

From: Andrew Elliott andrew.elliott@torltd.co.uk 
Subject: Re: Obj Assessed Needs - Balance of homes and jobs
Date: 27 November 2014 09:24
To: ac.self@blueyonder.co.uk
Cc: Sarah Hamilton-Foyn Sarah.Hamilton-Foyn@pegasuspg.co.uk

Christine

At the examination session on Tuesday and Wednesday there was considerable discussion about OAN and the balance in homes, jobs and economically active workforce in the face of an increasingly older projected population demographic in the plan area.

I noted to the Inspector on Tuesday that the input of East Devon District on this matter will also be particularly relevant as a comparator as they have been considering very similar issues in a parallel SHMA work timeframe to WDWP.

I understand that a representative of EDDC is to attend a forthcoming examination session, and would like to draw the Inspector's attention to the attached EDDC committee report from late August that provides very relevant context here. Attention is drawn to paras 4.5-4.7 and 5.2 in particular.

Kind regards

Andrew

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Report to: **Development Management Committee**

Date of Meeting: 26 August 2014

Public Document: Yes

Exemption: None



Agenda item:

Subject: **Emerging Work on Defining an Objectively Assessed Housing Number for East Devon**

Purpose of report: To provide feedback on the above.

Recommendation: **1. The ongoing work and proposed future work to inform future housing provision in East Devon is noted.**

Reason for recommendation: To update members on ongoing work to establish appropriate housing development levels.

Officer: Matthew Dickins, Planning Policy Manager – mdickins@eastdevon.gov.uk – 01395 571540

Financial implications: There are no direct financial implications contained in the report.

Legal implications: The implications are as set out in the report. However to re-iterate the initial figures produced by Devon Country Council (which in themselves, for the reasons set out in the report, need to be updated) do not provide an objectively assessed housing need figure. There is still work required to be carried out to get to this figure and the report notes that this work is on-going. Crucially therefore we continue to be in a position where we are not able to demonstrate a 5 year land supply. Planning applications will need to continue to be considered on this basis and in accordance with the guidance of the NPPF in this regard

Equalities impact: Low Impact
A low direct impact is identified as the report is essentially concerned with potential future development levels. The more significant impact considerations will become applicable when consideration is given to possible future policy choices resulting from final numbers.

Risk: Low Risk
Low risk is envisaged.

Links to background information: Links to background documents are set out in the report.

Link to Council Plan: Living in/Working in/ Enjoying this Outstanding Place.

1 Strategic Housing Market Assessment (SHMA) and Objective Assessment of Needs (OAN)

1.1 The National Planning Policy Framework establishes that local plans and policy for housing provision should be informed and led by an objective housing needs assessment. The standard means for arriving at an objective assessment of housing need is through producing a Strategic Housing Market Assessment (SHMA). The Local Plan inspector, in writing back to the Council in March 2014, highlighted concerns around plan policy not being informed by such assessment. The inspector advised that the Council should produce a new SHMA.

1.2 In the summer of 2013 the collective authorities of the Exeter Housing Market Area:

- a) Dartmoor National Park Authority (part in Teignbridge District),
- b) East Devon District Council,
- c) Exeter City Council,
- d) Mid Devon District Council and
- e) Teignbridge District Council.

agreed to commission a new SHMA. Work was therefore already underway ahead of the Inspector's letter. The timing of the commission of the new SHMA was primarily a product of Mid Devon District Council needing information to help inform their new local plan that they were and are working on. However, it was recognised that all authorities should have and regularly review up to date information on housing needs in their areas regardless of the point in the local plan making cycle they fall in.

1.3 The brief for the SHMA work can be viewed at:

<http://www.eastdevon.gov.uk/lp-invitetotendershmafina.pdf>

The contract for undertaking the work was awarded to a company called DCA. A key part of the work in production of a SHMA involves looking at trend based population change over past years to provide one indicator or measure of how population levels, and from this need for extra housing, may change in the future. This is an area of work in which Devon County Council have developed a high level of expertise and therefore the brief for the SHMA specified that the County Council will do this element. The County Council modelling uses a widely recognised and industry standard software product called 'Popgroup' to undertake this modelling.

