Taking Stock

A Strategic Housing Market Assessment

Parts 1 – 4 – Objectively Assessed Need and the Local Plan Housing Target

Report for Publication: September 2015

'Taking Stock' sets out how our draft Local Plan housing target was established. It also looks into the types, tenures and sizes of housing that we anticipate may be needed over the next fifteen to twenty years. This is also our Strategic Housing Market Assessment (SHMA), incorporating our 'Objective Assessment of Housing Need (OAN)'. This document looks at overall need. A separate document (Part 5) sets out information on the sizes, types and tenures of homes that may be needed in Eden in the future.

Part of this document updates our 'Housing Numbers - Technical Paper' which set out our previous assessment of objectively assessed need back in July 2013. An earlier version of this document was made available for consultation in July 2015.

Planning Policy Team

September 2015

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Appendices

Taking Stock - Housing Demand in Eden

A two page non-technical summary

This document establishes whether there are and will be enough homes for everyone in Eden, and whether they will meet the needs of our population. It establishes a housing target for the number of homes to be built between 2014 and 2032 (our local plan period) and identify the sorts of types, sizes and tenures of new housing that may be required.

This is known as our **'Strategic Housing Market Assessment'** (SHMA) and includes our assessment of what is known as **'Objectively Assessed Need'** (OAN). It is split into five parts:

- **Part 1** contains an introduction setting out the context for this document.
- **Part 2** establishes the most suitable geographical area for this study to cover. This is known as the Housing Market Area (HMA). This part also explains the overlapping relationship between Eden District and the Lake District National Park and how this study will take this into account.
- **Part 3** includes a brief overview of the district to help provide some context.
- **Part 4** establishes how many new homes we think will need to be built in Eden over the period 2014-32 to meet our objectively assessed housing need, and what our new housing target should be. It concludes that a figure of **200 homes per year** (or 3,600 over the period 2014-32) is the amount of housing we should plan for. The new target has been established through looking at technical evidence and policy aspirations. It is broken down into five tasks:

  - **Task 1** looks at the technical evidence available on population and household growth. It concludes that around **110 households per year** will be needed to be accommodated to meet projected household growth. We then looked at whether there has been past under- supply, or whether needs that should have been met in the past were not met. We concluded that this was the case and added a further 11 households to our calculations. We then convert the resulting figure of **121 households** into a dwelling number by applying the current ratio of households to dwellings (there were 1.089 dwellings to households according to the 2011 Census, reflecting second home ownership). This gives our minimum or starting point figure of **132 homes per year** to meet future demand.
  - **Task 2** looks at possible market pressures or signals - is Eden's housing market overheating compared to elsewhere and does this imply that we need to boost supply? We concluded that there was no 'hotspot' type behaviour compared to neighbouring districts, but that affordability has worsened over time which could indicate a need to raise targets. This is then covered elsewhere in our calculations.
  - **Task 3** looks at the need to support future job growth. Our investigations revealed that this was the most important factor in looking at future demand, as Eden is projected to have an ageing population who will leave the workforce, a loss of working population and a forecast increase in jobs. Various ways of looking at job growth were modelled, resulting in the conclusion that up to **194-206 homes per year** may be needed to support job growth. This is taken as our objectively assessed need figure from this point onwards.

- **Task 4** looks at whether we will be building enough housing to meet the need for affordable housing. It concludes that our figure of **200 per year**, together with new affordable housing supply will meet this need.
- **Task 5** looks at whether we need to cater for need in neighbouring districts. In conclusion a small amount of need will arise in the part of Eden lying in the Lake District National Park. We conclude that our figure of **200 homes per year** will meet this need, and that it can be accommodated outside the National Park within the rest of Eden District. We conclude there is no additional need arising from other areas.

- **Part 5** looks at the sizes, types and tenures that may be needed. This is available in separate document. Key findings are:

- The population age ranges which have seen the most growth are between 60 to 74 and 75 to 84. This trend outstrips both England and Wales and Cumbria. Conversely, there has been a reduction in the number of people aged 30 to 44. Our population is ageing, with the proportion of the population over 65 increasing significantly.
- By the end of our plan period there will be an additional 3,300 people resident in Eden who are over 80 - a 97% increase.
- The largest proportion of households within Eden comprises couples with no children and the smallest proportion comprises multi-person households.
- One person households, 30% of all households, show a significant upwards change of 17% compared nationally to 8%. Household projections predict a significant increase in 'single person households'.
- Eden predominantly has a stock of larger housing compared to national figures.
- The existing stock tends to be larger than the present household composition requires, Households in Eden currently under occupy the existing dwelling stock, with 47% of households living in a property with two or more spare bedrooms. However single people may not desire to live in a one bedroomed flat.
- Our dwelling stock is older than is the average case nationally.
- The number of households privately renting has increased by 34% since 2001 and now comprises 16% of all households in Eden.
- There is an undersupply of smaller accommodation.
- There is a projected need for more 2 and 3 bedroom homes, to attract or retain young families, provide more affordable housing options, allow the older population to 'downshift' more easily and address the present imbalances between stock size and household size.

PART 1

1. Introduction

1.1. When producing a new Local Plan we are required to produce two key technical documents to help establish how much new housing may be built in the area and where:

- One looks at the **demand** for new housing - both now and in the future, both overall and split into different types of housing (size, type and tenure and so on). In planning jargon, this known as the **Strategic Housing Market Assessment (SHMA)** and includes an assessment of **Objectively Assessed Need (OAN)** This is the overall demand for new housing regardless of any constraints to development. This document fulfils this role.
- The other looks at the potential **supply** of new housing. This **Land Availability Assessment** (available as a separate document) looks at how much housing land may be available across the whole of the district, its location and the likelihood of it being built on.

1.2 The results of these two documents inform the overall housing target and types of new housing in our new Local Plan, as well as the location and timing of the sites we expect to see built out.

1.3 This is the first time for many years that Local Authorities have had to establish their own housing targets. Until 2011, authorities worked to targets established through Regional Spatial Strategies or guidance, and before this targets were established in County level Structure Plans. We therefore need to use the best available technical evidence we have at hand.

1.4 This is far from an exact science. **There is no absolute 'right' or technically correct answer** to how many new homes will be needed. Housing markets are extremely complicated. They are influenced, amongst other things by the decisions and aspirations of those within it, their ability to afford new housing (and the credit available to them), the ability of the market to respond to any demand, the amount and suitability of available land, the intentions of landowners and the relationship between the much larger existing stock and any new supply. There are also multiple sources of information available to us, some of which may overlap or be impossible to disaggregate. The amount of weight attached to each piece of information can also be open to interpretation, as can the assumptions put into any model. Finally, there is also no definitive national methodology available to us on how the assessment is carried out beyond basic principles set out in national policy guidance.

1.5 Consequently we recognise that it is always possible to argue for either a higher or lower housing target. In this document we are trying to establish a narrative around what the most appropriate target may be for Eden, by applying logical reasoning to the most relevant and fit for purpose evidence we have. We aim to:

- Be clear about our methods and the sources of information we use.
- Show our 'workings out', so that the reader can understand how figures have been arrived at.
- In the interests of transparency not try and overcomplicate our assessment and use only pertinent evidence.

- Provide any alternative assumptions or evidence that may exist and how this may alter any assessment of need.
- Identify any data and methodological constraints as we go through.

1.6 The intention is that anyone who seeks to justify a higher or lower target can see our reasoning behind our approach, and how any such alternative evidence or assumptions would affect our conclusions. Appendix 1 contains a critique of some of the assumptions made throughout this study.

1.7 This study covers the 18 year period of our new Local Plan, ie 1 April 2014 to 31 March 2032. Office for National Statistics Population and Household Projections are measured mid-year i.e. 30 June. In recalculating projections we have taken 2014 as our year zero, 2015 as our year 1 and 2032 as our year 18.

1.8 Our Objectively Assessed Need Calculations and methodology supersede those included in our July 2014 'Housing Numbers Technical Paper', published July 2013, to support our Preferred Options Local Plan, as well as the previous draft 'Taking Stock' report published for consultation in July 2015.

PART 2

2. The Housing Market Area - What area should this study cover?

2.1 The first thing to do is to ask where our housing market actually is. Local authority boundaries are usually not drawn to form what geographers would call a 'functional' area - meaning a reasonably self-contained area where people both live and work. When people are making decisions on buying and renting homes they are thinking in terms of an area they would consider, and this may not correspond to Eden's boundaries. It may also be the case that one authority has tightly drawn boundaries which prevent it from meeting its own needs, and it is reliant on its neighbours to bring forward housing that meet its social and economic aspirations. This is particularly the case where a town or city is surrounded by undeveloped land in another Council area - for example in Oxford, Cambridge, Reading or Stevenage.

2.2 To address this issue local authorities are expected to exercise a 'duty to co-operate[1]' to make sure cross boundary planning issues are identified and addressed. In Cumbria there is a strong track record in working together on looking at housing need. A set of housing market areas (HMAs) were established back in 2009 for the previous versions of Strategic Housing Market Assessments. In Eden's case we established four market areas (Alston Eden Valley North, Eden Valley South and North Lakes), which when combined corresponded to the EDC boundary.

2.3 We have concluded that this study should cover one housing market area which again fits with the geographical extent of the Eden District Council boundary. This is because:

