

## **SCARBOROUGH LOCAL PLAN SITES AND POLICIES** **EXAMINATION**

### **Matter 2: Housing Need and Requirements**

1. The following hearing statement is made for and on behalf of the Home Builders Federation. This statement responds to selected questions set out within Matter 2 of the Inspector's *Schedule of Matters, Issues and Questions* (exam ref: EX-10).
2. The Inspector's Issues and Questions are included in bold for ease of reference. The following responses should be read in conjunction with our comments upon the submission version of the Local Plan, dated 18<sup>th</sup> December 2015. The HBF has also expressed a desire to attend the examination hearing sessions to debate these matters further.

### **Issue 2.1: Housing Market Area**

#### **7. Should the plan area be treated as a single self-contained housing market area for the purposes of assessing housing needs bearing in mind relevant national guidance?**

3. The analysis of the 2011 Census migration data suggests that 66.9% of households move within Scarborough Borough. This is below the 70% of internal moves identified within the PPG (ID 2a-011) as being typical characteristics of a housing market area (HMA). It does, however, need to be noted that this is but one indicator of a HMA and other indicators identify much stronger internal relationships.
4. Based upon the evidence provided in the 2015 *Strategic Housing Market Assessment* (SHMA) (examination ref: CSD-8) the treatment of Scarborough as a single self-contained HMA would appear pragmatic and appropriate. Albeit this should not detract from the inter-relationship evident with adjoining areas.

### **Issue 2.2: Objectively Assessed Need for Housing**

#### **8. What is the starting point for establishing the objectively assessed need for housing based on the Government's latest household projections?**

5. The SHMA correctly utilised the 2012 based sub national population (2012 SNPP) and household projections (2012 SNHP) as the starting point as these were the latest figures at the time of its publication. The 2012 SNHP identified a starting point for housing need of 3,668 households over the plan period (2011 to 2032) or an average of 175dpa.
6. Following the submission of the plan the Government has released the 2014 based SNPP and SNHP. The 2014 SNPP were considered by the Council in response to the Inspector's Further Preliminary Questions (Examination ref: EX-4R). These later population projections identify a lower than expected population increase with 1,700 less population by 2032. The Council conclude that if this were converted into households using the 2.03 average household size, it would translate to 840 dwellings over the plan period or approximately 40 per year.
7. The recently released 2014 SNHP identify an increase of 2,724 households over the plan period. This equates to an average of 130dpa. The HBF does, however note that the change does not automatically mean previous projections are

rendered out of date as there can be many factors which lead to a reduction in the household projections, a point recognised within the PPG (ID 2a-015 and 2a-016).

**9. Should any adjustment be made to that starting point (Q8) to take account of the 2014-based sub-national population projections?**

8. I refer to our response provided against question 8 above.

**10. Should any adjustment be made to reflect different household formation rates to those that are reflected in the DCLG 2012-based household projections?**

9. It is widely acknowledged that the 2012 SNHP have been heavily influenced by the impact of the recession and long-term housing shortages. The 2014 SNHP project average household growth of 210,000 each year across the country between 2014 and 2039. This is the same level projected in the previous, 2012 SNHP, despite the latest underlying population projections showing approximately an extra 10,000 people each year. The 2014 SNHP therefore, on the whole, show a continuation of the trends evident in the 2012 SNHP. These include a continued suppression in household formation particularly for younger age groups. This is largely attributable to the long-term undersupply of housing as well as the impacts of the recent recession. Paragraphs 6.13 to 6.15 of the 2015 PAS guidance *Objectively Assessed Need and Housing Targets: Technical advice note* recognises these issues and suggests that alternative household formation rates are tested.

10. In terms of Scarborough there has been persistent under-delivery for a number of years. This combined with a high proportion of second homes will inevitably impact upon household formation rates in Scarborough, particularly for younger age groups trying to access the housing ladder.

11. The availability of jobs combined with government stimuli, such as *Help to Buy* and *Starter Homes*, will encourage higher rates of household formation than has been projected within either the 2012 SNHP or 2014 SNHP and as such an increase in household formation rates is considered valid.

**11. Should any adjustment be made to reflect different levels of migration to or from the borough having regard to economic forecasts?**

12. Yes, the NPPF and PPG both support the need to align housing and economic growth. To do otherwise would require agreement from neighbouring authorities to import labour and provide the requisite housing.

