housing provision will have severely limited migration opportunities into the area during this period.
3. Given that migration is such a key component of the housing needs of the area it is unclear why the results of the POPGROUP projections, table 3, are not considered in greater detail. Whilst this has not yet been updated to take full account of the 2012 projections it does identify stark differences between the three projections (zero net population, 5 year migration trends and 10 year migration trends).
4. The zero net population scenario is wholly unrealistic and only useful for contextual purposes. The five year migration trend indicates an annual dwelling requirement of 53dpa, compared to 152dpa for the 10 year trend. The HBF consider the 10 year trend to be far more robust as this takes account of peaks and troughs in the economy as well as housing delivery. As noted above the 2012 household projections for Eden are likely to include a significant suppression of need. It is therefore recommended that the full 2012 projections are run against the 10 year migration trend scenario to identify a more realistic starting point.
5. The HBF agrees that the Council should take account of vacancies and second homes in applying a conversion from households to dwellings. This is understood to require an 8.9% increase. Presuming this remains constant and vacancies do not increase from their current low position utilising the 10 year migration trend data currently available a demographic-led starting point of 166 net dwellings annually is required, this is 23dpa greater than the identified figure.
* **Market Signals**
1. The PPG, paragraph 2a-019, identifies a series of market signals which should be considered. These include land prices, house prices, rents, affordability, rates of development and overcrowding (ID 2a-019-20140306). According to the PPG a worsening trend in any indicator requires an upward adjustment to planned housing numbers compared to ones based solely on household projections (paragraph 2a-020). The SHMA correctly identifies each of these in turn.
2. Paragraph 4.83 of the SHMA suggests that the Council does not consider any signal warrants an uplift in the needs of the area when compared against the results of neighbouring authorities. Whilst the PPG does discuss the need for comparators to be made it is clear that a worsening in any trends should result in an increase to the housing numbers.
3. In terms of the analysis it is noted that Eden has the second worst affordability ratio at 6.46 (which is above the national average) and second highest median house prices in Cumbria (based upon CLG statistics). This indicates a strong demand in Eden and suggests a need to increase the housing figure to improve affordability. Only South Lakeland have higher median house price and affordability ratio. Furthermore poor levels of delivery in the past coupled with worsening trends in many indicators provide further evidence that an increase to housing numbers should be explored in greater detail.
* **Economic Growth**
1. The PPG identifies economic signals are a key component to determining the objectively assessed housing needs of an area (paragraph 2a-018). The study considers four different methods of calculating jobs growth and its associated housing requirement. The dwelling requirements for each are usefully summarised in the table within paragraph 4.125 of the SHMA.
2. The various economic projection methods identify a range of 109 to 307dpa. The HBF considers ‘Methods 3 and 4’ are useful for contextual purposes only as they do not directly relate jobs growth and population. The Council favours ‘Method 1’ which identifies a range of 194 to 206dpa. This conclusion is based upon the fact that the Council considers this method to be based upon the most comprehensive data sets. This method does by the Council’s own admission have significant limitations and flaws and is not entirely robust (paragraph 4.111). The HBF would wish to see further analysis between the various data sets prior to such a conclusion being drawn. Particular areas of concern with ‘Method 1’ are the fact that it does not take account of the propensity of those filling jobs (usually younger migrants) to either begin or have existing dependent children who overtime would require housing. This is particularly important within Eden due to significant aging of the population. This is likely to mean that ‘Method 1’ will underestimate needs based upon jobs growth as the fertility rates of younger age groups are not factored into the calculations.
3. From the methods identified the HBF favours ‘Method 2’. This method utilises the POPGROUP model to forecast the housing growth required based upon Experian data. This method has been successfully used at numerous local plan examinations and takes account of varying fertility rates amongst different age cohorts. This method produces an annual housing requirement of approximately 300dpa.
4. The Council discounts this method on a number of grounds, not least due to the numerous assumptions made. Whilst the HBF does not dispute such issues exist, the same is true of all modelling including the process within ‘Method 1’. To minimise errors in any assumptions a range of recognised economic projections could be utilised, such as those from Oxford and Cambridge Econometrics. An analysis of each would provide a reasonable basis upon which to plan for housing growth associated with employment growth. The HBF acknowledge that the 2012 household projections should be fed into ‘Method 2’ prior to any firm conclusions being made. Given the timescales for plan preparation this would appear entirely feasible.
* **Affordable Housing**
1. The affordability issues within Eden are significant, with an affordability ratio of 6.46 it is the second worst within the region and is above the national average. The SHMA useful summarises the issues of affordable need within the bullets at paragraph 4.160. This identifies a net annual need of 61 affordable dwellings. This equates to just over 30% of the proposed housing requirement of 200dpa, the Council justifies that such a figure is achievable based upon affordable housing delivery rates over the previous five years. A simplistic analysis of this data suggests an average of 28.5% of the net dwellings completed were affordable. If these past rates of affordable housing delivery were carried forward over the plan period a dwelling requirement of at least 204dpa would be needed. However the data, included within the study, from the last five years must be viewed with caution. This is because;
* The figures do not accurately tally with those within the Council’s 2014/15 *‘Housing Land Supply’* report or the July 2015 consultation document *‘Housing Land Assessment’* which show gross completions to be at 788 units over the five year period. This is lower than the reported net completions in the table at paragraph 4.160 (790 dwellings). Given net completions are invariably lower, and never higher, than gross completions this draws into question the validity of the data presented. The problem appears to be within the data for April 2011 to March 2012;
* The figures are heavily influenced by an outlier year (2012/13) when approximately 53% of all net dwelling completions were affordable, presumably this was due to a specific scheme; and
* In only one year did the number of dwellings meet the proposed plan requirement (200dpa), as such it is difficult to determine if such levels of affordable housing would hold true if higher delivery rates were achieved.