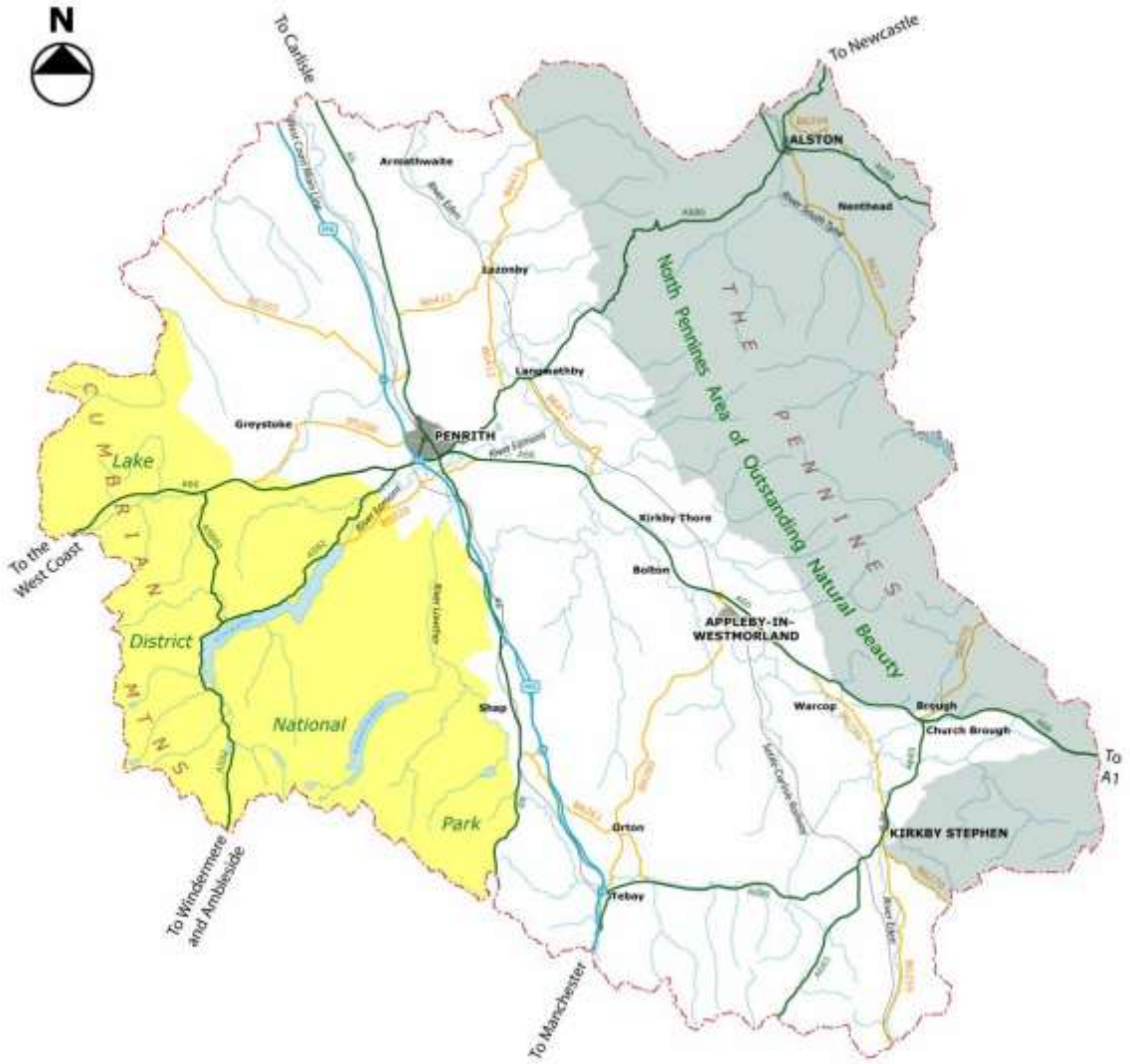
- Eden is a largely rural district and its major employers and many of its residents are located at its biggest town (Penrith) which is centrally located within the area.
- The area does not have any major settlements sitting next to its boundaries that cannot meet their own needs.
- The area has previously been established through joint working with other Cumbrian authorities and a common HMA geography has been agreed.
- No significant cross boundary housing supply and demand issues have been identified through the duty to co-operate, and there have been no requests from other authorities for Eden to accommodate housing demand from elsewhere.
- The area corresponds to the 'single tier' area set out in the **'Geography of Housing Market Areas'** study referred to in the Planning Advisory Services technical note on establishing need[2]. This work, carried out by Newcastle University and published by the Department of Communities and local Government in 2010 set out a 'top down' national set of housing market areas based on migration and commuting patterns from the 2001 Census.

[1] Required by Section 33A of the 2004 Planning and Compulsory Purchase Act, as amended by Section 110 of the 2011 Localism Act

[2] Objectively Assessed Need and Housing Targets, Peter Brett for the Planning Advisory Service, July 2015.

- The area is relatively self-contained, particularly given its rural nature - 75% of people both live and work in Eden according to the 2011 census. This compares to 70% nationally

2.4 The following map shows the extent of the district and hence its housing market area.



How have we looked at our relationship with the Lake District National Park?

2.5 The western part of Eden district lies within the Lake District National Park boundary. This is shown in yellow on the map above. Current adopted plans for the Eden and Lake District areas include housing targets set out in the now discontinued 2007 Regional Spatial Strategy for the North West, which included separate housing targets for the Lake District National Park (as a whole) and for the area of Eden outside the National Park boundary.

2.6 We are now charged with carrying out our own assessment, and in doing so are expected to use and are reliant on various sources of data that we use to build up our assessment. These cover the whole EDC area, including the part of the park in the EDC area. However, planning for the Park is carried out by the Lake District National Park Authority (LDNP), who prepare their own plan, allocate their own sites and make decisions on planning applications within their area. Eden District Council does not 'plan' the area in yellow shown above.

2.7 We therefore need to make a decision on whether we should try and produce separate figures for the EDC and LDNP areas to show how new development may then be apportioned in subsequent plans. We think it is useful to do this, not least because the LDNP will be expected to provide their own assessment of objectively assessed need in future plan reviews, and will need the information from this assessment to do so. This document subsequently includes a figure for possible market and affordable housing need in the part of Eden District within the Lake District National Park (see Appendix 2), which has been agreed with the Park Authority. It is not intended to be advice to the National Park Authority on what they should provide - this is a matter for the Park Authority.

2.8 This document establishes overall need which is then used to inform our plan target, which is a 'policy 'on' choice and is partly made on the basis of constraints and land availability. We have chosen to accommodate the whole district-wide OAN figure (including the part of the LDNP in Eden) in the area outside LDNP boundary and covered by our local plan as:

- The 'special qualities' of the LDNP mean that planning for housing in the Park needs to reflect its status as a national park, meaning that housing supply policies in the park aim for limited, small scale affordable and local needs housing only. We think it prudent that any need or demand coming forward in the Park can be accommodated outside its boundaries, to maintain and respect the Park's status. This leaves the LDNP free to consider a more 'bottom-up' approach to housing allocations in the future without having to necessarily accommodate their full objectively assessed need within their area. This is in line with the duty to co-operate.
- There are no towns or large villages within the Eden portion of the national park, meaning that the numbers are very small - the main settlements are Glenridding, Pooley Bridge, Threlkeld, Patterdale, Askham and Penruddock. The current land allocations strategy for the National Park Authority[3] allocates 0.61 hectares of land for affordable housing (equivalent to around 18 homes at 30 dwellings hectare) at Askham and Pooley Bridge only. While we could discount these dwellings as homes that will be delivered elsewhere that may contribute to meeting our district-wide assessment of objectively assessed need in practice the numbers are so small (equivalent to 1 home per year over the life of our plan) it makes very little difference to our numbers.

[3] Lake District National Park Authority, Allocations of Land (Local Plan Part Two), November 2013

PART 3

3. About Eden District

3.1 This section briefly provides some context to the area we are planning for. Guidance[4] suggests that a 'pen portrait' will help us understand what kinds of people are generating demand and need for housing in different parts of the area and why they want to live here. It recommends setting out information on the socio-economic profile of the district (how many people and where), how the population has changed and the make-up of the labour market.

3.2 Much of the information about Eden's make-up is included elsewhere in this document to help establish our case and is also available in both the draft Local Plan and Annual Monitoring Report. This section will therefore not go into detail, and for the sake of minimising length pulls out some of the main issues that will drive our analysis and help any reader unfamiliar with the district to understand some of the drivers for change.

3.3 All statistics are taken from the Office for National Statistics (ONS) unless stated otherwise via a footnote.

- **Eden is large, rural and very sparsely populated.** The District of Eden lies in eastern Cumbria and has an area of 2,156 km^2, making it the largest non-metropolitan area in England and Wales. In 2011, the population of Eden was 52,564, meaning it has the lowest population density of any English district. We have one major town (Penrith), with a population of 15,487 who benefit from major transport intersections including the M6 and the West Coast Main Rail Line. Appleby (population 3,048) Kirkby Stephen (2,580) and Alston (2,088) are the three other main towns and offer a range of local services within high quality traditional townscapes. A high proportion of the population is scattered throughout small villages across a wide rural area, with more than half the population (29,361 or 55.8%) living outside the four main towns of Penrith, Alston, Appleby and Kirkby Stephen.
- A substantial part of the area contains **landscapes and townscapes which have been recognised for their high quality and diversity.** These include the North Pennines Area of Outstanding Natural Beauty (AONB) and significant parts of the Lake District National Park. Many other areas also contribute to Eden's beauty, including the Eden Valley, the Pennine foothills, Westmorland Fells, Howgills and Greystoke Forest. All our town centres include conservation areas and are of an exceptional quality when it comes to the built environment. A further twenty conservation areas are designated.
- **The population has grown and is projected to grow.** From 2001 to 2011, the population of Eden rose by 2,785 people, a 5.6% increase. According to the 2012 ONS sub-national population projections we are projected to gain an 'extra' 700 people between 2012 and 2032 (52,700 to 53,400). This small amount of growth however results in far more households forming as households become smaller in size. According to 2012 household projections we are expecting that approximately 1,984 new households will form between the years 2014 and 2032.

[4] Objectively Assessed Need and Housing Targets, Peter Brett for the Planning Advisory Service, July 2015.

- In line with national trends, the District has an **ageing population.** However, in Eden this is more pronounced. The District has a slightly older age profile than that of England (27% are aged over 60 compared to 21% nationally) and 30% are aged under 30 compared to 37% in England. In Cumbria, Eden and South Lakeland have the oldest age profile and lowest number of young people. The district is also projected to lose working age population and gain retirees in the future. Over our next plan period we are projected to gain 70.7% more people over 75.
- **Employment rates are high but wages are low.** There are 29,500 'economically active' people in Eden (employed or unemployed)[5]. The area is fairly self-contained with around 75% of working residents staying in the district to work each day. Eden continues to have one of the lowest unemployment rates in the country, with the job seeker's allowance claimant count in Eden at 0.7% of all workers in December 2014 compared to the UK rate of 1.9%. Although average gross weekly full time earnings for jobs in Eden in 2013 were £511, which can be reasonably compared to a UK average of £518 this masks a dependence on low wage jobs for many, primarily in the administrative, retail and tourism sectors.
- **Housing is expensive for many.** House prices in Eden are amongst the highest in Cumbria. The median house price in Eden in 2014 was £192,822; this remains much higher than the figure for Cumbria as a whole of £140,864 and somewhat higher than the English national median of £184,351[6]. The median household income in Eden in 2014 is only £26,333, below the English national median of £28,930[7]. This means the median house price in Eden in 2012 is 7.3 times the average household income; making the private housing market inaccessible to many local people. The figure nationally is 6.4.
- At March 2011 Eden District also had 3,522 people in second homes[8] (counted usual residents elsewhere, with a second address in Eden) out of a population of 52,564 (6.7%), making it the eighteenth highest rate of all local authorities in England and Wales. This tallies with the latest figure we have from Council tax records - 1,830 second and holiday homes, or around 7.2% of total stock. This includes Parishes within the Lake District National Park.

[5] 2013 Annual Population Survey via NOMIS
[6] Cumbria Intelligence Observatory, 2014 (CACI Street Value data)
[7] Cumbria Intelligence Observatory, 2014 (CACI Pay Check data)
[8] Office for National Statistics, 2011

PART 4

4. How Many Homes Do We Need?

4.1 There is no agreed or required method we have to follow to establish either our 'objective assessment of need' or our housing target, however basic models have developed over time which we will follow:

- We start by looking at Government population and household projections. These project past five year trends forward over time and 'roll forward' possible changes to the resident population. They also look at what size of household are likely to form and what age the people in them will be. Second home ownership and shared and empty homes are also factored into the calculations.
- There may then be reasons why this figure does not meet all our need. If there is evidence that the market is overheating compared to elsewhere this may be a reason to increase supply to ease process and widen choice, similarly if the market has under supplied need in the past this may require an adjustment. If we think we may not have enough workers to fill jobs in the future this may be another reason.
- This leaves us with our objectively assessed 'need' figure. We finally we look at whether this is any need arising from neighbouring districts, which may best be catered for in Eden as constraints elsewhere mean demand cannot be met.

