

Agenda 3 - Housing Requirement Additional Statements

North Somerset Core Strategy; Examination of Remitted Policies. Turley Associates on behalf of Persimmon Homes (Severn Valley) Ltd

Persimmon Homes (Severn Valley) Ltd

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1 Q: Is the assessment made by the Core Strategy consistent with national policy

- 1.1 We do not consider that the proposed revised housing policy is consistent with national policy. The approach taken through policy to rebalance employment and housing to achieve a greater level of self-containment does not take into consideration the operation of current functional economic and housing market geographies. In reality the proposed policy approach could serve to constrain the economic potential of the wider market geography and does not align with the NPPF requirement to fully objectively assess housing needs.

‘Self containment’ objectives

- 1.2 The revised housing requirement proposed by the North Somerset Council rests upon the assertion that Housing Market Area relationships regarding the flow of people and employment can be altered through policy. The objective of improving self-containment is considered to represent a ‘strategic priority’ and therefore evidently requires evidence of strong collaboration and alignment between Local Plan policies beyond North Somerset.
- 1.3 Realisation of the Core Strategy objective to contain employment will not provide sufficient housing to achieve the Council’s stated employment growth ambitions. Rather, this approach could simply ‘claw-back’ out-commuters thereby negatively affecting the balance between housing and employment in other authorities which share a functional economic area or housing market area.
- 1.4 Turley Associates analysis of housing market area geographies within the Critique Report (paragraphs 3.4 to 3.23) references historic definitions and the latest evidence and reaffirms that North Somerset does not operate as a self-contained HMA but falls within a wider HMA strongly influenced by the larger employment destination of Bristol.
- 1.5 The failure to fully account for the operation of this wider HMA geography represents a significant shortcoming of the revised housing requirement proposed by the Council and its ‘planned’ objectives to ‘temper market forces’ (Paragraph 78 of the Statement for consultation).
- 1.6 Understanding and evaluating the likely future changes to housing market geographies and the potential drivers of change is evidently important in establishing sound and positively framed policy in a housing market area geography such as this. The housing market linkage with Bristol has historically seen a sustained level of net migration from Bristol into North Somerset with this representing a long-standing dynamic.
- 1.7 Analysis highlighting the changing historic and future relationship between employment generation, migration and housing provision in Bristol and North Somerset is set out in Figures 3.10 and 3.11 of the TA Critique Report. This evidently illustrates in the case of Bristol that the current planning policy position (due for review in 3 years) will based on historic trends lead to a greater dependence on in-commuting to service new employment opportunities generated and drive a return to higher levels of net out-migration (Paragraphs 3.80 – 3.85). This, at face value, is directly contradictory to the ‘planned’

approach to reducing the flow of people into North Somerset who commute to work in Bristol and clearly requires a joint policy approach to resolve. This position is not recognised or addressed sufficiently in the Council's Statement for consultation.

- 1.8 It is therefore our view that this 'aspiration' to increase self-containment through the Plan does not take into account the important HMA geographical relationships nor is it based on a robust evidenced based analysis.

Full, objectively assessed need – NPPF Requirements

- 1.9 Planning to meet housing need and demand is central to the Government's national growth agenda as a response to the continued increase in the UK's population, sustained affordability challenges and as an economic stimulus to assist in maintaining a return to economic growth.

- 1.10 This is illustrated for example recently by the Commons Communities & Local Government Select Committee which was tasked with looking at the measures needed to tackle the country's "housing crisis". They concluded:

*"There is no one 'silver bullet' with which the housing deficit can be removed. Many of the measures in the Government's housing strategy will provide a welcome boost in the short to medium term. However, further action and a longer term approach will be needed if we are to see a sustainable change in housing supply. The country has not come close to delivering the number of homes it needs for many years, and this has been exacerbated by the recent financial crisis."*¹ (p.3)

- 1.11 The Government also published in June 2013 the document 'Investing in Britain's future' which is intended to provide a strategic, long-term plan for the UK to improve its key infrastructure. Housing is recognised as an integral part of the UK's economic and social infrastructure with a number of aims and commitments set out based on the recognition that:

"A well-functioning housing market is critical in supporting growth and competitiveness. People need homes that are affordable and within travelling distance of jobs and amenities. The economy needs a housing market that is stable, secure and which supports labour market flexibility." (Investing in Britain's future, para. 6.1, June 2013)

- 1.12 With regards housing, the Framework states (Paragraph 47) that in order to 'boost significantly' the supply of housing, local planning authorities should:

"Use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this Framework." (CLG, 2012, para 47 bullet point 1)

¹ House of Commons Communities and Local Government Committee (May 2012). Financing of New Housing Supply, HC 1652.