1. The table below illustrates that if the percentages from all other years are considered the annual delivery is consistently around 17 to 18% of net completions. If gross completions are considered and removing the anomalous year 2011/12 they stand slightly lower.

|  |  |  |  |
| --- | --- | --- | --- |
| **Date** | **Affordable Units** | **Net Units** | **Gross Units** |
| **All** | **% affordable** | **All** | **% affordable** |
| Apr 2010 – Mar 2011 | 22 | 129 | 17 | 141 | 16 |
| Apr 2011 – Mar 2012 | 22 | 121 | 18 | 105\* | 21\* |
| Apr 2012 – Mar 2013 | 125 | 237 | 53 | 238 | 53 |
| Apr 2013 – Mar 2014 | 32 | 174 | 18 | 175 | 18 |
| Apr 2014 – Mar 2015 | 24 | 129 | 19 | 129 | 19 |
| Total | 225 | 790 |  | 788 |  |

Source: Eden District Council (Taking Stock, Housing Land Supply, Housing Land Assessment)

1. The above table suggests that based upon recent trends an 18% delivery rate would appear realistic. If this was simplistically converted to meet the identified annual affordable housing requirement this would need 339dpa to be delivered. If a longer term view is taken part 5 of the SHMA identifies that between 2003 and March 2015 a total of 1,916 dwellings were completed of which 407 were affordable (paragraph 5.86), this equates to an average delivery of 21%. Utilising the same basic calculations this would identify a housing figure of 290dpa. Whilst the HBF recognise that such calculations are overly simplistic the data does provide evidence that the proposed housing requirement of 200dpa will be insufficient to meet affordable needs. The HBF therefore recommend an increase is considered.

**PART TWO: FINDINGS**

1. **Do you agree with the SHMA’s judgement that the figure of 200 homes per year will meet the district’s objectively assessed housing need over the Local Plan period, and its assessment of the types, sizes and tenures needed?**

23. No, the HBF does not agree that the figure of 200dpa represents the objectively assessed needs of the area. The HBF consider that further work is required to provide a robust assessment of the objectively assessed housing needs of the area. However, based upon the information currently available, the HBF concludes that this is in excess of the proposed 200dpa figure identified. Our reasons for these conclusions are set out within our response to question 1 above.

**PART THREE: GENERAL COMMENTS**

1. The HBF has no further comments at this stage.

**Further Consultations**

1. The HBF would like to be kept informed of all forthcoming consultations upon the Local Plan and associated documents. Please use the contact details provided in the footer to this response for future correspondence.

Yours sincerely,

**M J Good**

## Matthew Good

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