4.2 This is not necessarily our final housing target as we may have other policy aspirations - we wish to boost our supply of affordable housing to meet existing or future need. There may also be constraints that mean such a target cannot be built. However, the expectation is that Eden will meet its objectively assessed need for housing (including need from elsewhere that cannot be accommodated) unless there are clear reasons that prevent us from doing so.

What is expected of us?

4.3 We also need to demonstrate that we are meeting central Government policy requirements. National planning guidance states:

> "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[9]."

4.4 This means, that when we ask a Central Government Planning Inspector to take view on whether our Local Plan is 'sound' they will need to be reassured that the level of housing that it allows to come forward is 'significantly' above levels delivered in the past and at least meets household and population projections taking account of migration and demographic change.

4.5 Supporting practice guidance[10] advises that the assessment of need should be proportionate. It does not require local Councils to consider purely hypothetical future scenarios, only future scenarios that could be reasonably expected to occur.

[9] Department of Communities and Local Government, National Planning Policy Framework paragraph 47 & 159.
[10] Department of Communities and Local Government, Assessment of Housing and Economic Needs, Online National Planning Practice Guidance

It also guides that plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historic under performance, or infrastructure and environmental constraints.

Task 1 - Demographic Projections. What is the technical evidence telling us?

4.6 The starting point in establishing demand is to look at the Government's population and household projections. Projections work as follows:

Population Projections:

- Taking the last census as a starting point, population projections are produced by 'ageing' the population over time by assuming a number of future births and deaths in the future, before assuming a rate of in and out migration (internal and international) based on a past five year trend.
- These projections are then split by age, sex and marital status group - for example a certain amount of the projected population may be expected to be 45-54 years in age at a certain point and end up in a household as part of a couple with one child. Communal establishments also termed the 'institutional' population (people not living in private households including people living in nursing homes, halls of residence, military barracks and prisons) are added in and disaggregated.

Household Projections:

- Population is converted into households. A household is defined as a family or group of people living together in the same dwelling who share a communal living area and/or share at least one meal a day. To project households population groups are multiplied by 'household representative rates' (HRRs). HRRs express the probability of anyone in a particular demographic group being part of a separate household, again based on past trends and have a value between 0 and 1. When multiplied by the HRR the population for that grouping is converted into a number of households that are likely to form.

4.7 Household projections are then converted in to numbers of dwellings by applying a household to dwelling ratio based on the 2011 Census. Households and dwellings are not the same as you can have more than one household in a dwelling, or none if the property is empty or is used as a second home. This conversion therefore takes into account vacant units, shared households and holiday homes.

4.8 We need to be aware that projections have their limits:

i. They are a snapshot in time, projecting from a particular five year period, and each five year period will reflect the particular demographic and economic pressures of that time - history may not repeat itself.

ii. The ability of new households to form in the past may have been constrained by low levels of supply of new housing, and hence projections based on past trends may perpetuate this constraint and underestimate true demand.

iii. Like any model, what assumptions you make will affect the outcome, and some may be more sensitive than others. We know that assumptions on birth rates tend to be robust (not least because those being born from now onwards won't form households for at least the first sixteen years) and that mortality rates also follow a fairly established trend, with life expectancy rising over time. However, by far the most volatile aspect for us are migration trends - partly because there

is no compulsory system monitoring trends (they rely on health/education registrations and international passenger surveys) and partly because they fluctuate over time and in response to economic conditions. As we will see later, migration is by far the biggest factor driving Eden's projections, meaning some caution is required over their interpretation.

iv. Historical sets of projections may substantially differ over time.

4.9 Sub-national population projections are published every two years and full sets of household projections every four (with a partial 'interim' set in between). At the time of writing (September 2015) the latest date back to a 2012 base.

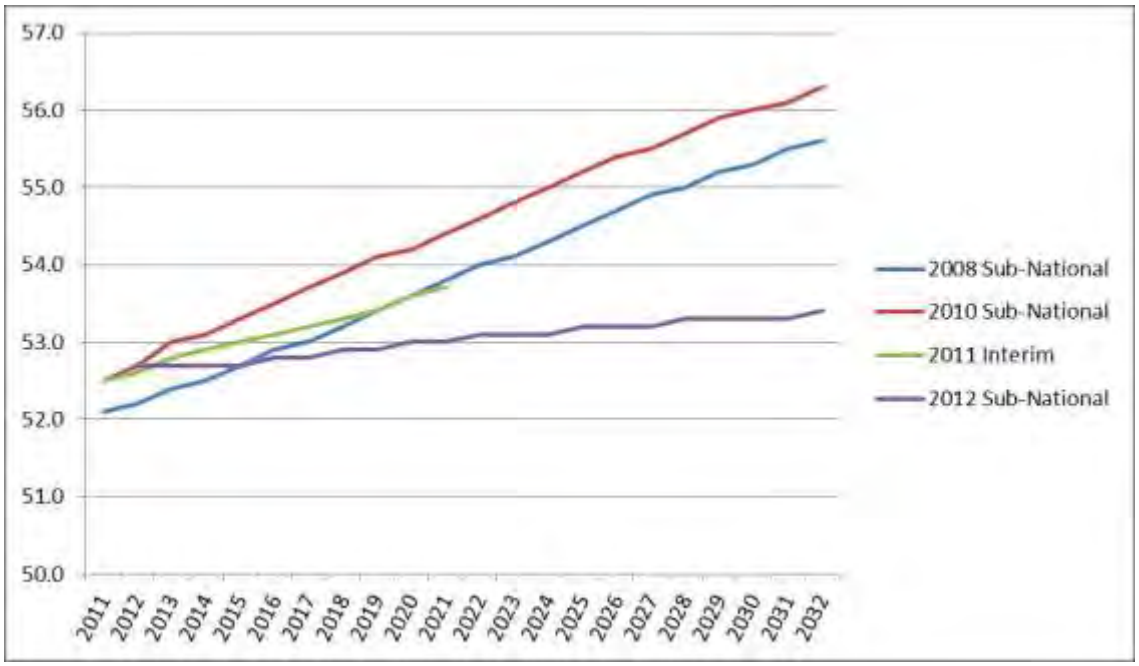
Population Projections

4.10 Government's Office for National Statistics (ONS) Sub-National Population Projections are released at a district level bi-annually with the last full set arriving in 2012 and based on the 2011 census. The latest mid-year population estimate for Eden is for 2013 and shows a population of 52,607. For Eden projections are as follows (figures are rounded):

Table 1: ONS Population Projections for Eden District

		Plan Period					
Year	**2011**	**2014**	**2015**	**2016**	**2021**	**2026**	**2032**
2008 Sub-National	52,100	52,500	52,700	52,900	53,800	54,700	55,600
Change 2014-32							3,100
Annual average							**172**
2010 Sub-National	52,500	53,100	53,300	53,500	54,400	55,400	56,300
Change 2014-32							3,200
Annual average							**177**
2011 Census	52,564						
2012 Sub-National	-	52,700	52,700	52,800	53,000	53,200	53,400
Change 2014-32							700
							39

Figure 1 - ONS Population Projections (Thousands)



Household Projections

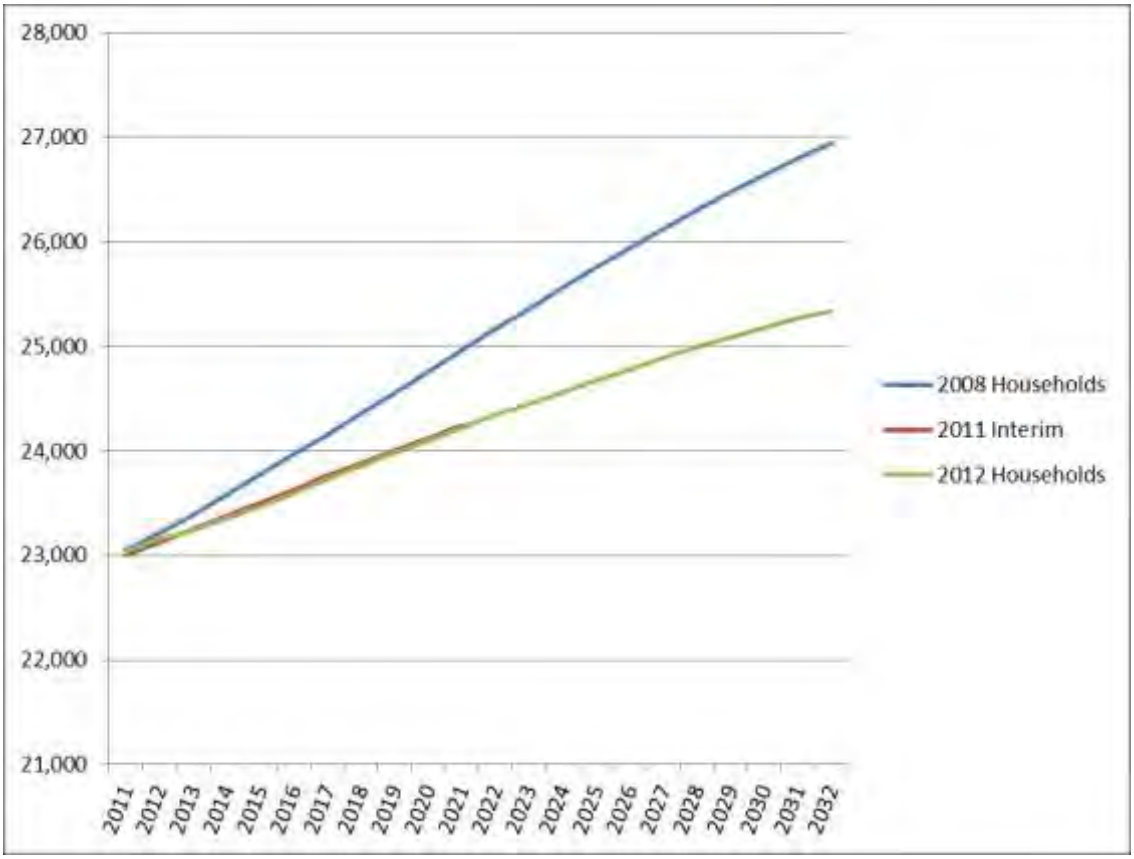
4.11 The latest set of household projections available to us were published on 27 February 2015 and date back to 2012. They project numbers from 2012 to 2037 from a starting point based on the 2011 Census.

