

EAST LINDSEY LOCAL PLAN CORE STRATEGY EXAMINATION
MATTER 3 – OAN & HOUSING REQUIREMENT (POLICY SP3 &
HOUSING GROWTH SECTION)

Inspector's issues and questions in bold type.

This Hearing Statement is made for and on behalf of the HBF which should be read in conjunction with our representations to the draft and pre submission Local Plan Core Strategy consultations dated 8th August 2016 and 25th January 2017 respectively. This representation answers specific questions as set out in the Inspector's Matters, Issues & Questions document published on 26th May 2017.

Main issues - OAN: Has the HMA been appropriately defined? Does the plan appropriately identify the objectively assessed housing needs for the HMA in accordance with national policy and the planning practice guidance? Is the identified OAN of 7215 homes for 2016-31 (average 481/year) soundly based and supported by robust and credible evidence? Does it correctly take into account household projections, demographic factors, economic factors and market signals?

HMA

1. What is the justification for treating East Lindsey as the HMA for the purposes of establishing the OAN?

For the Council to justify defining East Lindsey as its own HMA for the calculation of OAHN the HMA should be self-contained regarding the key functional linkages between the places where people live and work.

2. Is the HMA clearly set out in the Plan?

The HMA is not set out in the Plan.

3. The Council's DtC statement (3.31) states that East Lindsey lies in a housing market with Boston? How does this relate to the HMA used to inform the OAN in this plan?

The HBF is suspicious of District only HMAs. As set out in the Local Plans Experts Group (LPEG) Report published in March 2016 there are "*... industry concerns of a trend towards the adoption by authorities ... of smaller and smaller HMAs in an apparent attempt to avoid the full implications of the Duty to Cooperate and even of some authorities treating their own administrative boundaries as the extent of their housing market area, which seems inherently unlikely to be the case*" (para 3.6). It is noted that East Lindsey has key functional linkages with Boston District Council which is also using a District only HMA for the calculation of OAHN.

OAN - general

4. The establishment of the OAN does not appear to be directly based on the standard methodology which is strongly recommended by the PPG. Are there local circumstances that have led to the approach used?

The HBF is content with the Council's methodology on demographic-led figures but there are concerns about the misalignment of housing need and employment forecasts (see answer to Q12) and market signal adjustments (see answer to Q13). The Council's approach to timeframes is also confusing (see answer to Q11).

OAN time period

5. What period is the OAN figure based on? The plan refers to the OAN for the plan period (2016-2031) but the Housing Topic Paper refers to other time periods (eg 2014-2039 and 2011-2037 and, in paras 1.6 and 2.12, to a 2011 date).

The HBF understand that the plan period is 2016 – 2031 but that the OAHN was calculated for the period 2011 – 2031 hence the need to include an under supply of housing against assessed housing need for the period 2011 – 2016 in the housing requirement.

OAN – starting point

6. The PPG states that the starting point estimate to establish need is the DCLG *household* projections. EA2016 (Table 7 – '*starting point estimate*') states that the 2014-based DCLG household projections, suggest an increase in households of 356/year from 2016-2031 and para 2.16 of the Topic Paper suggests 333/year for 2014- 2039 [using the 2014-based household projections underpinned by the 2014-based SNPP] or 399/year using the earlier '2012-based model'. However, the scenarios in the Topic Paper (page 8) appear to be based on the 2012 sub-national *population* projections? Why have these been used as a starting point rather than the DCLG household projections as suggested in the PPG?

The HBF understand that after a comparative analysis of the 2014 SNHP against the 2012 SNHP the Council considered no significant change had been identified and the figure of 481 dwellings per annum remained valid.

OAN – adjustments to the starting point (demographic factors)

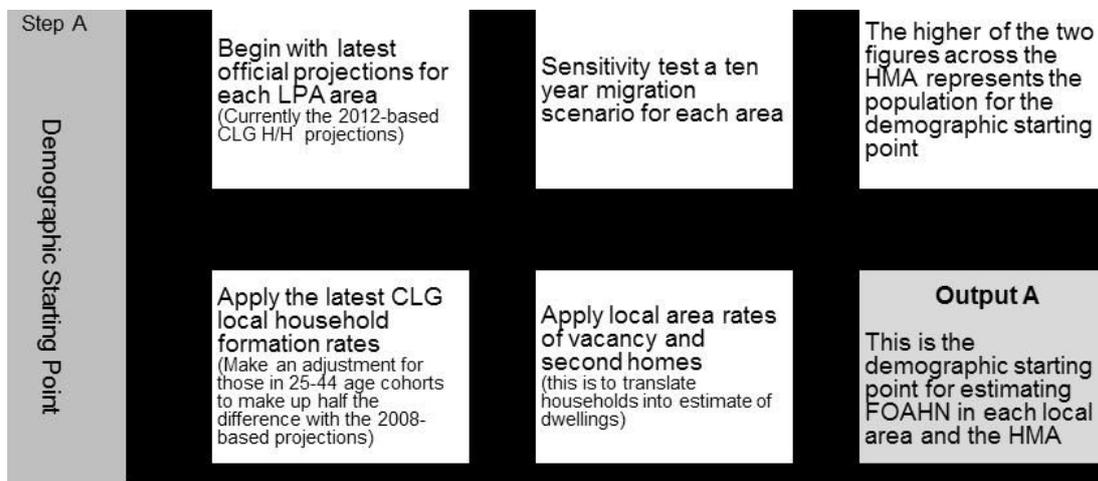
7. Have any adjustments been made to the DCLG household projections (or the household projections used) due to factors affecting local demography and household formation rates (ie PPG paras 15 and 17). If so, what scale of adjustment has been applied, where is this set out and with what justification? Does the OAN figure of 481/year include any such adjustments?