1.13 The TA Critique Report includes an overview of the approach required to derive an objectively assessed need for housing in more detail based on the NPPF and draft NPPG (Paragraph 2.13 – 2.27). In summarising this and taking into account a review of recent Local Plan Inspector’s decisions indicates that any approach to evidencing the objectively assessed need for housing needs to consider the following:

- Provide an understanding of the implications of strategic housing market linkages with particular reference to the functional housing market area as identified in the draft NPPG. This has a bearing in relation to evidencing a duty to co-operate and any potential future requirement to agree the meeting of housing need beyond individual authority boundaries.
- Reference the latest Sub-National Population Projection (ONS) and Sub-National Household Projection (CLG) datasets and provide a clear evidenced rationale for any improvement/correction of the levels of change projected from these datasets. The integration of local data or more up-to-date information needs to be robustly integrated into any projection methodology to demonstrate consistency with the approach taken by these ‘official’ statistics. This needs to take account of fertility and mortality assumptions, migration (internal and international) and headship rates.
- In line with the draft NPPG clearly evidence the alignment between Local Plan policies around employment and economic growth and the capacity of the planned level of housing to facilitate the achievement of these aims. The draft NPPG suggests that the interlinking of these factors is of considerable importance.
- Provide evidence of a considered assessment of market signals. This includes recognition of the scale of the need for affordable housing and the impact of backlog of need related to an undersupply of housing. An up-to-date Strategic Housing Market Assessment represents an important location for these areas of analysis to be aligned.

1.14 In addition to failing to take into full account the wider housing market area geography it is apparent that the evidence assembled by the Council and its interpretation does not comply in full with the other aspects identified above in arriving at a full objective assessment of need and is not therefore consistent with national policy.

Incorrectly adopting a Housing Supply ‘Constraints Based Approach’

1.15 In addition to failing to fully identify the housing need it is our concern that the Council has also sought to adopt a constraints based rationale for the revised housing requirement which runs in direct contradiction to national policy.

1.16 The recent High Court ruling concerning the evidencing of the requirement for housing in St Albans reaffirms the unsound nature of this approach. In the decision to quash an Inspector’s decision to dismiss an appeal for a residential led scheme in the St Alban’s Green Belt, the judge confirmed that:

‘A [housing] figure that takes account of constraints should not have any role to play in assessing an assertion by an applicant...that an actual housing requirement has not been met...I consider the reasoning of the inspector in Planning Appeal X1165/A/11/2165846 to be entirely convincing. As the inspector in that appeal said... “constraints do not bear upon the actual need for dwellings...the stage at

which growth constraints should be taken into account is when assessing how the identified need can be addressed...they cannot reasonably be used...simply to reduce the number of dwellings calculated as necessary to meet housing need” (St Albans High Court Judgement, para28)

- 1.17 The conclusion of the ‘Statement for Consultation’ clearly sets out the evident ‘influences’ which have shaped the Council’s selection of the housing requirement for North Somerset (emphasis added):

“The 17,130 dwelling target is considered to represent a practical solution to enable the adoption of the Core Strategy in advance of the review of the West of England SHMA. Setting the housing requirement at this level would also mean that the housing supply could be delivered in accordance with the existing spatial strategy meaning that the other remitted policies would not need to be re-examined.” (Paragraph 96)

- 1.18 Evidently from the above statement the assessment of ‘need’ has not been the only informing factor in the selection of this ‘bottom of the range’ target. Conveniently this level of provision would enable the retention of the current spatial strategy and it is advanced that this represents the key determinant for the selection of the range and not an evidenced full objective assessment of need.

- 1.19 This policy constraint is also applicable to the SHLAA, which whilst been updated to April 2013 has been subject to this spatial strategy constraint as set out under Policy CS13 which is evidently being re-Examined. It is our view that there exists a far greater potential supply of sustainable deliverable sites which have currently not been considered due to the failure to sufficiently consider future Green Belt release.

- 1.20 The Council also assert that beyond the physical constraints related to the existing spatial strategy that deliverability issues also represent a justification for selecting the lower housing requirement, stating:

“...A housing requirement that can be delivered by 2026. Even if a higher housing quantum could be justified, if it can’t be physically constructed and marketed within the plan period, in step with essential infrastructure, then this is simply a paper exercise.” (Paragraph 95)

- 1.21 The Council provides no evidence to support this position and indeed the Edge Analytics analysis does not seek to input to this aspect presenting no ‘market signals’ evidence in arriving at the recommended range, an issue raised in more detail in our response to question 3.

- 1.22 In order to conform with the NPPF the establishment of the full need for housing should be considered independent to supply factors and based on a comprehensive analysis of demographic, economic and market signals. The plan-making process can seek to present an alternative housing requirement to the objective assessment of need but any ‘shortfall’ needs to be considered through the Duty to Cooperate to ensure that needs do not remain unmet through policy across a housing market area geography.

- 1.23 The Council's approach to co-operation is considered to represent another significant challenge to the soundness of the proposed policy approach.