4.12 The previous full set date back to 2008, run from 2008 to 2033 and were based on the 2001 Census. For Eden the projections are as follows:

Table 2: ONS Household Projections for Eden District

		Plan Period					
Year	**2011**	**2014**	**2015**	**2016**	**2021**	**2026**	**2032**
2001 Census	21,143						
2008 Households	23,052	23,581	23,773	23,968	24,961	25,942	26,944
Change 2014-32							3,363
Annual Average							**187**
2011 Census	23,054						
2012 Households	23,032	23,357	23,466	23,595	24,224	24,781	25,341
Change 2014-32							1,984
Annual average							**110**

Figure 2: ONS Household Projections for Eden District



4.13 It is immediately apparent that there are striking differences between the most recent 2012 set of both population and household projections compared to the earlier 2008 set:

- For **population** the rate of increase declines from 3,200 to 700 (-2,400) over our plan period, or from a 5.7% increase in population to a 1.1% increase. This means that only 20% of the population increase anticipated in 2008 is now anticipated according to the 2012 projections. This equates to a fall of 80% (or 133 people per year) between the two sets.
- For **households** the increase falls from 3,363 to 1,194 (-1,379), or from a 14.2% increase in households over our plan period to an 8.5% increase. This equates to a fall of 77 households per year between the two sets.

POPGROUP Projections

4.14 PAS guidance[11] advises that we 'sensitivity test' official projections through the use of alternative scenarios to guard against any technical deficiencies within them. We do have one more source of population and household projections. Cumbria County Council runs what is known as the 'POPGROUP' model, which takes the ONS projections and refines them to look at how they may change in response to changing some of the assumptions, for example on migration trends, past levels of house building and economic forecasting. It also converts households into potential

[11] Objectively Assessed Need and Housing Targets, Peter Brett for the Planning Advisory Service, July 2015. Paragraph 6.17.

dwelling numbers comparing past ratios of households to dwellings and projecting these forward.

4.15 To begin with, the model outputs three scenarios, projecting the following annual dwelling requirements:

- A zero net population forecast - this projects natural population change (births and deaths only) and ignores any changes due to migration. This is an unrealistic scenario but is useful as it gives us a baseline to help better understand other projections.
- A population - led five-year migration trend scenario (as above but with migration to and from the district from the UK and abroad projected from the last five years).
- A population - led ten-year migration trend scenario - as above but for a ten-year trend. This is useful as it allows is to look at what happens if we project from a longer trend than the ONS projections.

4.16 The model was last run in early 2014 and took household formation rates from the 2011 interim household projections and applied them to 2012 population projections. It is due to be re-rerun again in October 2015 against the full set of 2012 household projections. The 2014 run gives us a series of annual dwelling figures for the period 2014-32:

Table 3: POPGROUP Projections

	Method	**Population increase per year**	**Household increase per year**	**Dwelling increase per year**
POPGROUP	Zero net population	-99	6	9
POPGROUP	Population - led five year migration trend	-87	49	53
POPGROUP	Population - led ten year migration trend	105	139	152

4.17 Of note they indicate that the ‘zero net’ population (those already here) will see little change and it is migration into and out of Eden that is driving the differences. The migration trend we use also seems to make a lot of difference - there is a big drop in the figures between the five year and ten year trend, indicating that in migration into Eden has fallen over recent years. A further two scenarios are run to give a dwellings led (based on past housebuilding rates) and jobs led (using Experian job growth projections) which give us figures of 152 and 307 homes per year. The jobs-led projection is further discussed at Task 3 of this paper.

What explains the differences in the national projections?

4.18 The latest 2012 based projections have been criticised for possibly rolling forward a period of recession that may have supressed household formation. However, we

are advised in the PAS technical note[12] that we should not 'mix' or blend projections by applying different 'Household Representative Rates' (HRRs) which state the propensity of different population grouping to form their own household. Our initial OAN figure is therefore based on the 2012 projections. However, given the huge variation in the last two sets of ONS projections and given that they are perhaps the key driver to how we set an overall housing target we really need to drill down into the projections to see why the sets differ so much and what may be driving household growth in Eden, as this may help understand whether the changes are 'genuine' or whether they are down to some form of suppression which we need to account for later on in our calculation of objectively assessed need.

4.19 The main factors driving the projections are as follows:

- For **population** increases, the drivers of change are births, deaths and in and out migration.
- For increases in **households** the drivers of change are population changes, the ability of people to form their own households should they wish to do so (can they afford it?), societal changes (for example a rise in single person households due to people marrying later, increased divorce rates and so on) and changes to the age profile of the population (the older you are, the more likely you are to form your own household).

4.20 We start with births, deaths and migration trends in the population projections:

Table 4: 2012 and 2008 Population projections: Components of Change

2012 Sub National Population Projections					
	2014	**2032**	**Total Change**	**Annual Change**	**Net Change**
Total Population	52,700	53,400	700	39	
Births			7,600	422	
Deaths			-11,700	-650	-4,100
Internal Migration In			38,300	2,128	
Internal Migration Out			-33,400	-1,856	4,900
International Migration In			3,800	211	
International Migration Out			-3,800	-211	0
Cross-border Migration In			3,800	211	
Cross-border Migration Out			-3,800	-211	0

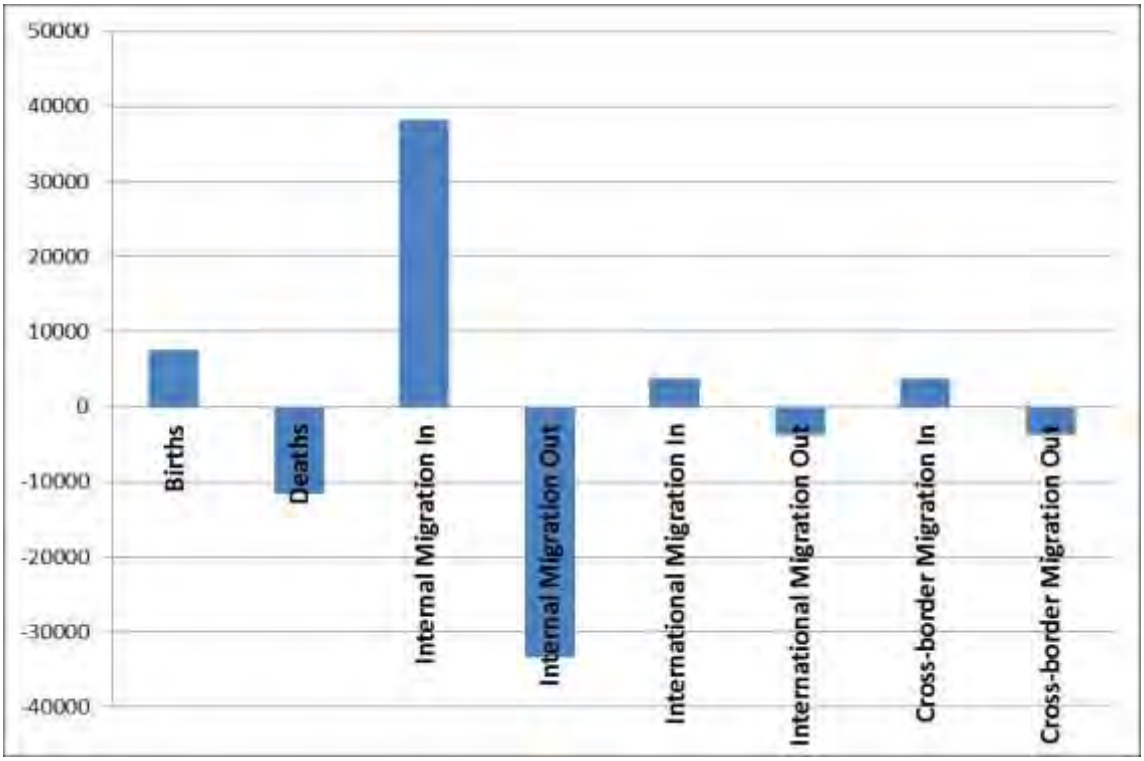
[12] Objectively Assessed Need and Housing Targets, Peter Brett for the Planning Advisory Service, July 2015. Paragraph 6.41.

2008 Sub National Population Projections					
	2014	**2032**	**Total Change**	**Annual Change**	**Net Change**
Total Population	52,500	55,500	3,000	167	
Births			7,600	422	
Deaths			-11,600	644	-4,000
Internal Migration In			44,200	2,456	
Internal Migration Out			-34,600	-1,922	9,600
International Migration In			3,800	211	
International Migration Out			-5,700	-317	-1,900
Cross-border Migration In			3,800	212	
Cross-border Migration Out			-3,800	-212	0

(Source: ONS Sub national Population projections, Components of Change individual tables. Notes: Internal migration refers to moves within England. Cross-border migration refers to moves between England and Scotland, Wales and Northern Ireland. International migration includes moves between England and the Republic of Ireland, moves between England and the rest of the World).

4.21 In graph form our demographic drivers according to the 2012 projections are as follows for our plan period:

Figure 3 - Population Changes, Components of Change



(Source: ONS 2012 Sub National Population Projections, Components of Change Tables)

4.22 This gives us an obvious pointer - it is inward migration from elsewhere in England that is driving our projected population growth and in turn may explain the differences between our two sets of projections. This is supported by the POPGROUP analysis which highlights that changes in the migration trend analysis period do alter formation rates significantly. Whilst the relationship between births and deaths remain fairly constant between the two sets the rate of projected inward migration from elsewhere in England has halved - 4,700 fewer people are projected to move in over our plan period than was forecast back at the time of the 2008 projections. In addition, 1,900 people projected back in 2008 to move abroad are now due to stay.