The HBF understand the 481 dwellings per annum to include adjustments for a 10 year migration trend and household formation rates (HFR). From the figures the HBF's understanding is that these adjustments increased OAHN by +82 dwellings per annum (+61 dwellings per annum from 10 year migration trend and +20 dwellings per annum from HFR) against 2012 SNHP of 399 dwellings per annum. The HBF is supportive of both adjustments.

8. Scenarios 1 to 3 in the Housing Topic Paper (page 8) are based on population growth and net in-migration assumptions as set out below. These appear to be based on ONS 2012 sub-national population projections rather than the DCLG household projections. Do these scenarios represent an adjustment to, or divergence from, the demographic starting point set by the national household projections? If so, for what reasons? Which of the scenarios is the most realistic and why, including in terms of population growth and migration? Why is a 10 year migration trend preferred to a 5 year trend? Why does a 10 year trend lead to a higher OAN figure?

(period 2011-37?)	Population growth	Net inmigration/ year	Dwellings/year
1. ONS 2012 SNPP	12.4%	1259 persons	413
2. 5 year migration	5.4%	900 persons	230
3. 10 year migration	13.4%	1309 persons	460

As stated in answer to Q7 the HBF is supportive of the Council's adjustment for a 10 year migration trend. Both the 2012 and 2014 SNPP are underpinned by net migration over the short-term trend (5 years) which record a timeframe largely represented by economic recession whereas a longer term 10 year trend covers a period of both economic boom and recession. The HBF consider that the long-term (10 years) net-migration trend is more representative of demographic change within the District and therefore demographic-led housing need is better represented by the 10 year net migration trend. The sensitivity testing of 10 year migration trend in the Council's evidence identifies a higher figure. In its recommendations for a standard methodology for the calculation of OAHN the recently published LPEG Report recommends that after sensitivity testing of a 10 year migration trend then the higher figure should be used. (see extract below - Flowchart Step A in Appendix 6).



9. The scenarios set out above vary from those presented in EA2016 (page 25) which are based on the period 2016 to 2031. Which are the most appropriate in terms of establishing the OAN for the plan period?

(period 2016-2031)	Dwellings/year
SNPP-2014 scenario	381
SNPP-2012 scenario	453
10 year scenario	425
5 year scenario	334

10. The Topic Paper concludes that the district wide ‘target’ (should this reference be to the OAN – ie ‘need’?) should be 481/year (7215 for 2016-31) based on a 10 year migration scenario and ‘at an average with the 2008-based headship rate’. What justifies this upward adjustment from 460 to 481/year?

As stated in answer to Q7 and Q8 the HBF is supportive of both the Council’s adjustments for a 10 year migration trend and HFR. It is agreed that an adjustment to HFR in younger age groups is appropriate (NPPG para 2a-017-20140306) because although the 2012 and 2014 SNHP draw upon long term trends since 1971 the methodology applied means there is a greater reliance upon trends experienced over the last 10 years rather than to those experienced over the longer term. The implication of this bias is that the latest SNHP continue to be affected by suppressed trends in HFRs associated with the impacts of the economic downturn, constrained mortgage finance, past housing undersupply and the preceding period of increasing unaffordability which particularly affected younger households. There is also evidence to show that HFR for these groups are likely to recover as the economy improves (Town & Country Planning Tomorrow Series Paper 16, “*New estimates of housing demand and need in England, 2001 to 2031*” by Alan Holman). The LPEG Report recommendation also supports an upward adjustment to HFR (see extract above).

11. Has the OAN taken into account any under delivery of housing in the years before 2016 which may have resulted in unmet housing needs and household formation rates which have been constrained by supply? If so, what relevant period was considered?

The HBF believes that there is some confusion in the Council’s approach. The Council calculated OAHN for the period 2011 – 2031 including an adjustment to HFR which had been constrained. However as the plan period is 2016 – 2031 there is a further adjustment for unmet needs between 2011 – 2016. This under provision is included as the difference between OAHN and the housing requirement.

OAN – adjustments for employment trends

Note: EA2016 (page 32) states that the preferred scenario based on 10 year migration trends would support an estimated annual employment growth of 124 jobs/year (2016-2031). It also states that East Lindsey Economic Baseline 2016 (Document CD42 – page 77) has a jobs growth outlook/forecast of 240/year averaged over a 25 year period.

