



Eden Local Plan

Options Paper 1 - Housing Numbers

This paper sets out the background to how we have set a possible new housing target for Eden District. It also sets out four options for what this target could be. A separate technical paper provides more detail. Options and technical papers are also available relating to how this housing could be distributed throughout the district.

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Options Paper 1 - Housing Numbers

1. Background

Introduction

- 1.1 One of the key decisions the District has to make when writing a Local Plan is how many homes will be needed in the future. This is often contentious - on the one hand there are people, both already here or moving in from elsewhere who will need new housing, and on the other there are existing residents concerned that new development may risk reducing the high quality of life in the district. We therefore need to use the best available technical evidence to help reconcile these two competing pressures and arrive at a figure that is right for Eden.

Why has this paper been produced?

- 1.2 This paper sets out the various options we are considering when setting a new target for the future number of homes to be built in Eden over the next couple of decades. It includes various options and provides reasons for why they have been selected or rejected.
- 1.3 It is supported by a more detailed technical paper showing how we arrived at our Preferred Option, and also contains information that led to the other options under consideration, as well as some we have discounted.

Note on the options papers and how options will be taken forward.

- 1.4 As part of Local Plan review four options papers have (or will be) produced. Each will be supported by a more detailed technical paper. The first (this paper) concerns the overall housing target. The second covers how new housing could be distributed through the district. The third paper (forthcoming) will cover potential housing allocations. A final fourth paper will cover employment growth and distribution. For housing, a combination of four options will be selected and tested following receipt of feedback on these options papers from Members and officers.
- 1.5 The next step once options are finalised will be to incorporate them into a draft local plan and ask the public and other organisations to provide any views.

Context - What is the current target for new households?

- 1.6 Eden's current target is set out in the adopted Core Strategy (2010) and was taken from the now defunct Regional Spatial Strategy for the North West (2008). This sets out a figure of 239 homes per year over the period 2003-25, or 5,258 overall. Over the past ten years Eden has delivered an average of 138 new homes per year, or 58% of this target.

Why are we proposing to re-examine the existing target?

- 1.7 We are now moving to create a single local plan, and as part of this we have the opportunity to look again at whether our current strategy is working, and whether it needs to be modified to best serve the needs of Eden. It is also a chance to look at the most up to date evidence, bearing in mind the current

figure was derived from regional planning work carried out around seven years ago, prior to the recession.

What the time frame for the new Local Plan?

- 1.8 Plans are expected to run for at least fifteen years after adoption, so assuming an adoption date of 2015 and some element of contingency in case of slippage the new Local Plan will run from 2014 (when the technical evidence was reviewed) to 2031.

2. Context - how do you produce with a housing target?

- 2.1 Setting a housing target is not an exact science. We have seen through production of the housing technical paper that ultimately it's a matter of applying a degree of judgment to the best technical evidence we have to hand. Ultimately there are choices to be made, and pros and cons within each option we look at.

- 2.2 We also need to be mindful of what's expected of us in national planning policy. The National Planning Policy Framework now expects us to 'boost significantly' levels of new housing and make sure the plan accommodates the 'objectively assessed need' for both market and affordable housing. If we fail to do this our plan risks not being found sound at Public Examination by the independent Government Inspector who will review the plan for compliance with national policy.

- 2.3 The accompanying technical paper establishes our preferred option and runs through four 'tasks' we used to help develop the target. These are set out in more detail in Appendix 1 (and in the technical paper) but can be summarised as:

- **Task 1 - What is the evidence telling us?** The starting point is the Government's population and household projections. These project population and household changes forward into the future, based on past trends. They look at how the population may change, by modelling expected births and deaths, ageing, migration and changes in household size.
- **Task 2 - Policy aspirations.** What else may influence demand and what do we want to see happen in Eden? For example, do we want to raise targets to help attract people in to do new jobs? Do we want to boost supply to help people already inadequately housed or in need of more affordable housing? There may also be demand arising from our neighbouring districts which may best be catered for in Eden.
- **Task 3 - Reality checks.** This task aims to make sure any target under consideration at the end of Task 2 is realistic and deliverable in practice. Is there enough land available? Do past building trends indicate our target is achievable? Is there sufficient demand for new housing? Can we provide the necessary infrastructure?
- **Task 4 - Bringing the evidence together.** This aims to combine the evidence from Tasks 1, 2 and 3 and settles on a final target.