4.23 The question stemming from this is - who is moving in and out? We can answer this to an extent by breaking the projections down to look at how the age profile of residents over our plan period may change:

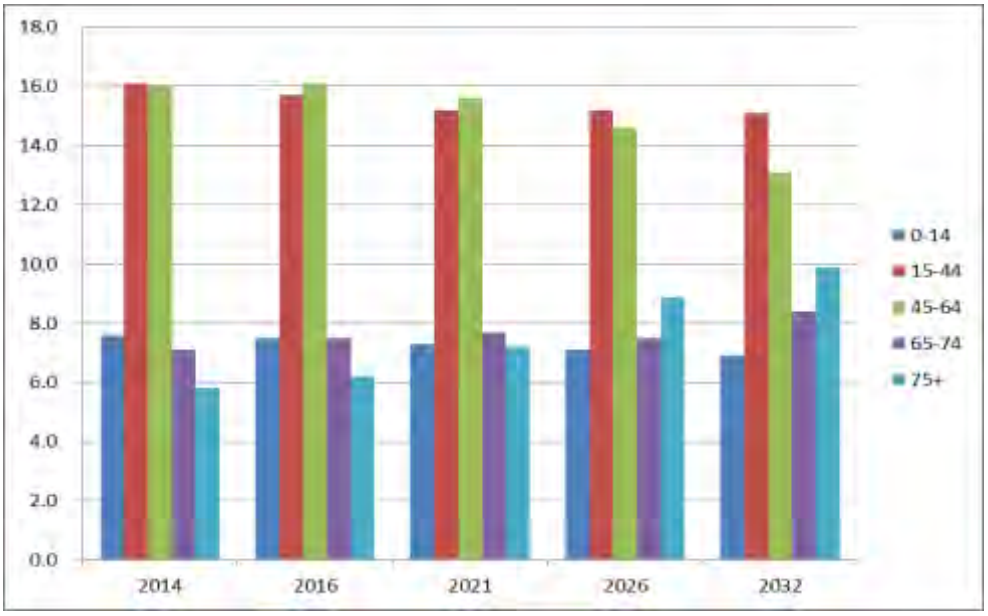
Table 5: Sub National Population Projections - Breakdown by Age Cohort

2012 Population Projections (Thousands)							
Age	**2014**	**2016**	**2021**	**2026**	**2032**	**Total Change**	**% Change**
0-14	7.6	7.5	7.3	7.1	6.9	-0.7	-9.2%
15-44	16.1	15.7	15.2	15.2	15.1	-1.0	-6.2%
45-64	16.0	16.1	15.6	14.6	13.1	-2.9	-18.1%
65-74	7.1	7.5	7.7	7.5	8.4	1.3	18.3%
75+	5.8	6.2	7.2	8.9	9.9	4.1	70.7%
All ages	52.7	52.8	53.0	53.2	53.4	0.7	1.3%
2008 Population Projections (Thousands)							
Age	**2014**	**2016**	**2021**	**2026**	**2032**	**Total Change**	**% Change**
0-14	7.7	7.7	7.7	7.5	7.4	-0.3	-3.9%
15-44	15.1	14.6	14.3	14.7	14.6	-0.5	-3.3%
45-64	16.7	16.9	16.6	15.5	14.4	-2.3	-13.8%
65-74	7.1	7.6	7.8	7.9	9.0	1.9	26.8%
75+	5.8	6.1	7.4	9.1	10.2	4.4	75.9%
All ages	52.5	52.9	53.8	54.7	55.6	3.1	5.9%

(Note: figures for 2012 may not exactly correspond to totals in tables above as they are currently rounded to the nearest 100).

4.24 In graph form the 2012 figures look like this:

Figure 4 - Population by Age Cohort (Thousands)



4.25 It is immediately apparent that Eden's population is projected to age significantly according to both sets. There is a fall in the number of people of working age population and this is far outstripped by increases in the population of those over the age of 65. Between the two sets the 2012 projections show additional losses of people under the age of 59 compared to the 2008 set, and less of an increase in those aged 60-79.

4.26 On the face of it our need for housing will be driven by people moving into the district, and we will have an ageing population. One obvious conclusion is that it is people moving into the district to retire that will cause pressure for new housing, and it is a fall in these numbers that is fuelling differences in the two sets of projections. However, this may be an over-simplistic conclusion. If we just look at net change figures may mask important trends and secondly we are looking at dynamic changes over an 18 year period rather than a static snapshot in time. Publication of the 2012 population projections included a breakdown of the ages of those projected to move into Eden (internal migration being the major driver of population change). Figures are as follows:

Table 6: Migration by Age Range

Age Range	**Numbers Moving In**
0-15	5,913
16-64	32,520
65-74	1,993
75+	2,238
All Ages	42,664
Age Range	**Numbers Moving Out**
0-15	3,963
16-64	30,445
65-74	2,011
75+	2,004
All Ages	38,422
Age Range	**Net Migration**
0-15	1,950
16-64	2,076
65-74	-18
75+	234
All Ages	4,242

(Note figures may not sum to figures in Table 6 due to rounding errors. A fuller set of migration data is available at Appendix 4)

4.27 This data shows that it is not necessarily as simple as an influx of retired people that drives the changes. By far the biggest movements (both ways) are for those of working age (16-64), which makes sense as one of the main reasons behind a move may be a change of job. However, we also know we have an ageing

population. What's likely happening is that people in their 40s and 50s are migrating in, bringing children with them. Over the course of the plan they then retire and their children leave home and the district (both of which may account for our ageing population). This is important as we can't therefore assume that our additional people will be retired and won't require jobs, or will be older and more likely to be existing homeowners from elsewhere who may have paid off (or part paid off) a mortgage, lessening the need for affordable housing.

4.28 This trend is supported by net migration rate comparisons between our two sets of population projections. The 2012 set report an increase of around 4,200 people compared to the earlier 2008 set which reported a net migration increase of around 6,900. Although net figures are small, this data reinforces the conclusion that it is a drop in the anticipated rate of inward internal migration rates that is behind the changes between our last two sets of population projections. The next question is why? We will investigate this as we look at differences in our household projections.

Unattributable Population Change

4.29 Before moving on guidance on assessing objectively assessed need[13] suggests we also look at what's termed 'Unattributable Population Change' (UPC) by the Office for National Statistics. This refers to people 'found' at the time of the 2011 census that were not picked up in previous population projections. This is potentially important as projections are trend based - if these trends had failed to pick up unanticipated population changes by then projecting them we may risk over or underestimating our future population change. In some areas this can make a big difference, particularly in urban areas which may be more influenced by fluctuations in international migration patterns (for example, in response to fewer restrictions on movements from new EU member States). The 2012 projections do not roll forward the UPC and hence may 'miss' any additional demand for housing from this increase.

4.30 In Eden's case the 2011 Census population figure of 52,564 picked up an additional population increase of 364 people compared to the 2011 rolled forward mid-year estimate's figure of 52,200 (equivalent to an additional 20 people per year over our 18 year plan period).

4.31 A consultation document on UPC published by the ONS[14] explains uncertainties over the causes of UPC and how its level is within confidence intervals for international migration estimates and between the two censuses. As a result it was not accounted for in the 2012 population projections. It concludes that the UPC is unlikely to be seen in continuing subnational trends, possibly due to earlier sampling errors or recent improvements in international migration estimates.

4.32 Given the uncertainties round the cause of UPC, and the most likely explanation that it is most likely thought to be a result of international migration changes (Eden has very flat or negative rates of international migration) UPC has not been explicitly factored in to our OAN calculations at this stage. However, any potential undershoot may be compensated should we increase our target due to other factors as we move through this assessment.

[13] Objectively Assessed Need and Housing Targets, Peter Brett for the Planning Advisory Service, July 2015.
[14] Office for National Statistics, 2012-based Sub-National Population Projections for England, Report of Unattributable Population Change, 20 January 2014.

Household projections

4.33 We now move on to ask why the last two sets of household projections differ so much. The 2008 rise of 187 households per year has fallen to 110 in 2012. There has been a great deal of discussion and debate at local plan examinations on which set to use and how to combine sets of population projections (although this predates the release of the 2012 set in February 2015 which we are now advised to use). It is suspected that at a national level the 2008 projections were on the optimistic side and the 2012 projections on the pessimistic side because they projected from a period of recession. There are various explanations for why figures may differ:

Explanation 1

4.34 **It is driven by population changes.** The most obvious reason is covered above - households are forming less frequently than anticipated in past because there is a lower population projected from which they do so. This is undoubtedly the major reason behind the changes - fewer people mean fewer households. In our case this is almost entirely down to changes in levels of inward migration.

Explanation 2

4.35 **Increased international migration rates in the first decade of this century may be leading to an increase in households and/or lowering household sizes.** The possibility that increases in international in-migration may be increasing household sizes is floated in the RTPI's guidance on understanding changes to household formation rates[15] which posits that international migrants tend to live in larger households. The inflow of international migrants was not allowed for in the 2008 projections, and since these were published numerous 'accession countries' have been included within the European Union, which allows free movement of workers between states. However, Eden has one of the lowest rates of international migration in the country. Results from the 2011 Census also show that for Eden 852 people who filled out the census were from other countries, out of a total of 52,564 (1.62%, compared to 9% for England and Wales).

Table 8: Origin of Eden Residents at 2011

Country of Birth (Census 2011)	Total
All usual residents	52,564
United Kingdom	50,767
England	48,700
Northern Ireland	218
Scotland	1,496
Wales	350
United Kingdom not otherwise specified	3
Ireland	99

[15] Planning for Housing in England: Understanding Recent Changes in Household Formation Rates and Their Implications for Planning and Housing in England, University of Cambridge for the Royal Town Planning Institute, January 2014.

Country of Birth (Census 2011)	Total
Other EU	846
Other EU: Member countries in March 2001	303
Other EU: Accession countries April 2001 to March 2011	543
Other countries	852

4.36 Eden is ranked 493 out of 520 local authorities for percentage of people living in the area originally from other countries. We can also see from the table above that international and cross boundary migration is static and low level according to the 2012 population projections, and shows a slight loss in the 2008 set. We therefore do not consider that international migration is driving either changes in household sizes or population changes generally.

Explanation 3

4.37 **The 2012 sub national population projections underestimated the population.** In July 2015 ONS produced new mid-year population estimates which, at a national level exceeded the 2012 set (on which the 2012 projections are based) by 12%. In Eden's case the latest mid-year estimate is for a population of 52,607 which is slightly lower that the 2012 projected figure of 52,700 (rounded). We can therefore discount this possibility.

Explanation 4

4.38 **The slow rate of house building may have prevented new households from forming - people can and will only move if there is house for them to move into.** If this is the case the 2012 household projections are picking up the effects of the recession of the late 2000s. Because projections are trend based it can make a lot of difference depending on which period you base them on. The 2008 projections projected from a (five year) period of rapid economic growth and high housing demand, with an accompanying property boom. It is therefore possible that the 2012 projections may have started to pick up the effects of recession, which could have either constrained people's ability to form households as they were less able to afford to move or resulted in less housing stock for them to move into.

4.39 We are one of the first authorities to use the more comprehensive 2012 set in our calculations which should be more robust that the interim 2011 set. Revised PAS guidance is also clear at paragraph 6.41 that authorities should 'set aside' household formation rates predating those used in the 2012 projections set and avoid using approaches which 'combine' past HRRs (for example an index or return to trend approach). We will therefore use the 2012 household formation rate of 110 homes per year as our starting point. This equates to 120 new homes per year.

4.40 This covers suppression of potential demand. However, lack of supply can also constrain the ability of households to form - there needs to be homes for people to move into. Lack of supply may have either deterred people from moving in, prevented people from forming their own household or encouraged others to move out. Discussion of this factor moves us onto our next task, which looks at past provision and market signals.

Task 1 - What do we know so far?

- The Government's household projections are telling us that if past trends continue we can expect around 110 new households to form per year between 2014 and 2032.
- There has been a big drop in numbers between the last two sets of projections. We think the main reason is a fall in the anticipated rate of migration into Eden from the rest of the country.
- We have an ageing population. While we are projected to lose younger working age households those moving in are likely to be in their forties and fifties, and are likely to retire in Eden (as will a sizeable amount of the current population).
- Our objective assessment of need under Task 1 is 110 households, the equivalent of 120 homes per year.

Task 2 - Past Provision and Market Signals - Do land and house price signals indicate pressure the housing market?