2. Progress on the SHMA and Emerging Best Practice

2.1 The spring 2014 timetable for the SHMA work was that by this point in time (late summer) it should have been at or close to completion. Unfortunately there have been delays in production that have centred around complexities associated with modelling work and then integrating this into wider SHMA assessment.

- 2.2 However there was also guidance on production of “Objectively Assessed Need and Housing Targets” produced for and published by the Planning Advisory Service (PAS) in June 2014. See:
http://www.pas.gov.uk/web/pas-test-site/local-planning/-/journal_content/56/332612/6363116/ARTICLE
PAS are a Local Government Association supported planning advice and help organisation that provides assistance for local authorities in all aspect of planning work.
- 2.3 The guidance on assessing housing needs expands on and applies thinking on Government policy to help authorities establish objective housing figures. This document has not been endorsed by Government but is understood to be the fullest available guidance on undertaking SHMAs and establishing future objectively assessed housing numbers. The fact that it is published by the Planning Advisory Service, and draws on experience from plan examinations, is such that it can reasonably be seen to carry weight. In one sense it is beneficial that the SHMA work has not yet been completed as this guidance provides a means to assess the process that is being followed, adjust where necessary, and to ‘test’ outcomes that are arrived at.

3. Stages in a Establishing an Objective Need Figure

- 3.1 Drawing from the PAS guidance, that itself cross-references to Government policy and guidance, there are a number of key stages in arriving at an objectively assessed housing number. These include the following:
1. **Definition of the Housing Market Area** – Housing market areas can be defined in a number of ways but amongst the approaches used is to establish them around/on the basis of areas, typically larger than single local authorities, in which many/most residents typically work and most employees typically live. The Exeter HMA boundary that we are working to appears to be robust and logical, though ultimately the SHMA work will need to test this.
 2. **Understanding Household Projections** – this is the work that Devon County Council are producing and it forms a starting baseline element of the overall work
 3. **Addressing Market Signals** – the Government guidance is clear in stating that account should be taken of how the market is performing. Market signals should be used to gauge the balance of demand for and supply of housing and help inform overall need figures.
 4. **Addressing Housing Backlog** – situations can arise where past development levels might not have matched up to past needs. In these cases there might be a requirement to look at increasing future housing supply to address this consideration.
 5. **Measuring Affordable Housing Need** – the SHMA is concerned with all housing types but one key element is affordable housing. The final work will need to report

on levels of affordable housing that are needed. Final overall housing levels, given that affordable housing is primarily built on sites where it forms a proportion of overall housing planned (open market + affordable), may need to be adjusted to promote development of enough open market housing in order to ensure development of sufficient affordable homes.

6. **Future Employment and Economic Growth Assumptions and Aspirations** – if the assumption or aspiration or expectation is that the economy is or should or will grow (and evidence shows that these are reasonable expectations) the SHMA should ensure that there will be enough houses to house the workers that will be needed to fill the jobs. It would not be credible to have a strategy that says we want more and better jobs, and we have evidence that they can genuinely be expected to occur, unless plans can also show how or where any extra workers that may result will live. Guidance is clear that matching homes for any expected increased workers should feature in the overall assessment.

3.2 Work on the SHMA, to date, has helped to establish initial findings on the first of these stages, understanding about trend based data. More work on other stages will be needed.

4. Trend Based Data on Population Change and Housing Numbers

4.1 The final Devon County Council modelling will be based on establishing a picture of what has happened in the past and, in a straight statistical process, saying if past trends and patterns continued into the future what will the population look like and how many houses will be needed to house the residents. It must be stressed that:

a) the trend modelling will not provide an objective assessment of housing need; but it will provide essential baseline data to help understand issues more fully and inform future stages of work; and:

b) there are a considerable number of factors, considerations and assumptions that are built into the modelling.

