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Dear Tony,

## **Eden Objectively Assessed Housing Need - Position Statement (October 2016) – HBF Response**

1. Thank you for providing the opportunity to comment upon the October 2016 Objectively Assessed Housing Need - Position Statement, produced by Eden District Council (examination ref: EL4.048b, hereafter referred to as the Position Statement). The following comments provide our response to this document. It is noted that the Council's Position Statement re-iterates many points it has previously made in relation to its Objectively Assessed Housing Need (OAN) calculation, including the 2014-based sub-national population projections, the uplift required to convert households to dwellings, market signals and the 10 year migration trend. The HBF does not seek to provide further comment upon these issues and we limit our response solely to new matters. The following comments should, therefore, be read in conjunction with our previous statements upon this issue. These include;

- HBF response to the submission version of the Local Plan;
- Examination hearing statement (examination ref: EL2.004); and
- Eden SHMA: Objectively Assessed Need Review (13<sup>th</sup> July 2016) – HBF Position Statement (examination ref: EL4.027).

2. The HBF has not undertaken its own modelling of OAN within Eden and has instead referred to the work undertaken by the Council and that of Barton Willmore on behalf of their clients. We have previously indicated (examination ref: EL4.027) that we are supportive of the work undertaken by Barton Willmore and consider it to represent a more appropriate and robust methodology. This continues to be our position.

3. The key new issues raised in the paper, in response to the Inspector's concerns relate to;

- Uplift to the 2014 Household Formation Rates (HFRs);
- Jobs-led OAN figure;
- The Role of Economically Inactive Migrants
- Justifying the criticisms set out in the SHMA

Each issue is discussed in turn below.

### **Uplift to the 2014 Household Formation Rates (HFRs);**

4. The HBF agrees with the Inspector that an uplift to 2014 based HFRs for younger age groups should be considered. Indeed we have previously argued this should be undertaken (paragraphs 13 to 15, EL4.027). The Council's response in paragraph 2.10 of the Position Statement is considered unsatisfactory and does not deal with the issue. Rather it assumes based upon work undertaken by Barton Willmore, who used the 2012 based household projections, that any changes resultant from uplifting HFRs will be modest.
5. Whilst this may, indeed, be the case for the demographic led calculations the Council's position lacks veracity. The Council suggest time and resource constraints as a reason for not undertaking the work. It is, however, notable that Cumbria County Council was able to provide the Council with a 10 year migration scenario via POPGROUP. It is therefore unclear why a similar scenario could not be run in the same manner with an uplift to the HFRs.
6. Furthermore the Council appears to ignore the potential impact that an uplift to the HFRs will have to other OAN calculations, specifically the jobs-led calculation. This is discussed in greater detail below.

### **Jobs-led OAN figure**

7. The HBF agrees with the Council that in the case of Eden the OAN should be based upon a jobs-led scenario. To do otherwise would essentially be planning for economic decline. We do, however, have concerns with regards to the methodology employed by the Council which in our opinion underplays housing need based upon this scenario.
8. The Council utilises Experian data to identify jobs-growth of 2,430 over the plan period, or an average growth of 135 jobs per annum. Whilst other sources of information would have been useful, the HBF has not sought to dispute the level of jobs-growth identified.
9. The Council's updated calculation, taking account of the Inspector's concern relating to net commuters, provides an OAN of between 212 and 219dpa. This is an increase upon the 200dpa identified within the submitted plan. Whilst this uplift

is welcome it remains some way short of the Barton Willmore figure of 277 to 289dpa.

10. The HBF has previously criticised the Council's methodology for calculating its OAN based upon jobs-led projections as it uses basic conversion ratios to convert jobs into households. Within our examination hearing statement (paragraphs 29 to 32, EL2.004) we identify that the Council's methodology does not take account of HFRs and the tendency of different age groups to form households, or for in-migrants to have dependent children who in turn may require housing over the lifetime of the plan. This is a fundamental flaw which depresses the jobs-led OAN figure and is at odds with the derivation of the demographic projections.
11. Furthermore within an improving economy and with in-migrants moving to Eden to take up employment, it would appear appropriate that HFRs would increase for younger age groups, as described by the Inspector and ourselves.

### **The Role of Economically Inactive In-Migrants**

12. The Council does not make any adjustment for economically inactive in-migrants (Position Statement, paragraph 7.1). It therefore appears to assume that all new in-migrants requires to fulfil the jobs-led figures will move to take up work and will remain in work over the lifetime of the plan. This is considered unrealistic.
13. To support its argument the Council simply states that it does not experience significant amounts of primarily retired in-migrants. The HBF considers this response to be unsatisfactory on a number of counts. Firstly the Position Statement does not quantify the number of primarily retired in-migrants it receives. There also appears to be a complete disregard for other types of economically inactive in-migrants, such as the working age unemployed, those who move for work but retire over the plan period and dependent children. A proportion of the latter may themselves require housing over the plan period. This lack of consideration is likely to lead to an under-estimation of need.
14. To overcome this issue most OAN studies apply an economic activity rate to their calculations. These are usually applied differentially to both gender and age cohorts dependent upon the outputs from the census and inclusive of Government projections<sup>1</sup>. The Council has failed to do this and as such the soundness of its

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<sup>1</sup> The Office for Budgetary Responsibility (Nov 15) rates are commonly applied.

OAN figure is questioned and is likely to underplay actual need. The Barton Willmore study takes this issue into account.

### **Justifying the criticisms set out in the SHMA**

15. The final section of the Council's Position Statement deals with the Council's criticisms of its preferred methodology for determining the jobs-led OAN. The HBF has dealt with a number of these issues in the past (paragraphs 31-32, EL2.004; paragraphs 27-28 Pre-submission comments).

16. In terms of the comments within the Council's Position Statement we note the following;

- SHMA Criticism 1 & SHMA Criticism 2: Both relate to the proportion of economically active / inactive residents. The HBF disagrees with the Council that assessments cannot be made and refer to our comments in paragraphs 12 to 14 above. Whilst paragraph 8.8 of the Position Statement is noted unemployment rates are not the only factor relating to economic activity. Furthermore the fact this is not taken into account will underplay actual need;
- SHMA Criticism 3: The HBF largely agrees with the Council in this regard and whilst double-jobbing is likely to occur without appropriate robust evidence it would not be appropriate to apply a figure;
- SHMA Criticism 4: Whilst Experian is a respected source of economic forecasting other Local Plans have sought to identify other sources of forecasting, such as those produced by Oxford Econometrics to ensure that the forecast is robust. The HBF has not, however, sought to challenge the Experian based forecast;
- SHMA Criticism 5: Again whilst the issue is apparent and more detailed evidence could have been provided, the HBF has not sought to challenge the economic projections provided by Experian.

### **Conclusion**

17. In conclusion, whilst the HBF welcomes the uplift in the OAN to 216dpa, as identified in the Position Statement, this is still considered to suppress housing need within Eden. Our reasons for this are due to the methodology employed by the Council in coming to its jobs-led figure. The HBF still considers the Barton Willmore methodology for assessing OAN to be more robust than that employed by the

Council, albeit this may need updating to take account of the 2014-based sub-national household projections.

18. I trust that the foregoing, together with our previous statements upon this issue, provide a clear statement of the HBFs position in relation to the housing requirement for Eden. If further clarification is required we would be happy to provide this.

Yours sincerely,

*MJ Good*

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