4.41 We now look at whether past needs have been met and whether there is any backlog that needs making up. This is confirmed by paragraph 15 of the NPPF guidance on assessing need states that:

> "Formation rates may have been suppressed historically by under-supply and worsening affordability of housing. The assessment will therefore need to reflect the consequences of past under delivery of housing. As household projections do not reflect unmet housing need, local planning authorities should take a view based on available evidence of the extent to which household formation rates are or have been constrained by supply".

4.42 There are two ways of measuring under-supply - against housing targets and against housing need, as seen through household projections. PAS guidance[16] is clear shortfalls should not be measured against any failure to meet plan targets. Our current calculations are self-contained and should pick up any backlog of demand through our affordable housing calculations later on if it has suppressed household formation. It is a failure to meet past need that should be taken into account. This

[16] Objectively Assessed Need and Housing Targets, Peter Brett for the Planning Advisory Service, July 2015. Paragraph 10.5.

approach is supported by a recent high court case[17] where the Honourable Mr Justice Sales stated that calculation based on rolling forward past undersupply:

> "…would have been badly distorted by trying to add in a figure derived from a different estimate using a different evidence base. That would have involved mixing apples and oranges in an unjustifiable way."

4.43 However, we do need to look at whether the planning system has constrained development in Eden as PAS guidance assumes that planning constraints can suppress delivery below need, with paragraph 5.34 stating that **'it is not unusual for planning to under supply housing demand; in much of the country a planning constraint is the norm rather than the exception."**

4.44 We do not think that restrictive policies or targets have, in themselves suppressed demand in Eden, at least in recent years (although other factors may have done so). Firstly, whilst development plan targets have been set at levels far below household formation in the past in much of the country, completions rates have often fallen below even these lower targets in plans in most areas - witness the fall in housing completions throughout the economic boom of the 2000s. We would therefore dispute whether planning targets in themselves form a constraint. Secondly the opposite situation exists in Eden, with previous targets set to significantly exceed need in order to help stimulate economic development. Our current Core Strategy target of 239 homes per year was taken from the 2008 North West Regional Spatial Strategy (RSS). In Eden's case the original technical work on the RSS[18] (updated 2006[19] to take account of 2003 ONS estimates) based housing figures on desirable job growth rather than the demand or need for housing (partly due to projected population decreases throughout the region). Economic forecast figures at the time also showed a fall in the number of jobs in Cumbria from 2003-21. Our target was therefore based on an ambitious high growth option as a policy response to allow house building to help tackle affordability problems and fuel new job growth. Before this, the Cumbria Joint Structure Plan (2006) contained a figure of 170 dwellings per year 2002-16 (including a 10% non-implementation allowance). This was derived from a Regional Planning Guidance (2003) figure of 1,170 for Cumbria and the Lake District and its stated aim that 'housing provision should be based on meeting local needs and reducing in-migration into the Lake District National park and its southern and eastern hinterlands'.

4.45 Historical housing targets have therefore set at a rate that comfortably exceeded subsequent housing completions over the past ten years. The following charts show historical housing starts (taken from P2 Building Control records reported to Government) and housing completions for Eden and England. The green line shows the relevant house-building target at the time. From these we can see that Eden has roughly mirrored the national trend for completions.

[17] (Zurich Assurance Ltd vs Winchester City Council and South Downs National Park Authority of 18th March 2014). [Case Number: CO/5057/2013]

[18] Nathaniel Lichfield for the North West Regional Assembly, North West Household Growth Estimates, August 2005

[19] Nathaniel Lichfield for the North West Regional Assembly, Impact of 2003 Household Projections on Household Estimates, September 2006

Figure 5: Housing Targets, and Completions - Eden District

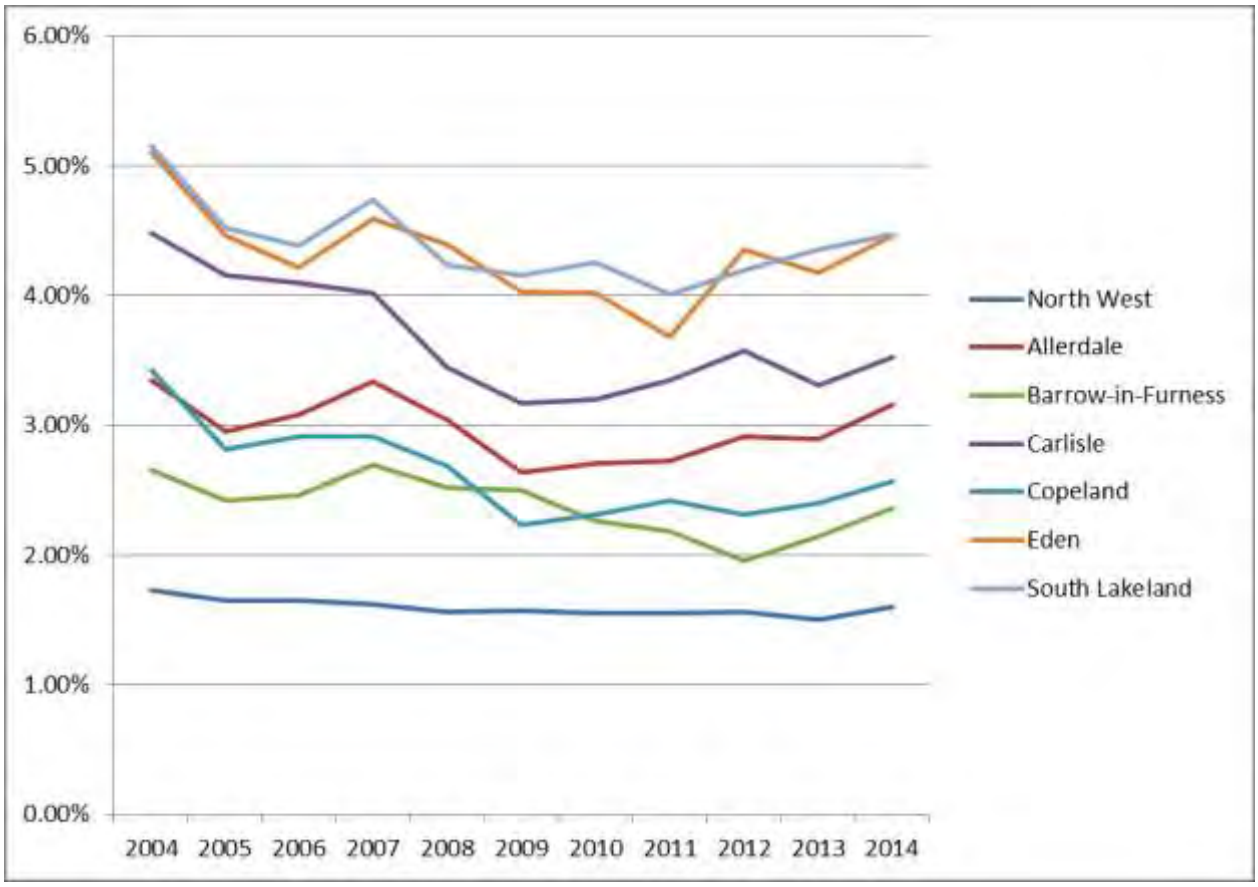
(Note: no housing starts were reported in 2001/2. Although P2 building completion figures are available a comparison with AMR completions and P2 starts indicate they may not be robust enough to be relied upon on a long term basis. AMR figures for 1996-2000 and 2001-5 are taken as averages over those periods as only a five year average period figure available from evidence still available in connection with the former Regional Spatial Strategy)

4.46 Planning targets do not seem to have constrained housing growth on their own. This does not necessarily mean that there isn't an issue with under supply in the past - there may have been other factors such as the ability of the market to build or complications or delays in securing permissions that may have reduced supply below need. However, household growth may have been constrained by other factors - in particular fluctuating in-migration levels (this is our main driver of growth). Some may have been deterred from moving in or encouraged some to move somewhere cheaper. To help explore this we can see how Eden has been doing compared to the national average, and look at migration trends in more detail. The following figure shows housing completion comparison trends for England and Eden, calculated by taking an index point from the base year:

Figure 6: Housing Completions - England and Eden (indexed)

4.47 Housing completion rates do therefore seem to have been running below national levels. Moving on to migration trends ONS internal migration statistics show the following flows since 2004[20]:

Figure 7: ONS Migration Statistics - internal migration as a percentage of total population



[20]http://www.ons.gov.uk/ons/rel/migration1/internal-migration-by-local-authorities-in-england-and-wales/index.html. Table 1.

Table 9: ONS Migration Statistics – Internal Migration, Net Flows

Area Name	2003-4	2004-5	2005-6	2006-7	2007-8	2008-9	2009-10	2010-11	2011-12	2012-13	2013-14
England	-29,087	-21,410	-15,862	-17,484	-17,748	-5,102	-5,200	-4,597	-5,744	-5,741	-9,067
North West	3,759	-910	-2,778	-6,554	-8,807	-7,838	-7,250	-7,072	-8,235	-8,506	-4,418
Allerdale	177	67	136	447	230	38	-59	97	-62	160	332
Barrow-in-Furness	148	-118	-72	-3	-17	-1	-194	-216	-660	-483	-205
Carlisle	1,193	647	704	195	-397	-520	-365	54	258	-2	-101
Copeland	475	82	222	185	-42	-291	-211	-154	-321	-231	-153
Eden	541	349	73	286	234	193	154	-78	227	41	73
South Lakeland	768	492	172	422	100	180	246	48	18	362	238

4.48 From these tables and figures we can conclude:

- Internal migration to and from Eden from the rest of the UK fluctuates, and can vary year on year given the small numbers involved.
- It represents a bigger driver of population change than the rest of Cumbria (except South Lakeland) and the North West region.
- There does seem to some recessionary effect possibly at work - as a percentage of total population in migration declined from 2007 onwards, although it has picked up over the past couple of years.
- We can't be sure what this recessionary effect may be reflecting - it could be a reduction in housebuilding restricting choice (as the PAS guidance suggests). However, given that the vast majority of our migrants are of working age it is more likely to be a symptom of fewer new job opportunities.

4.49 For those already here we can also address whether they are inadequately housed through looking at overcrowding, concealed households and Council waiting lists as part of our affordable housing calculations later in this paper. We had 824 overcrowded households and 161 concealed households. Census data for 2011 indicated Eden had 758 'overcrowded' houses - an increase of 8.7%, indicating that the situation has not worsened significantly over that period particularly in comparison to the national figure of 32.3%

4.50 Given our falling levels of in-migration, our slight increase in overcrowded households, our falling completion rates during recession and the fact that Eden does seem to have underperformed on housing completions when compared nationally there does seem to be some justification for making an adjustment to our OAN figure to account for it. Neither the NPPF or PAS guidance suggest any method for doing, other than suggesting that a figure of 10% may act as a rule of thumb and has been suggested by Inspectors looking at other plans. This would add a further 11 households to our 2012 household projection of 110 new households per year over the period 2014-32, give us a figure of **121 households per year.**

4.51 Up until this point we have been discussing population and households. Ideally we need to see what this could mean for house building by converting from households to dwellings. This also allows us to explain how we will handle the issue of second homes and vacant stock in our calculations. Evidence from our Council tax records suggests that 1.6% of our stock (392 properties) have been vacant for six months or more. This is a relatively low amount (nationally the figure is 2.5%). A certain amount of vacancies is also needed for the healthy functioning of the housing target as it eases turnover - generally at least 2% is considered desirable. Although the need to get empty homes back into use will continue to be an objective for this Council we do not think it is an issue that requires factoring into our housing need calculations.