**12. Are the “high job growth” economic forecasts assumed in the plan realistic, and if they were to be realised would they lead to the considerable amount of net in-migration that is included in the Council’s assessment of objectively assessed need?**

13. Yes, the HBF consider that the “*high job growth*” economic forecasts are realistic. Whilst it is noted that the 5,000 jobs scenario is based upon an average between two of the higher REM forecasts since 2011 it should be recognised that earlier forecasts of much lower rates of jobs growth are heavily influenced by the recession. This will have lowered the predicted levels of jobs growth. It is also notable that the most recent economic projections identified in response to the Inspector’s Further Preliminary Questions (Examination ref: EX-4R) again suggest a lower rate of growth (2,500 jobs). The HBF does, however, concur with the Council in that this only serves to highlight the issue of reliance upon single forecasts.

14. In considering the forecasts it should be recognised that they are heavily influenced by past trends and therefore could be viewed as a ‘business as usual’ scenario. However, given the ambitions of Government to create a Northern Powerhouse and the York, North Yorkshire and East Riding Local Enterprise Partnership (LEP) to

create 20,000 additional jobs by 2020 and double the rates of housebuilding. It would appear there is a strong case to deviate away from 'business as usual' towards a more pro-growth economy for the Scarborough. Given this background the HBF consider it important that the plan seek to improve its economic performance over the plan period.

15. The aging nature of the Scarborough population and the 'gap' in the required workforce, as illustrated in table 4.10 of the Council's 2016 *Delivering a Local Plan Housing Target* paper (examination ref: CSD-3), mean that the increase in jobs would either require a significant increase in in-commuting or an increase in net in-migration. Given that the Council is not relying upon other authorities to meet its needs then increased net in-migration would be required.

**13. Should any adjustment be made to reflect market signals including (a) land prices, (b) house prices, (c) rents, (d) affordability, (e) rates of development, and (f) overcrowding?**

16. The HBF consider that a modest uplift of around 10% should be provided to reflect market signals. Whilst each area is different this is based upon the recent local plan examinations in Eastleigh, Canterbury and Uttlesford which have identified that a 10 to 20% uplift is appropriate. Paragraphs 27 to 32 of our comments upon the submission version of the plan address this issue in more detail. In the interests of brevity these points are not repeated here, it is however worth noting that affordability continues to get worse within Scarborough as illustrated by CLG Live Table 576. This shows an increase in the affordability ratio for lower quartile house prices to wages from 6.22 in 2013 to 7.18 in 2015.

**14. Should any other adjustments be made to the starting point in order to establish the objectively assessed need for housing?**

17. In addition to affordability covered in question 13 above, the overall need for affordable housing should also be considered. Section 9.1 of the 2016 *Delivering a Local Plan Housing Target* paper (examination ref: CSD-3) identifies an overall affordable housing need of 339 units per annum over the period 2015 to 2032. This represents 74% of the proposed housing requirement. The PPG advocates consideration of a higher housing figures in such cases.

**15. Based on your answers above, what is your estimate of the objectively assessed need for housing in the plan area for the period 2011 to 2032?**

18. This is difficult to answer as the HBF has not undertaken any bespoke modelling of the housing needs of the area and as such a definitive response is not possible. However, based upon the information provided by the Council, including the need to reflect the economic ambitions of the area as well as market signals and the overall need for affordable housing a minimum requirement of 10,650 dwellings over the plan period is recommended. This equates to a 10% uplift upon the proposed housing requirement.

**16. Is this objectively assessed need uniformly distributed over the plan period, or are needs likely to vary between the early (eg up to 2021), middle (eg 2021-2026), and later (eg 2026-2032) parts of the period?**

19. Whilst needs may vary over the plan period the HBF recommends a uniformly distributed target. This would ensure that developments are provided in a timely manner over the full plan period and would provide stability. Interrogation of the economic forecasts provided in the appendix to examination document EX-4R suggest that in terms of economic growth this is likely to be higher earlier in the plan period. Whereas the 2014 household projections, for Scarborough, suggest an increase over the plan period which is the opposite of the national picture. A uniform distribution would appear most appropriate to balance these differences.

20. Furthermore there is an acknowledged acute need for housing now, given the high level of affordable housing and the long period of under-delivery both nationally and locally. It would therefore not be appropriate to back-load the housing need.