12. Given the estimated jobs growth based on the assessment of housing needs (124 jobs/year) is less than the stated economic forecast (240 jobs/year), has the OAN adequately taken account of projected employment trends? Are the plans premised on meeting a jobs growth target of 240 jobs/year? Will the supply of working age population be sufficient to support the projected or planned job growth? Has any adjustment been included in the OAN figure of 481/year to account for this? What might be the effect on commuting patterns and the resilience of local businesses? (PPG para 18)

The OAHN does not appear to take account of the projected employment forecast of 240 jobs per annum. The NPPF clearly states that housing and economic strategies should be integrated (para 158). It is acknowledged that adjustments above SNHP are not mutually exclusive so the 10 year migration trend and HFR adjustments will both contribute towards supporting some economic growth however there is no evidence that the supply of working age population is sufficient to meet projected or planned job growth. Indeed the Council's evidence indicates that even after incorporating maximised economic participation rates in older age groups and reduced unemployment rates an estimated employment growth of only 124 jobs per annum is supportable. Therefore there is a shortfall in the working population. If there are insufficient numbers of workers then inevitably commuting patterns will change with more workers in-commuting and the resilience of local businesses may be undermined.

OAN – adjustments for market signals

13. Have the market signals in the PPG been considered and what conclusions have been drawn from them? [Section 6 of the Housing Topic Paper refers to house prices, house sales and housing completions] Is there a worsening trend in any of these indicators and if so, should there be an upward adjustment to the OAN? Does the 481/year figure include any adjustment for this reason?

Market signals have not been up-dated in the Council's most recent evidence so it is not possible to identify if trends have worsened. The 481 dwellings per annum does not include any specific adjustment for market signals. Whilst it is acknowledged that the demographic adjustments (as discussed above) will provide some impact on affordability these adjustments (circa 17%) are less than those that might have been specifically applied as market signal adjustments. The LPEG Report recommends between 0 – 25% (see extract below – Flowchart Step B in Appendix 6).



Conclusion on OAN

14. Is the OAN of 7215 for 2016-2031 (average 481/year) justified?

As set out in answer to Q11 481 dwellings per annum represents the Council's OAHN for the period 2011 – 2031 rather than 2016 – 2031. For this figure to be justified the Council's evidence should prove that 481 dwellings per annum will support economic growth of 240 jobs per annum and improve affordability.

15. Should there be a commitment to an early review of the plan within 5 years to re-assess the OAN for housing? If so, should this be expressed in a policy and what should the time period be?

There should be a commitment to an early review of the Local Plan within 5 years not just to re-assess OAHN but for other reasons too including the extension of plan period beyond 2031. An early review should be expressed in policy as a firm commitment including specific deadlines. The policy should include a fixed timescale for the start of the review and the submission of the reviewed plan for examination.

Main issues – housing requirement: Is the housing target/requirement for 7768 homes justified. What is the justification for the phased delivery?

Housing requirement questions:

Past under supply and the 553 figure

16. What is the justification for adding 553 homes to the OAN of 7215 to arrive at a housing target or requirement of 7768 homes? The plan states that the 553 figure represents past under supply as of 2016 (para 8, page 22), whereas the Housing Topic Paper (para 3.5 page 17) appears to indicate it has been added to help ensure that there is a 5 year supply of housing? [on the basis that there was a 3.85 year supply as of Feb 2016] How was this 'undersupply' calculated, to what time period does it apply and is it justified? Is the approach applied here justified by national policy or guidance?

It is the HBF's understanding that as OAHN was calculated for the period 2011 – 2031 and the plan period starts in 2016 the additional homes represent the past under supply of housing between 2011 – 2016. The position should be more clearly expressed in the Plan. A simple solution would be to express the OAHN figure for 2011 – 2031 deduct completions between 2011 – 2016 (the plan start date) then express the residual as the housing requirement for the plan period 2016 – 2031.

17. Is the 553 figure intended to represent any under-supply since the plan base date and, if so, is it justified?

As the OAHN time period and the plan period are different the under provision

between 2011 – 2016 must be accounted for. It is not clear if 533 is the correct figure for undersupply between 2011 – 2016.

18. Is the housing *target* of 7768 justified? Should this be referred to as the housing *requirement*? Should the plan indicate that this is a *minimum* requirement (as indicated in para 2.25, page 9 of the Housing Topic Paper)?

The housing requirement figure should be expressed as a minimum. The housing requirement should include OAHN and any undersupply.

Phased delivery

19. Is the phased delivery of the 7768 homes in Policy SP3 2 justified? Is this intended as a control over the amount of housing to be delivered in these three time periods, as a prediction of likely delivery based on when sites will be developed or an intention that the ‘under supply’ of 553 homes will be recovered in the first 5 years of the plan? Should this be made clear in the plan?

The HBF have assumed that the Council’s intention is to recover undersupply in the first 5 years. The HBF objected to the Council’s previous phasing proposals because any phased delivery should not be a ceiling on sustainable development coming forward.

20. Is the reference in the policy to the phased delivery applying to allocated sites correct, given the supply includes commitments?

The reference is incorrect.

**Susan E Green MRTPI
Planning Manager – Local Plans**