4.52 We therefore produce a figure by applying a ratio based on what we know the relationship is between households and dwellings at the moment. According to the 2011 Census there were 25,305 dwellings in Eden, compared to 23,043 households - there are 8.9% more dwellings than households in the district. This compares to 4.25% for England and Wales and reflects the high rate of second homes in comparison with most other areas.

4.53 Applying this ratio results in a figure of **132 homes per year** based on demographic and past supply factors.

4.54 The next question to ask is whether the district is exhibiting any unusual housing market 'hotspot' type behaviour that is driving people out or preventing them for moving in. The aim is to see whether the relationship between supply and demand is worsening and whether trends in Eden are different to national and local trends. Looking at land and house price data in Eden over time and comparing it to the same data at a national, regional and neighbouring authority level can help answer this.

4.55 We are required by national planning guidance to look at 'market signals' - suggested source of information are land and house prices, rents, affordability, development rates, and overcrowding. Taking each in turn:

Land and House Prices

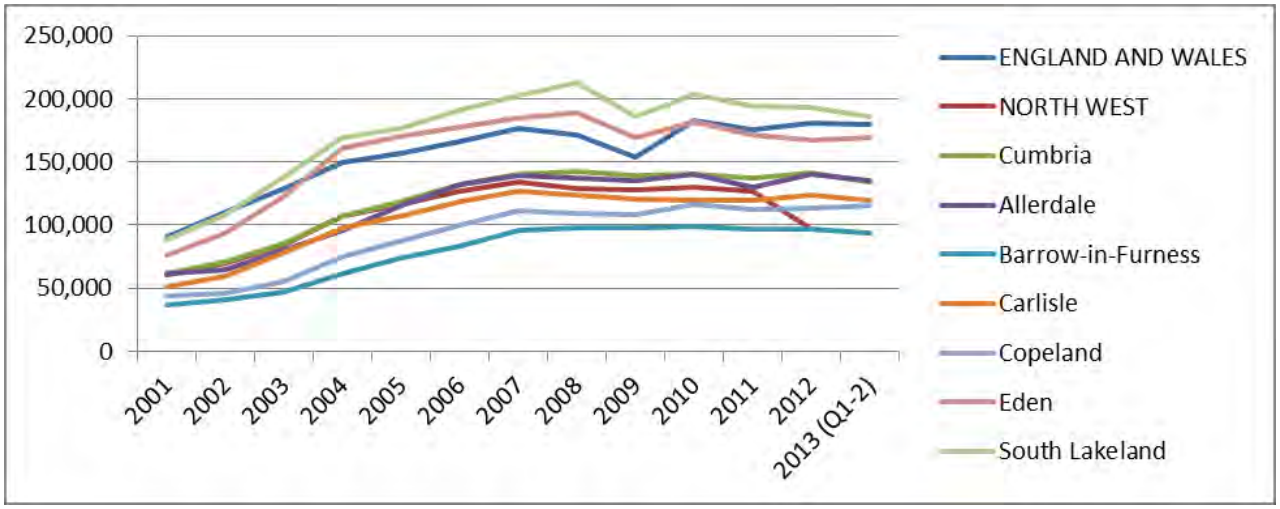
4.56 Information on local land prices is not easily available without a significant amount of research or cost. Publicly available information from the Royal Institute of Chartered Surveyors and the Valuation Office tends to focus on cities only. Regional information was available on residential land prices from the Department of Communities and Local Government[21] but was only collected at regional level until 2011. The one most marked historical trend it does show for the north west was a large increase in the price of a hectare of land with outline planning permission over the period 2001-2006 (from £744,421 to £2,226,536) which then fell back to £1,327,120 by the year 2011, suggesting that there is room for a rise in prices in the future.

4.57 As a proxy for land prices we have looked at house prices in Eden compared to other areas. Median house prices over time compared to elsewhere are as follows:

[21] Department of Communities and Local Government, Live Table 563. Value of residential land with outline planning permission.

Table 10: Median House Prices 2001 - 2013 (£)[22]

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013 (Q1-2)
England and Wales	90,168	110,000	128,875	150,113	156,854	166,124	176,225	171,000	153,363	182,302	176,000	180,250	179,500
North West	60,236	69,863	83,987	106,750	116,488	127,038	133,875	128,750	127,813	129,988	126,911	96,375	
Cumbria	61,375	71,125	85,875	106,826	119,000	132,062	140,488	141,938	139,188	139,938	136,750	140,874	133,750
Allerdale	61,113	64,744	79,956	95,750	115,750	131,725	139,750	136,875	134,875	140,000	129,999	140,562	135,475
Barrow-in-Furness	37,250	41,250	47,503	61,144	74,500	83,125	96,313	97,438	98,250	99,375	96,384	96,500	93,750
Carlisle	51,375	59,869	78,113	97,375	106,975	118,738	126,675	123,937	120,356	119,625	119,374	124,200	119,998
Copeland	43,625	46,438	55,644	75,519	87,875	100,249	111,063	109,500	108,594	116,188	112,500	113,181	115,000
Eden	76,369	93,313	122,250	160,750	170,125	177,375	184,375	188,750	169,000	182,125	171,063	167,350	169,750
South Lakeland	88,188	107,936	137,981	169,375	177,000	190,863	202,625	212,625	186,375	203,750	194,063	193,063	185,750



[22] Department of Communities and Local Government, Live Table 582. Housing market: median house prices based on Land Registry data, by district, from 1996

Table 11: Changes in Median House Prices 2001-2013

	Q2 2001-2008		Q2 2009-2013		Q2 2001-2013	
	Price in 2001	Increase 2001-2008	Price in 2009	Increase 2009-2013	Price in 2001	Increase 2001-2013
England and Wales	£89,850	£85,150	£120,000	£60,000	£89,850	£90,150
Cumbria	£61,500	£83,500	£132,750	£2,250	£61,500	£73,500
Allerdale	£61,000	£74,000	£130,000	£1,000	£61,000	£70,000
Barrow-in-Furness	£38,000	£69,000	£95,000	-£2,500	£38,000	£54,500
Carlisle	£49,000	£76,000	£115,950	£9,045	£49,000	£75,995
Copeland	£43,000	£61,500	£104,000	£11,000	£43,000	£72,000
Eden	**£77,000**	**£113,000**	**£163,500**	**£7,500**	**£77,000**	**£94,000**
South Lakeland	£83,000	£132,000	£187,500	£7,500	£83,000	£112,000

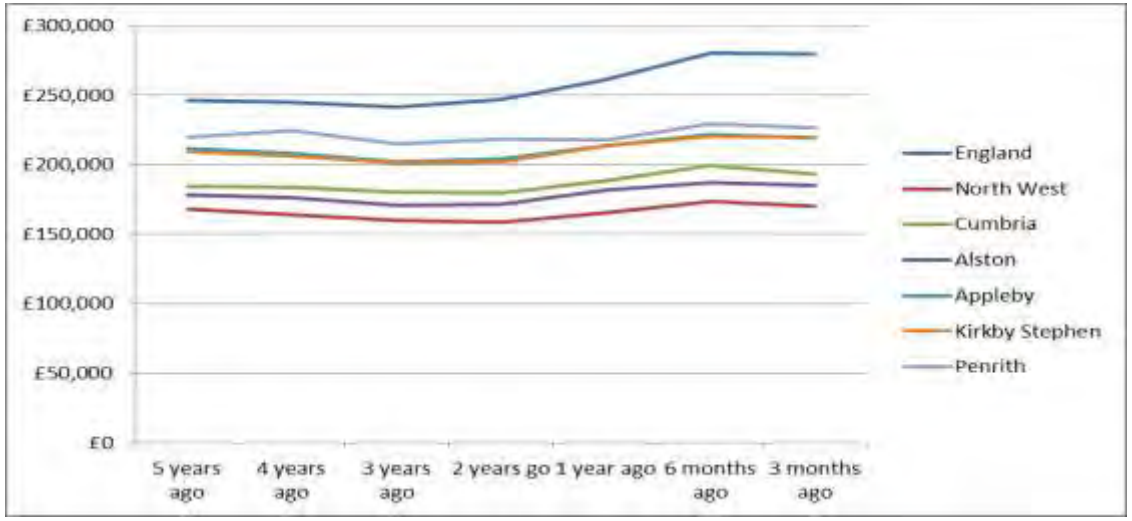
4.58 This table has been formatted to allow comparison of pre-recession and recessionary years. Care needs to be taken when looking at median house price data for Eden, as compared to many other areas it has relatively small turnover in the housing market. Bearing in mind this caveat prices have remained above the national median over the period 2001-10 but have fallen slightly below the national rate for the past two years. Prices remain higher than other Cumbrian districts with the exception of South Lakeland. House price trends do not diverge greatly from other areas; however Eden has not experienced the rate of decrease shown across the whole North West over the past few years. Prices also show a slight increase over 2012-13 which is not the case in other Cumbrian districts.

4.59 Recent trend house price data is also available from Zoopla's 'zed-index', which measures the average property value in a given area based on current Zoopla Estimates. Data is 'real time' and hence covers a more recent period than DCLG data, including 2014. Data is not available for Eden district but can be broken down into our four main towns:

Table 12: House Price Trends

	5 years ago	3 years ago	1 year ago	6 months ago	3 months ago	Average value, January 2015	Number of sales over five years	On sale January 2015	Turnover
England	£246,513	£241,934	£261,582	£280,304	£279,847	£279,985	3,249,999	290,073	-
North West	£167,904	£160,009	£165,484	£173,466	£170,161	£170,179	368,993	343,787	-
Cumbria	£184,728	£180,210	£188,842	£199,508	£193,305	£192,751	30,267	4,200	11.2%
Alston	£178,234	£171,062	£181,602	£187,484	£185,240	£185,575	99	90	7.6%
Appleby	£211,985	£202,475	£214,056	£221,894	£219,482	£219,176	363	61	10.7%
Kirkby Stephen	£209,326	£201,780	£213,468	£220,757	£219,536	£219,280	268	86	8.3%
Penrith	£220,187	£215,255	£218,156	£229,121	£226,650	£226,853	2,068	428	10.1%