The 'employment-led' approach of the Core Strategy

- 1.24 Paragraph 17 of the NPPF establishes the following requirement that planning should:

“Proactively drive and support sustainable economic development to deliver the homes, business and industrial units, infrastructure and thriving local places that the country needs. Every effort should be made objectively to identify and then meet the housing, business and other development needs of an area, and respond positively to wider opportunities for growth. Plans should take account of market signals, such as land prices and housing affordability, and set out a clear strategy for allocating sufficient land which is suitable for development in their area, taking account of the needs of the residential and business communities.” (CLG, 2012, para 17, 3rd bullet)

- 1.25 Adopted Policy CS20 of the Core Strategy states that *“The Core Strategy seeks to provide at least 10,100 additional employment opportunities 2006 - 2026, including around 114 hectares of land for B1, B2 and B8 uses (business, general industrial and storage and distribution), and to address the existing imbalance at Weston-super-Mare.”*

- 1.26 Edge Analytics, within their September 2013 paper, present a jobs-led scenario which assumes the remaining 'backlog' of employment provision of 9,750 jobs is delivered over the period 2011 – 2026. This indicates, based on a sustaining of current commuting patterns, a need to deliver approximately 1,400 dwellings per annum or 25,950 over the full plan period, taking account of housing completions since 2006.

- 1.27 The 'employment-led' nature of the Core Strategy should form the starting point for considering the overall level of housing required in North Somerset. The supporting text behind the adopted policy explains the jobs target and refers to a minimum of 14,000 jobs to take account of a historic backlog at Weston:

“Evidence indicates that there is an existing backlog of jobs in relation to housing which needs to be addressed over and above the 10,100 jobs target for the district as a whole if self-containment is to be improved. In the 2001 Census figures indicate that for Weston the shortfall between out-commuting and in-commuting was 3,388 jobs. Since then the situation has deteriorated given the amount of housing delivered and the weakness of the local economy. In addition, at Weston the employment opportunities are poor in respect of B class jobs (particularly offices and general industrial). The overall jobs target for North Somerset is therefore a minimum of 10,100 plus backlog at Weston which equates to about 14,000 jobs.”

- 1.28 In order to 'address this backlog' Policy CS30 (also within Policy CS20) requires that:

“The development of the Weston Villages must satisfy the following key requirements:

- *Development will be employment-led with the provision of 1.5 jobs per dwelling over the plan period.”*

- 1.29 The Edge Analytics report does not seek to generate an employment-led scenario which explores the implied housing requirement associated with a level of job growth above the headline figure of 10,100 new jobs over the plan period. However, the Council does seek to use the ‘commuting balance sensitivity’ analysis presented in the Edge Analytics report to validate the policy-led approach of improving self-containment and reducing out-commuting.
- 1.30 As is considered further in our response to Question 3 no evidence is presented to support how this ‘re-engineering’ of travel to work patterns and the relationship between local housing and employment will be achieved or what implication it will have on neighbouring authorities and their economies.
- 1.31 The original rationale of addressing the imbalance of jobs and housing in Weston also appears to have been neglected. This calls into question the basis of the 1.5 jobs ratio enshrined within Policy CS30 (and indeed Policy CS20) and its alignment with the revised housing requirement. Indeed the enforcement of this ratio is already impacting on much needed housing delivery and in our view is potentially acting as a deterrent to development in the area therefore serving in reality to achieve the opposite of its objective.
- 1.32 At its heart this approach is contradictory to the general ethos of the approach set out by the current government to ensure that housing supports rather than constrains the future capacity to sustainably grow the economy and shows insufficient flexibility to changes in basic drivers of housing market need.

Recommendation

- 1.33 Whilst we endorse the alignment of employment growth with supporting infrastructure, including housing, this must be considered in the context of a wider functional economic and housing market geography. Artificially constraining the provision of new housing does not show sufficient flexibility to respond to changing market pressures and drivers of demand and fails to comply with the NPPF. In line with the TA Critique Report we would recommend that policy provides for a minimum of 22,950 dwellings over the plan period and that this position is reviewed in 2016 to take account of the outcomes of the West of England SHMA update.

2 Does the selected approach amount to a SHMA as required by the NPPF

- 2.1 The selected approach taken by North Somerset Council to evidence the revised housing requirement does not constitute a SHMA as required by the NPPF.
- 2.2 The Council cites and has previously cited a number of different studies to justify its selection of a housing requirement which falls substantially short of historic regionally established targets and ONS / DCLG published projections. The latest position taken by the Council to its assessed housing requirement is not predicated on a single up-to-date SHMA.
- 2.3 This omission is recognised by the Council in its assertion that this will be 'corrected' upon publication of the new revised West of England SHMA. The current timetable suggests that this study will not report until early 2015. It is our view that the attempt to set long-term policy in the absence of this evidence represents a significant shortcoming which calls into question the soundness of the approach adopted by the Council to seek a level of housing provision at the bottom of the range identified through the Edge Analytics evidence.
- 2.4 In order to support this point we have set out our understanding of the Council's evidence base and set it in the context of a review of the NPPF / draft NPPG's unambiguous advice as to the scope of a SHMA. We also demonstrate the importance of a having a fully NPPF compliant SHMA in the case of North Somerset given its policy based approach to arriving at a housing requirement as set out in our answer to Question 1.