2.4 In practice there will always be evidence available that would support an increase or decrease in housing numbers. There are a number of pressures which would indicate an ambitious target is required, such as:

- A need for affordable housing from those already here
- Strong demand coming from older (and more affluent) people moving in to the district from elsewhere in the country (at a net level this is all our projected demand), which could 'crowd out' those already here
- A continuing trend towards smaller households - the consequences of people marrying later, divorcing, having less children and living longer
- A need to make sure accommodation is available for anyone taking up new jobs in the area, given that there isn't a large source of untapped labour already here
- A need to retain younger people to do these jobs and support services (projections show a decline in the numbers of younger people in the district over the next twenty years or so)
- Plenty of available and suitable land for new housing

2.5 There are also reasons why we may want to be more cautious in setting a housing target.

- Historical rates of delivery are well below the current target of 239 new homes per year
- There is a slight projected decline in the population already here
- There is a possibility that new homes would be used as second homes
- Eden has a very high quality landscape and built environment, which must be protected
- There is a dispersed pattern of smaller villages. Around half the current population lives outside our four main towns. If we cater to the demand from retirees wanting a more rural lifestyle, new development could risk unsustainable levels of traffic generation throughout the district
- Restricted public budgets and austerity measures mean infrastructure is hard to fund, and relying on the private sector to fund infrastructure risks making new development unviable.

3. Context - Generating Options

3.1 Options have been generated from the technical evidence. Some of the key questions arising from this evidence are:

- How much housing do we wish to plan for to accommodate older people moving in to the district from elsewhere in the UK?
- How much housing do we wish to plan for to accommodate those already here who need more affordable housing?
- How much housing do we wish to plan to take account of any new jobs created, or to attract employers in to the district?

- Can this be realistically delivered? Failure to do so would mean the district could fail to meet its five year land supply targets and would be open to speculative development.
- Does the figure meet the national policy requirements needed to find the plan ‘sound’ at examination’?

3.2 These questions indicate that there is also an element of judgment or choice involved in setting a target, and that there is some leeway in generating options, as long as we can be seen to at least providing for ‘objectively assessed need’. We have therefore based our options on what we think is the extent of this leeway.

3.3 Appendix 2 sets out a ‘housing evidence scale’ showing the options we have considered. From these we have chosen four to take forward. We start with our preferred option.

Option 1 - Meeting market and affordable housing need (preferred option)

Method	Target per annum	Total 2014-31
Meeting market and affordable housing need	200	3,600

Why have we chosen this option?

3.4 The full reasons are set out in the accompanying technical paper, but in summary we consider this to be our best assessment of actual future need for both market and affordable housing, bearing in mind what could be delivered on the ground. This figure was established by looking at a blend of technical evidence, policy aspirations and reality checks.

3.5 The starting point was the Office for National Statistics (ONS) population and household projections. We started by setting a figure of 190 new homes. This figure represents a cautious split between the more comprehensive set of projections produced in 2008 and the more up to date but less complete 2011 projections. The figure includes a conversion from households to dwellings, which takes account of empty homes, second home ownership and so on. We then compared this figure to projections produced by the County Council which establish options around the ONS projections (known as the POPGROUP model).