4.2 The Devon County Council modelling will ultimately generate results that will differ from the outputs from other models, including Government projections (all demographic models are liable to generate different end results). The Devon modelling is, however, regarded as being the most robust and objective modelling available and is specifically tailored to take into account specific local circumstances.

4.3 Our understanding of the modelling shows that if patterns and trends that happened in the past (looking back over 30 years) were to continue in to the future (over the 20 years from 2014 to 2033) then there would be a population change in East Devon of:

Age	2014 Population	Projected 2033 Population	Change	% Change
0-19	27,096	26,642	-454	-1.7%
20 - 64	68,505	69,642	1,137	1.7%
65+	40,261	55,025	14,764	36.7%
Total	135,862	151,309	15,447	11.4%

- 4.4 Perhaps the most striking conclusion from the above table is the projected increase in the 65+ plus age group, up by 14,764 people or by 36.7% against the 2014 level.
- 4.5 The working age population of East Devon, taken to be 20 to 64 years olds, does not change significantly. It increases by just 1,137 people (and not all of these will be economically active – i.e. in work or looking for work). On this basis there will be a relatively small number of residents to fill future jobs that we might reasonably expect to see in East Devon. Devon County Council have, for example, work dated February 2014 done by SERI/ekosgen, See:
<http://www.devonomics.info/documents/area-profile-east-devon>
that estimates that over the 13 year period of 2013 to 2025 there will be an extra 5,900 jobs in East Devon. This is an annual average of 454 jobs per year. If this figure is extrapolated over 20 years it could suggest an increase of 9,077 extra jobs. Clearly an increase in excess of 9,000 jobs is not matched by a possible population increase of just over 1,000 people in 20 to 64 age range.
- 4.6 The modelling is understood to indicate, based on these population factors and using information on household formation rates, that if (just) past trends continue then there would be a need for around 11,360 extra homes in East Devon. But this is not an objectively assessed housing need figure, it is a trend based figure only. Furthermore the data is subject to adjustment. Specifically it should be noted that there has be a very recent release of new information/data from the Office of National Statistics that beneficially could be built into future assessment work.
- 4.7 A possible mismatch between population change and future possible job numbers, for example as illustrated above, suggests employment change being at least one key significant factor that will need to be taken into account in ultimately arriving at an objectively assessed housing number. It is stressed that the Devon work is used as an example to highlight one possible indicator of future change in job numbers; it should not be taken as a definitive objective measure of future job numbers.

5. Future Work to Arrive at an Objective Assessment of Housing Need

- 5.1 As set out in this report there are a number of factors that will ultimately need to be taken into account in respect of arriving at an objectively assessed figure of housing need. Critically as well, whilst we will need an East Devon figure for our planning policy work and local plan, this figure and assessment related to it will need to sit within the context of housing need assessment work that covers all of the authorities within the Exeter Housing Market Area and which provides a collective housing market area figure.
- 5.2 Further to this, as well, there may need to be discussions around the ability and capacity and suitability of East Devon and all of the other authorities to accommodate growth and development. Through discussions, if needed, it may be appropriate or desirable for one or more authority or authorities to accommodate development within their area that others cannot reasonably or appropriately accommodate. Where there are clear and significant infrastructure or environmental or other constraints it may be possible to demonstrate that the objectively assessed housing need figure cannot or should not be reasonably accommodated and therefore should not feature in a local plan.
- 5.3 At this stage it is not possible to provide a timetable for completion of the full SHMA work. There are complexities to the task that will need working through. However officers of all of the authorities involved in the commission are working together to come to a final set of recommendations on the objectively assessed housing numbers for the SHMA as a whole and for the individual authorities.
- 5.4 Once a full SHMA report that addresses the above issues has been produced an industry workshop will need to be held to consult with the house building industry before a final report can be produced and agreed with all of the commissioning authorities. It is therefore likely to be sometime before we will have an objectively assessed housing need against which to revise our housing land supply figures. In the meantime based on the available information we can only conclude that we do not have a 5 year housing land supply and continue to consider application accordingly.