Details of the Council's methodology for identifying housing needs

- 2.5 The 2009 West of England SHMA is now some 4 years old and is not up-to-date despite the Council's assertion at paragraph 23 of the Statement for Consultation. It was produced prior to the NPPF and in a vastly different market context. Beyond providing historic contextual information the 2009 West of England SHMA cannot be viewed as sufficiently robust to support the Council's Policy CS13.
- 2.6 In the absence of an update to the SHMA the Council have commissioned a standalone North Somerset centric report by Edge Analytics titled 'Demographic Analysis & Forecasts' (September 2013). The scope of this work set out in section 1 of the document evidently does not seek to present itself as a SHMA but rather the '*provision of an alternative suite of forecasts which meet policy objectives whilst being compliant with the National Planning Policy Framework*'.
- 2.7 It is our understanding that this study is intended by the Council to replace the previous Keith Woodhead (2010) report '*North Somerset Council: Determining a locally derived District Core Strategy housing requirement to 2026*' previously used to support the policy position taken.
- 2.8 The Edge Analytics report presents a number of population and household projection scenarios taking into account demographic and economic factors using a more standardised modelling approach than previously used in the in the now superseded

evidence used to underpin the Core Strategy housing requirement previously, namely the Keith Woodhead 2010 report.

- 2.9 This document had previously, though the application of a jobs:homes ratio been used by the Council to underpin its housing policy / housing requirement. Particular criticism was levelled at this approach by the development industry and most notably by the University of Bristol through the High Court challenge. This is most obviously illustrated in the notably varied levels of modelled household demand linked to comparable levels of job growth when comparing the two study outputs (Woodhead and the Edge Analytics reports), a point considered in further detail in our response to Question 3. This study also predates a significant period of the interpretation of the NPPF and subsequently the Draft NPPG by Local Plan Inspectors which have served to refine through scrutiny the transparency of modelling approaches to objectively assessed needs.
- 2.10 In the absence of an up to date SHMA the Edge Analytics report published in September 2013 provides a number of important inputs to the SHMA evidence base but in itself does not claim to represent a full and comprehensive SHMA report and cannot therefore be considered to be fully NPPF compliant. This is further considered below.

NPPF compliance?

- 2.11 SHMAs have come under ever increasing scrutiny since the introduction of the NPPF and the revocation of the regional tier of planning. Their focus has increasingly been placed on the objective assessment of need alongside retained areas of analysis considering affordable housing need, the operation of the market and the more specialist needs of specific household groupings.
- 2.12 The NPPF established a clear expectation of the scope of a SHMA at Paragraph 159:
- “Local planning authorities should have a clear understanding of housing needs in their area. They should:*
- Prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which:*
 - Meets household and population projections, taking account of migration and demographic change;*
 - Addresses the need for all types of housing, including affordable housing and the needs of different groups...; and*
 - Caters for housing demand and the scale of housing supply necessary to meet this demand.” (CLG, 2012, para 159)*
- 2.13 Whilst the NPPF has now been in place for over two years a parallel refresh of the guidance has been slower to come forward. As of February 2014 the Strategic Housing Market Assessments – Practice Guidance (version 2) published in August 2007 remains

the 'official' document against which a SHMA's compliance should be assessed. Table 1.1 from the 2007 guidance sets out the core outputs required of a SHMA.

Figure i: DCLG 2007 SHMA Guidance Core Outputs (Table 1.1)

SHMA Guidance – Core Outputs Table 1.1	Scope of work covered in the Edge Analytics September 2013 report
Output 1 - Estimates of current dwellings in terms of size, type, condition, tenure	✗
Output 2 – Analysis of past and current housing market trends, including balance between supply and demand in different housing sectors and price/affordability. Description of key drivers underpinning the housing market.	✗
Output 3 – Estimate of total future number of households, broken down by age and type where possible	✓
Output 4 – Estimate of current number of households in housing need	✗
Output 5 – Estimate of future households that will require affordable housing	✗
Output 6 – Estimate of future households requiring market housing	✗
Output 7 – Estimate of the size of affordable housing required	✗
Output 8 – Estimate of household groups who have particular housing requirements e.g. families, older people, key workers, black and minority ethnic groups, disabled people, young people, etc	✗

Source: DCLG, 2007

- 2.14 It is evident from the above table that the Edge Analytics report was not commissioned to cover the full 'scope' of a SHMA regarding the breadth of outputs expected to be covered in order to arrive at evidence-based conclusions around future need and demand for housing.
- 2.15 On the 28th August 2013 the CLG released a full set of new National Planning Practice Guidance (NPPG) notes in response to the Taylor Review in draft form. These are, at the time of writing, subject to a period of consultation prior to being formally published in early 2014. Of particular relevance to the calculation of the objectively assessed needs of an area is the publication of the guidance note titled 'Assessment of Housing and Economic Development Needs'. It is our understanding that this is intended, following formal publication, to replace the current SHMA Guidance 'Strategic Housing Market Assessments - Practice Guidance'.