3.6 We then established the need for affordable housing in the district, both now and in the future, and looked to see if this figure would allow for this need to be met. We concluded that an annualised need for affordable housing spread out over the whole plan period would amount to 60-71 new affordable homes per year. We then included a policy aspiration to deliver 30% of this housing as affordable homes and modelled the potential supply and demand for affordable homes over the plan period to see if this policy aspiration could be met. This led to a slight increase to 200 homes per year. Next we looked at past delivery rates, land supply and market demand to see if this could potentially be

delivered, as well as the potential for demand to increase due to any new jobs or pressure from neighbouring authorities. We concluded that the figure of 200 remained robust and deliverable.

3.7 In our view this figure:

- At least meets objectively assessed requirements for both market and affordable housing, and exceeds household projections
- Boosts significantly the supply of housing above past rates
- Provides an anticipated level of affordable housing to meet need, both now and in the future
- Is capable of being delivered, based on past trends, demand and available land supply.

Option 2 - Proportionate Growth

Method	Target per annum	Total 2014-31
Proportionate growth	205	3,690

3.8 This option has been reviewed as it represents a different way of establishing a new housing number and helps establish some context for the impact of housing targets. It is taken from Option 2 of the housing distribution options paper and represents an ‘incremental growth’ option, assuming that the towns and villages in Eden will grow at 1% per annum over the plan period (similar to the approach taken in the Upper Eden Local Plan). It would aim to spread growth evenly round the district and make sure all places received a share of growth.

Why have we not chosen this option?

- It results in dispersed development when applied across the whole district. This would mean that growth would not be based on access to major services or infrastructure.
- The option does not promote strategic rural growth across certain villages in the whole district, which is needed to retain and support key areas.
- Taking a more mechanistic approach is a very ‘top down’ approach and may lead to the need to identify sites where there is no evidence to suggest that they may come forward. The alternative option of relying on windfall developments only (no allocated sites) may reduce the ability of the district council to maintain an identified land supply when applied across the whole of the district, in line with Government planning guidance.
- The figure is above past rates of housing delivery in the districts.

Option 3 - Employment Led Growth/Current Target

Method	Target per annum	Total 2014-31
Employment led growth/current target	239	4,302

3.9 We have seen from our assessment of technical evidence that:

- The demographics of growth indicate that at a net level all household growth will be generated from older households moving in to the district
- The district is projected to ‘lose’ younger people year on year as they move away
- Eden has very low unemployment rate (although wages are low) meaning there is no significant available or highly skilled workforce present to fill new jobs.

3.10 This means that if Eden does want to see economic growth someone will be needed to do the jobs. The reality is that the people to do them may need to come from elsewhere. The high quality of life compared with low house prices compared to much of the rest of country may provide the opportunity to attract people in if there are jobs available. If we wish to see economic growth we could take the view that we need to encourage further in migration, which in turn would have an impact on housing demand.

3.11 As part of the technical work we looked at job forecasts. These yielded a figure of 1,571 new jobs in the district over the period 2014-31

3.12 The POPGROUP model also provides a ‘jobs driven’ dwelling projection this would mean a 302 homes per year would be needed. This higher figure is the result of dwellings needed for a new younger population moving in to take up work, who then may have children of their own who require housing over the plan period. This projection is also entirely ‘employment-led’ and inevitably can’t take into account the intertwined relationship between housing and employment growth and future changes to economic activity rates. We concluded that this would be unrealistic to build, partly as it would represent a step change in housing delivery over past rates but also that it assumes the jobs will necessarily emerge to justify this figure.

3.13 However, we do want to present a ‘job-led’ option for consideration. Instead of the whole POPGROUP figure we propose choosing the current Core Strategy target of 239 homes per year, as this was based on a high economic growth scenario and remains highly ambitious in the context of past delivery.

Why have we not chosen this option?

- Past trends in house building indicate that it would be difficult to deliver
- The current Core Strategy was based on a high employment growth option and this growth has failed to materialise. Whilst we could expect improvements in job prospects in the coming years they will be unlikely to justify a figure of 239 new homes per year.