### **Issue 2.3: Housing Requirements**

**In order to determine a housing requirement figure ...**

**17. Should any adjustment be made to the objectively assessed need for housing (Q15) in order to help deliver affordable housing to meet identified requirements?**

21. I refer to our response to question 15.

**18. Should any adjustment be made to the objectively assessed need for housing to take account of any unmet needs from outside the plan area (including from the North York Moors National Park)?**

22. This is discussed in our response to matter 1. Whilst the unmet needs from neighbouring authorities are unknown it would be difficult to incorporate a specific additional requirement. It is, however, recommended that flexibility is built into the plan through additional sources of supply as well as clear triggers for plan review should such a need become apparent.

**19. Should any adjustment be made to the objectively assessed need for housing to take account of empty homes and second homes?**

23. Yes, the economic scenarios upon which the Council has based its objectively assessed need do not take any account of the rate of second homes and empty homes within the area. It assumes, paragraphs 4.36 and 4.38 (*Delivering a Local Plan Housing Target*, examination ref: CSD-3) that the existing number will remain constant and no allowance is made for any of the new properties or other existing properties either to become vacant or second homes. This is considered overly optimistic. It is noted that across Scarborough second and vacant homes currently account for 8.45% of the dwelling stock, table 4.5 (CSD-3). This figure has marginally decreased since 2012 from 8.71% to 8.45% in 2015. It would therefore appear appropriate to include a second home / empty rate of at least 8% over the plan period.

**20. Should any adjustment be made to the objectively assessed need for housing to take account of any environmental constraints in the plan area?**

24. No, whilst the area benefits from a number of environmental designations and has areas of constraint, there appears sufficient scope, in some instances with mitigation measures, to deliver the housing need in full.

**21. Should any other adjustments be made to the objectively assessed need for housing in order to establish a housing requirement figure for the plan area?**

25. The HBF has no further comments at this stage but reserves the right to respond to other comments during the hearing sessions.

**22. Based on your answers above, what do you consider the housing requirement for the plan area should be for the period 2011 to 2032?**

26. Similar to question 15, it is difficult to answer as the HBF has not undertaken any bespoke modelling of the housing need or requirement. However based upon our response to questions 15 and 19 it is suggested that the overall housing requirement be a minimum of 11,500 dwellings (net) over the plan period.

**23. Bearing in mind your answer to question 16, should this requirement be met evenly over the plan period, or should different requirements be set for different parts of the period?**

27. It is recommended it is a uniform requirement over the plan period.

**Issue 2.4: Five Year Requirement**

**24. Is there any evidence to indicate that the Council's completions figure is incorrect or that a 20% buffer should not be applied?**

28. No, the HBF agree with the Council that the evidence clearly points towards persistent under-delivery and as such the 20% buffer should be applied in compliance with paragraph 47 of the NPPF.

**25. Should the shortfall be made up in the next five years, or over a longer period?**

29. In conformity with the guidance set out within the PPG (ID 3-035) the HBF strongly recommend that the shortfall be made good within the first five years. This is considered a positive approach to meeting housing needs.

**26. Based on your answers to the above, what do you consider that the five year requirement was at 1 April 2016 assuming (a) the plan requirement figure of 461 dwellings per year; (b) your housing requirement figure (your answer to question 22); and (c) your answers to questions 16 and 23 regarding need and supply during different parts of the plan period?**

30. The following table provides our response (please note (b) and (c) are combined as we recommend a uniform distribution of the requirement over the plan period).

Scenario	A	B & C
Annual need	461	548
Five years need	2,305	2,740
Under-supply to April 2016	870	1,305
20% buffer	635	809
<b>Total</b>	<b>3,810</b>	<b>4,854</b>

**Issue 2.5: Potential Main Modifications**

**27. What specific changes, if any, are needed to make the plan sound in terms of it setting out an appropriate housing requirement for the period 2011 to 2032 such that objectively assessed housing needs will be met where it is reasonable to do so and consistent with achieving sustainable development?**

31. The main modifications would need to include a higher net housing requirement within Policy HC1. It would also need to allocate further sites, to provide for the additional 1,900 dwellings suggested. It is suggested that this further allocation of sites be provided on a similar basis to the current distribution, although this would be dependent upon the availability of sites.

32. Furthermore to provide sufficient flexibility to deal with any under-delivery of sites and the potential unmet needs from neighbouring areas, particularly NYMNPA, it is suggested a reasonable buffer of sites be provided to provide flexibility and choice. Finally trigger mechanisms for a review of the plan should be included, this could be via an additional policy within the plan.

Yours sincerely,

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