- 2.16 The draft NPPG sets out a framework that local authorities can follow to develop a good understanding of how housing markets operate, in line with the requirements of the NPPF. It retains the core methodological processes set out in the 2007 SHMA guidance, whilst providing additional clarity on the methodology required to establish objectively assessed need within a housing market area.
- 2.17 The 2007 DCLG Guidance also placed significant emphasis on understanding housing market dynamics within a housing market area context. Evidently this expectation has been retained within Paragraph 159 of the NPPF. It is recognised that undertaking a SHMA across a HMA area can represent a large exercise as the brief for the West of England SHMA illustrates, however, the draft NPPG recognises this challenge and states:
- “Where Local Plans are at different stages of production, local planning authorities can build upon the existing evidence base of partner local authorities in their housing market area but should co-ordinate future housing reviews so they take place at the same time.”*
- 2.18 In the absence of the update to the West of England SHMA it is not apparent from the evidence compiled by North Somerset nor the justification for the revised housing requirement how the evidence from other authorities across the HMA have been considered as to their alignment with the evidence prepared by North Somerset. This represents an important exercise in highlighting potential origins of unmet need for housing in more detail than a simple acceptance of out-dated conclusions by Local Plan Inspector’s (Bristol being one such case in point).
- 2.19 It is evident that whilst the Edge Analytics September 2013 report has advanced the local authorities understanding of future need and demand pressures it does not represent a national policy compliant SHMA when considered in the context either of the existing Guidance or the emerging NPPG. The use of its evidence in the justification of the revised housing requirement proposed by Council therefore needs to be considered in this context.
- 2.20 The current review of the West of England SHMA is not anticipated to report until early 2015. It is not evident how strong the commitment to adhering or indeed accelerating this timetable is in order to ensure that this important part of the evidence base is available. It is evident that the authorities have to date progressed the project slowly with a pre-production brief published and available in March 2013. The timetable in the pre-production brief anticipated interim findings in Winter 2014/2015 based on appointment of a consultancy team in autumn 2013.
- 2.21 The timetable for this work already appears to have slipped and the desire to not produce evidence which could be used to provide a different picture to that already published based on the current Local Plan timetables appears to be taking precedence. It is our experience that work of this nature can be undertaken to a considerably more expedient timetable and that had the collective ambition to commission the research been apparent the work could have been close to providing interim conclusions in early 2014². This

² Even noting data availability relating to Census 2011 TTW data interim modelling could have been presented with sensitivities undertaken as per the September 2013 Edge Analytics work

should have been done to add robust evidence which would have informed the Council's revised housing requirement.

Why an NPPF Compliant SHMA is Particularly Important in North Somerset

- 2.22 The Council's revised housing policy places significant emphasis on the ability to change the relationship between living and working within North Somerset with the Plan overtly seeking to reduce commuting flows out of the authority. By implication this has a direct impact on the economies of those authorities to which these commuters are currently servicing jobs.
- 2.23 Understanding not only the implication for North Somerset but also other authorities within the wider housing market area in altering the balance between employment and housing would represent a fundamental precept of a SHMA undertaken across a housing market area geography. Evidently not seeking to use a SHMA to evidence in full the implications and reality of such policy decisions represents a fundamental challenge to the proposed policy position.
- 2.24 The scope of the Edge Analytics September 2013 does not seek to consider the need or demand for housing in North Somerset in this context. It evidently does not purport to represent a SHMA but rather succinctly acknowledges in the requirements section that it represents one of a number of stages to be undertaken by the Council to update the evidence (Edge Analytics Paragraph 1.7).
- 2.25 It is apparent that the Council recognises the importance and need for a full SHMA with reliance placed on the future West of England SHMA (Paragraph 24 of the Statement for consultation).
- 2.26 We would also agree with the Council that the outcomes of this study will be critical in evidencing the overall strategic provision for housing across the HMA and therefore the implied level of planned growth required in North Somerset. Without this information the complex planning approach being proposed by North Somerset in relation to the balancing of jobs and houses is not sufficiently evidenced as to its realistic prospects or its implications for North Somerset and the wider HMA.
- 2.27 On this basis the level of housing planned for in North Somerset should be revised upwards on the basis of the Council's own evidence to ensure a greater level of flexibility, a point considered further in the answer to question 3. Equally a commitment to a review of the level of new housing should be set out to align with the release of the outputs of the updated West of England SHMA.