- It is higher than projected housing need and demand
- There is a risk that setting a too optimistic target may risk under delivery which could render any plan out of date and in need of review
- It would be predicated on a level of job growth that whilst desirable and something to aspire to may not be delivered.

Option 4 - Meeting household projections

Method	Target per annum	Total 2013-31
Meeting household projections	206	3,708

3.14 The introduction of the National Planning Policy Framework (NPPF) and the dismantling of Regional Spatial Strategies (RSS) has meant that for the first time in many years Local Authorities are now charged with setting their own targets. These must be set to meet at least what the NPPF terms ‘objectively assessed need’. Our preferred option sets out our interpretation of what this means in Eden’s case. However, as we have seen from the housing technical paper there are numerous ways of arriving at a figure. Inevitably this means that ongoing practice elsewhere will help us understand how the independent Inspectors who examine draft plans for soundness interpret this test of ‘objectively assessed need’.

3.15 Over the past year Inspectors have been clear that they see the Office for National Statistic’s household projections as the main source of evidence to establish objectively assessed need, and that the 2011 projections have their limitations as they may pick up ‘suppressed demand’ resulting from recession, high house prices and lack of available mortgage finance. For this option we have chosen an annual figure for households taken from the 2008 projections (189 households per year) rather than the much lower figure of 125 set out in the 2011 projections. This is then converted to dwellings based on current ratios.

Why have we not chosen this option?

- It risks under supplying the full need for more affordable housing
- It has resulted in a similar (although slightly less) number than our preferred option
- Although past rates of delivery in the district have been low there is no evidence available to suggest that a lower figure needs to be set to account for this, given longer term historical trends, the availability of land and a high level of demand.

Other options

3.16 We have considered other options but not put them forward as potential options in this paper, in the interests of keeping this paper brief. Details are available in the housing numbers technical paper, along with our reasons for rejecting them. In summary we considered but rejected:

- A figure which did not account of migration trends ('zero net migration' - 9 homes per year)
- A figure that anticipated the number of homes needed to bring population in to fill anticipated new jobs ('labour force led'- 302 homes per year)
- A figure based only on the latest set of household projections from the Office of National Statistics (125 homes per year).

4. Conclusion

- The NPPF requires that our housing target must meet at least 'objectively assessed need' and boost significantly the supply of new housing
- Past rates of development have been running at around 58% of targets, although this has included a period of recession
- The main driver for new household growth is older people moving into the area from elsewhere in the UK, and a move towards smaller households
- This means that, together with low employment there may be a shortage of people to do any new jobs in the area
- Our Option 1 'Preferred Option' aims to exceed both household projections and past rates of delivery to help fill these jobs and provide additional affordable housing. It may also help retain younger people in the district
- There is some leeway on this figure which would still be supported by technical evidence. Options 2, 3 and 4 are supported by evidence but there remains a risk with each - over risk of under delivery for Options 2 and 3 and undersupply of both market and affordable housing delivery for Option 4 compared to need.

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Appendix 1 - Setting a Housing Target

Our preferred method is:

Task 1 - What is the evidence telling us?

Projected population (births, deaths, and in and out migration)

Converted Into

Projected households (population not in communal establishments multiplied by household representative rates projected by age, marital status and gender)

Equals

Total projected households, converted into dwellings (accounting for empty homes and second home ownership)

Plus

Task 2- Policy aspirations

Any additional housing for those already in the district but inadequately housed, or for new households unable to afford in the future

Any market signals (for example rising land and house prices that may indicate strong demand)

Any past shortfalls in provision which need rectifying

Any new households forming in response to projected or anticipated new jobs

Any demand that may be need to be met from neighbouring districts

What you tell us you want for the district

Plus

Task 3- 'Reality checks'

Past house building trends, existing stock (empty/second homes), land availability, infrastructure etc, plus some 'sense checks' based on past targets

Equals

Task 4- Bringing the evidence together

Our Final Housing Target

Appendix 2 - Options Considered