3 Does the selected methodology provide a full, objective assessment of market and affordable housing in the housing market area as required by the NPPF?

- 3.1 Turley Associates 'Evidence Based Critique of the Proposed Housing Requirement for North Somerset' (January 2014) conclusively demonstrates that the proposed revised housing requirement is not based upon an evidence based assessment which provides a full, objective assessment of market and affordable housing in the housing market area.
- 3.2 Paragraph 72 of the Statement of Consultation indicates the Council's acceptance of the recommended range by Edge Analytics (EA) as an *'up to date objectively assessed needs assessment which government advice states should be the starting point for the calculation of the housing requirement.'*
- 3.3 Based upon our answers to the preceding questions it is evident that the outputs presented in the EA report are not intended to represent an objective assessment of need as understood in the context of the requirements of a SHMA. They do, however, represent an important informing factor of this assessment.
- 3.4 In using the modelling outputs presented by Edge Analytics a number of important additional aspects must be taken into account in order to present a full objective assessment of housing need. This includes, in our view the need to:
- Take into account the operation of the housing market at a functional Housing Market Area (HMA) level. In contrast the proposed position adopts a specifically North Somerset 'centric' position through its attempt to elevate self-containment levels through a deliberate re-weighting of the planned provision / accommodation of employment and housing (the jobs:housing multiplier); and
 - Include any updated assessment of affordable housing or a direct consideration of market signals.
- 3.5 These 'gaps' in the interpretation and assembling of the evidence base have a fundamental impact on the soundness of the proposed revised housing requirement.

Outcome of 'Edge Analytics' assessment

Jobs: housing multiplier

- 3.6 The Core Strategy is overtly 'employment-led' with one of the basic objectives being to increase self-containment and address, what in the Council's perspective, is a mis-alignment between jobs and housing.
- 3.7 The Council's statement asserts at Paragraph 83 that the *'homes to jobs ratio is a measure of the number of dwellings relative to the number of jobs in an area and provides a broad indication of the overall sustainability balance'*.
- 3.8 This 'measure' has formed a central plank of the Council's rationale in the development of policy with this originally evidenced on the basis of the study undertaken by Keith

Woodhead (2010) which assumed a simple ratio between jobs and housing (1.39). The Interim Policy position has moved away from the evidence prepared by Keith Woodhead to adopt a more standardised modelling approach.

- 3.9 The 'new' EA modelling highlights the underlying need/demand for housing irrespective of a jobs-led target based on the evolving age structure of the population and changing household formation rates. This is evidently shown through the referenced 'zero-jobs growth' scenario which identifies that even to maintain a static level of jobs would require a 9% population growth to 2026 and an annual average dwelling requirement of 708 homes per year. This directly contrasts with the application of a rigid homes:jobs ratio which does not adequately take account of this underlying demographic driven growth.
- 3.10 Evidently the plan establishes that policy is striving to accommodate growth as set out through the adopted employment target. Again the EA modelling highlights that to deliver this level of job growth will require the delivery of additional housing, approximately 1,400 dwellings per annum. This is not derived on a jobs : housing ratio but on a balancing up of the labour-force (economically active working age population) to the forecast level of job growth. This therefore recognises the impact of increased numbers of retiring households and the need to increase levels of in-migration into the authority of working age persons to fill the 'deficit'.
- 3.11 Critically though, rather than use this employment-led housing figure within the Interim Policy the authority sought to vary future commuting rates to ensure that the same level of job growth can be accommodated through a lower level of housing provision. This is based on a significant assumption that a far greater proportion of people living in North Somerset in the future will also work in North Somerset. The analysis presented in the TA Critique Report (sections 3 and 4) provides a strong evidence based indication that in our opinion this policy aspiration is not grounded in the reality of the operation of functional economic or housing market geographies in the area.
- 3.12 In addition we would question the scope of planning to 'control' this relationship between jobs and housing and would therefore consider the approach taken by North Somerset to be insufficiently flexible as per the requirement of the NPPF.
- 3.13 In considering the above relationship between the provision of housing and new job creation it is important not to overlook the important role that new development itself plays in creating employment opportunities both through the construction phase and through the supporting of local retail and services upon occupation. This is particularly important in relation to not only the overall relationship between these two factors but also the jobs per dwelling ratio (1.5) included in Policy CS30. Turley Associates articulate the economic benefits associated with development as point of course for residential schemes across the UK.
- 3.14 Whilst the inputs to the economic benefits modelling is unique to each scheme as a broad rule of thumb a residential scheme of approximately 100 units would be expected to directly support circa 50 full-time equivalent (fte) construction jobs per annum over the development lifetime, with further indirect employment supported in the supply chain, and via wider induced expenditure in the local economy as a result. North Somerset Council do not acknowledge the generation of construction jobs in assessing the 1.5 jobs per

dwelling ratio which not only serves to underestimate the creation of new jobs but also constrains the provision of new housing.

- 3.15 In addition to construction jobs it is important to also recognise that once completed and occupied the households residing in new homes contribute towards the local labour force and generate increased demand for, and expenditure upon, local retail and leisure services, supporting and generating further employment whilst also supporting the viability and vitality of local services and businesses.
- 3.16 At a North Somerset level this would evidently result in a significant contribution to the overall job targets of the adopted Core Strategy and further highlights the flawed logic in seeking to constrain the provision of new housing in an attempt to stimulate the local economy.

Effect of international / internal migration

- 3.17 The EA analysis in its recommended range of scenarios includes the updating of the demographic projections to allow for the 'correction' of ONS published MYE datasets. This effectively assumes that the 'unattributable' element identified by the ONS in this dataset is associated with international migration with this component duly adjusted.
- 3.18 The consultation on the 2012-based SNPP dataset by the ONS in February 2014 raises a number of questions as to how this element will be taken into account in the latest dataset, with the suggestion being that it will not be 'corrected' in a comparable sense in the new dataset. This could potentially lead to levels of demographic growth more closely aligned to the 'x' labelled scenarios in the EA report which suggest a higher level of growth. It is, however, recognised that the 2012 base national dataset also include a lower assumed level of international migration nationally which will in turn have an impact of the treatment of this component at a local authority level. It is assumed that this later dataset will be taken into account in the future West of England SHMA update.

Assessment of 'inherent/latent demand'

- 3.19 The EA report notes the ambiguity regarding the definition of 'latent demand'. In light of the challenges to the evidence previously used to inform the housing requirement it is evident that in this context, as EA note, it is important to distinguish between 'inherent' demographic growth pressures and separate 'additional' migration pressures related to supporting employment growth.
- 3.20 In line with our response in relation to the jobs: housing multiplier we would largely agree with this approach as opposed to the previous methodology used in the Woodhead report (2010). Importantly the EA report recognises that simply to retain a stable level of employment the authority would need to provide for 708 dwellings per annum or 15,570 dwellings over the full plan period. Evidently the capacity to realise job growth beyond the current level of employment will place additional pressures on housing requirements. This is illustrated through the Edge Analytics jobs-led scenario which establishes the need for an additional 692 dwellings a year on top of the 708 dwellings or 25,950 over the full plan period.

Objective assessment – the recommended ‘hybrid’ approach

- 3.21 Paragraph 6.20 of the EA report recommends the use of a ‘hybrid’ (average) approach at arriving at a dwelling requirement from the two variant household projections derived from each population projection scenario.
- 3.22 Edge Analytics justify this position on the basis that it is difficult to assess the most ‘appropriate’ trajectory of household growth given the significant differences between the headship rate assumptions within the 2008 and 2011 SNHP datasets. We would agree that this is a sensible approach noting the different economic / market contexts from which these trend-based datasets derive their assumptions. We would strongly agree with the need to not simply adopt the Interim 2011 headship rates recognising that the impact that constrained market circumstances have played in ‘constraining’ household formation in the year’s post 2007/08.

Range of requirement

- 3.23 Edge Analytics recommend at paragraph 6.18 that North Somerset Council adopts the range of ‘current trend growth’ scenarios as the basis for its review of future housing provision.
- 3.24 We do not agree that this range captures the full objectively assessed need for housing within the authority based upon the analysis within our Critique Report. This range does not explicitly include the level of housing required to meet the ‘employment-led’ approach set within the Core Strategy.
- 3.25 The upper end of the range recommended, based on Table 6 of the EA report, would only support the provision of 220 jobs per annum (3,300 jobs in total) which is considerably below the job target set under policy CS20. In addition as set out in our Critique Report we do not consider that this range takes any direct account of ‘market signals’ as required under the NPPF / Draft NPPG.

Comparison to other models - Developers’ Assessments

- 3.26 The Critique Report concluded, referencing the Council’s own evidence base, on a recommended housing requirement of between 22,950 and 25,950 dwellings for the period of 2006 – 2026.
- 3.27 The supporting evidenced based rationale behind this range is set out in the following table.

Range 2006- 2026	2006- 2011 Dwelling Delivery	Requirement 2011-2026	Summary Rationale
22,950	4,950	18,000 (1,200dpa)	<p>Uses Edge Analytics 10-year Migration scenario as 'starting-point' - 1,018dpa. This is viewed as being more representative of 'need' pressures in this authority than the 5 year picture which has been influenced by supply factors and the state of the market.</p> <p>Recognises need to uplift overall figure on the basis of:</p> <ul style="list-style-type: none"> - Market signals: evidenced affordability issues exacerbated by undersupply since 2008/2009 - Economic factors: Edge Analytics analysis highlights that assuming 'constant' commuting rate this level of growth would only support 277 jobs per annum (4,155 from 2011 to 2026) which falls considerably short of the adopted plan expectation accounting for job change between 2006 and 2011. <p>The scale of uplift has not been linked to an exact proportion or quantum but to a level considered 'reasonable' in the context of the other scenarios modelled by Edge Analytics. In particular this is based on a lack of confidence in the authority's assumption around improving self-containment in light of the scale of job growth forecast across the wider HMA, current and emerging plan policy in neighbouring authorities and planned investment in infrastructure.</p>
25,950	4,950	21,000 (1,400dpa)	<p>Directly linked to the Edge Analytics Jobs-led projection. This does not factor in any change to current commuting patterns. It is considered that any assumptions around significant changes to this assumption will need to be considered in detail through the West of England SHMA and evidence provided as to the implications of a redistribution of workers and jobs on not only North Somerset but other authorities within the wider HMA geography.</p>

3.28 From a review of a number of the other representations the identified range shows a strong alignment with the views of the wider development industry.

Comparison to Edge Analytics assessment

- 3.29 The TA recommended range in the Critique Report is higher than the range recommended within the EA report. This is based on the application of the approach set out in the Draft NPPG to which a greater weight has been placed on aligning the employment target set under Policy CS20 with the demographic modelling (noting our concerns regarding the ability to adjust commuting rates in the authority) and 'market signals' which identify the implications of a 'backlog' of need.

Flexibility in light of changing circumstances

- 3.30 The proposed housing requirement is not considered to represent any degree of 'flexibility' to take account of a return to more positive economic and market circumstances. This is most evidently apparent in terms of the proposed target representing a reduction on the historic rate of development and an increasingly optimistic economic outlook.

Current economic circumstances – evidence of building

- 3.31 A review of historic rates of development within North Somerset demonstrates that the authority has in the past maintained a healthy level of provision. Historic completions between 2001/02 and 2012/13 were 987 dwellings per annum on average.
- 3.32 The level of provision proposed through the revised Policy CP13 evidently is lower, at 812 dwellings per annum than this historical average and therefore fails, at a basic level, to 'boost significantly' recent historic levels of provision.
- 3.33 Consideration of the Council's own evidence base in relation to future supply also suggests that the proposed housing requirement need not be 'artificially constrained'. The SHLAA, updated in April 2013, identifies a potential supply of 19,854 dwellings over the Plan period a considerably higher potential figure than the proposed figure of 17,130 further supporting the lack of ambition in the Core Strategy or its adherence to the recognised national policy imperative of seeking to increase supply.

Emerging economic circumstances - Market Signals

- 3.34 The draft NPPG stresses the importance of taking into account market signals as part of the evidencing of the objective assessment of need:

"The housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings."

- 3.35 The updated evidence base presented by North Somerset Council to underpin its revised housing requirement does not seek to explicitly make the link between 'market signals' and the level of projected need for housing.
- 3.36 Within the Turley Associates Critique Report section 5 includes a review of the market signals referenced within the Draft NPPG. This serves to highlight a number of clear

indicators as to why the selection of the bottom range of demographic scenarios will underestimate need and why a level of adjustment must be made in order to ensure that future policy serves meets full and objectively assessed need. Two key points are summarised below:

- Affordability issues within North Somerset remain significant with the ratio between lower quartile house prices and incomes remaining consistently around 8 since 2004 and considerably above the national average (Figure 5.4 TA Critique Report);
- It is clear that the authority has consistently under-provided against historic planned targets. This is likely to have an impact on the suppression of household formation rates and migration flows particularly over the last five years where development rates have fallen (Paragraph 5.31 TA Critique Report)

3.37 Evidently the updated evidence assembled by the Council does not take account of market signals. Even a headline consideration of these factors would clearly point to the need to 'adjust' a demographic trend-based projection based on recent trends to ensure that affordability issues are not exacerbated and to address a backlog of under-provision which has impacted on the ability of households to form and live in the area.

Range of housing requirement – Choice of lower limit of range

3.38 The above points highlight the flawed approach taken by North Somerset Council to adopt the lowest housing requirement taken from the range recommended by EA.

3.39 This level of housing provision does not represent a full objective assessment of market and affordable housing. Rather, it simply represents a projection forward of the level of housing which would be required on the basis of population and household growth seen since 2007/08, a period of economic recession and housing market decline (Paragraph 2.35 of the Critique Report). This is not considered to align with the employment-led approach adopted by North Somerset or be sufficiently 'flexible' to respond to a return to a more positive economic and market context.

3.40 It is useful to reflect on the 'impact tables' presented by the Council in Appendix B of the Statement. These show that only a level of housing provision above 26,800 would fail to address the overall objective of improving self-containment. This therefore represents a significant range from the proposed provision of 17,130 and highlights the lack of flexibility in the policy position arrived at by the Council from the evidence base.

3.41 The TA Critique Report recommends a minimum level of provision of 22,950 dwellings 2006 – 2026 as being required to address demographic, economic and market demand, noting that this potentially still falls short of ensuring the realisation of the level of job growth set out under policy CS20.

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