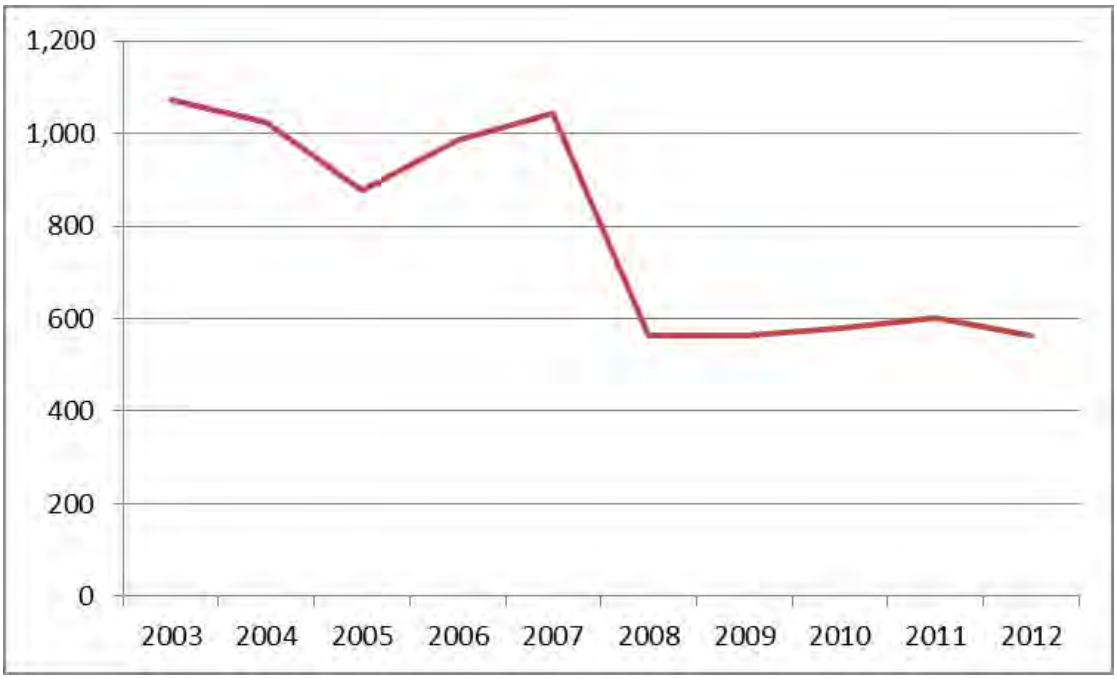
(Note: turnover is calculated by dividing the number of sales over the last 5 years (excluding new build properties) by the number of homes in a given area)



4.60 Again, care needs to be taken when looking at figures for smaller market areas due to low turnover. Prices reported are above those reported through DCLG data. However, there is nothing in the data (or the scale of the data) that suggests that the housing market in Eden is behaving contrary to national or regional trends.

4.61 Finally, we also know that house sales fell over the course of the recession. According to Land Registry data (published by the Department of Communities and Local Government) they were as follows:

Figure 8: Housing Sales by Volume



4.62 Sales dropped from 1,043 in 2007 to 563 in 2012. The drop coincides with both the recession and a fall in completions of new housing units. There is also evidence of developer willingness to invest in the district, driven by demand for new homes. Developer confidence in Penrith remains high, with Persimmon currently pursuing planning permission for around 550 units at Carleton Fields and for around 240 homes at Raiselands.

4.63 We also know that sale of new stock is rapid - nine of the initial ten first flats released at Penrith New Squares sold through the Cumberland Building Society, all to local people. New developments at Tudor Court and Lady Anne Court all sold rapidly. Outside Penrith, all of the 48 properties at Clifton Hall Gardens (Story Homes) have been bought, and at Kirkby Stephen, all units completed at Birkbeck Gardens (also Story Homes) have been bought. Recent permissions at Lazonby and Clifton also indicate strong demand in rural areas.

Rents

4.64 Turning to rental prices, over the past three years they also appear to be mirroring national and county trends The Valuation Office publishes some information on private rents. However, it is only available for the past three years (2010/11 to 2013/14). Median national, regional and local median rents are as follows:

Table 13: Median Rents 2011-2014

	Room		Studio		One bedroom		Two bedrooms		Three bedrooms		Four or more rooms		All properties		
	10/11	13/14	10/11	13/14	10/11	13/14	10/11	13/14	10/11	13/14	10/11	13/14	10/11	13/14	% Change
England and Wales	£321	£338	£475	£475	£495	£500	£550	£575	£650	£650	£1,000	£1,100	£570	£595	104.4%
North West	£286	£308	£350	£347	£415	£412	£495	£495	£575	£595	£795	£800	£495	£495	100.0%
Cumbria	£295	£325	£300	£330	£380	£390	£450	£450	£550	£550	£700	£725	£450	£475	105.6%
Allerdale	£390	£314	£310	£310	£347	£350	£425	£430	£495	£520	£678	£650	£435	£450	103.4%
Barrow-in-Furness	£303	£282	-	-	£340	£350	£400	£415	£425	£550	£650	£685	£415	£433	104.3%
Carlisle	£295	£325	£300	£325	£375	£370	£430	£430	£520	£525	£650	£695	£440	£450	102.3%
Copeland	-	-	£288	-	£370	£390	£400	£428	£475	£495	£700	£700	£425	£450	105.9%
Eden	£282	£338	£295	£320	£420	£420	£475	£495	£575	£580	£750	£750	£500	£525	105.0%
South Lakeland	£325	£325	£335	£375	£450	£475	£550	£575	£675	£675	£848	£848	£573	£578	100.9%

(Source: Valuation Office Private Rental Market Statistics)

4.65 This data shows rental levels are above average for the Cumbria; however they are below median levels for England and Wales, and less than in South Lakeland.

Affordability

4.66 Guidance also suggests that we look at the ability of people to afford a house. The ratio of lower quartile incomes to lower quartile house prices is:[23]

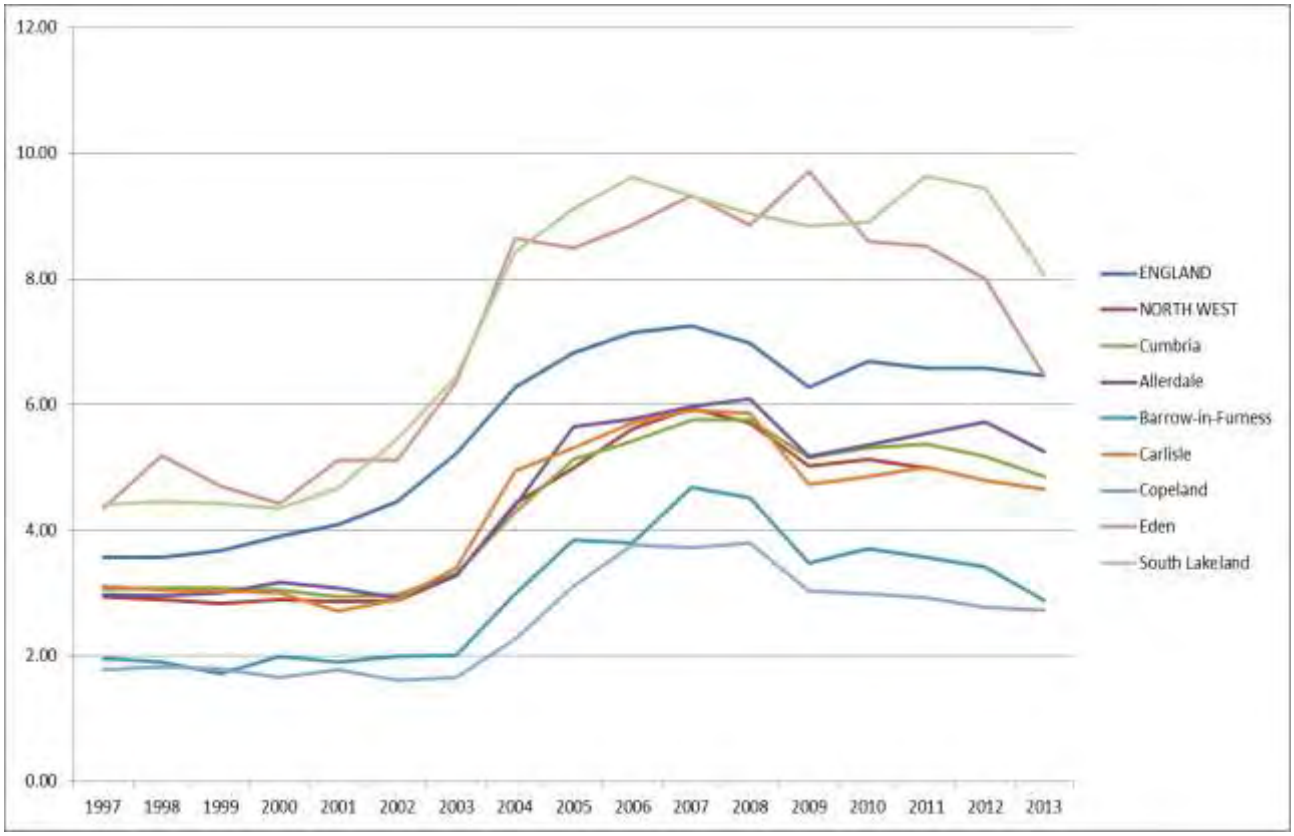
[23] Department of Communities and Local Government, Live Table 576 Housing market: ratio of lower quartile incomes to house prices 1997-2012

Table 14: Ratio of lower quartile house price to lower quartile earnings by district, from 1997-2013

	1997	2001	2006	2011	2013	% Change 1997-2013	% change 2006-2013
England	3.57	4.08	7.15	6.57	6.45	185%	92%
North West	2.95	2.87	5.62	4.99	n/a		
Cumbria	3.07	2.95	5.41	5.38	4.85	169%	96%
Allerdale	2.97	3.09	5.77	5.54	5.25	192%	99%
Barrow-in-Furness	1.97	1.91	3.81	3.58	2.88	174%	90%
Carlisle	3.12	2.72	5.71	5.01	4.65	154%	84%
Copeland	1.78	1.78	3.77	2.93	2.74	156%	74%
Eden	**4.35**	**5.11**	**8.86**	**8.52**	**6.46**	**184%**	**90%**
South Lakeland	4.41	4.67	9.62	9.63	8.06	214%	98%

Source: Department of Communities and local Government, Live Table 576.

Figure 9: Ratio of lower quartile house price to lower quartile earnings by district, from 1997-2013



4.67 The table and graph show that affordability in Eden is currently at the national average and is only outstripped by South Lakeland. This demonstrates that although prices are below national levels so are incomes. Affordability remained fairly static throughout the late 1990s before worsening in line with national trends. There has been an improvement in affordability over the past three or four years which is not the case nationally, and Eden shows a particular improvement in affordability levels over the year 2012-13 (as does Cumbria). Looking at house price trends (see above) we do not expect this to be a recurring trend. Overall, with a lower quartile income multiple of 6.5 needed to secure entry-level place affordability clearly remains an issue in Eden, as it does nationally.

Development Rates and Overcrowding

4.68 NPPF guidance suggests at this point that we also look at development rates and overcrowding within the heading of market signals. These are covered elsewhere in this document. Development rates and past supply is covered at paragraphs 4.44 to 4.48 under the discussion of why demographic projections may differ, consideration of which led to an increase in our identified need figure.

4.69 With regards to market signals it appears that Eden's property market has experienced trends in line with those experienced nationally, regionally and within neighbouring districts. However over the last couple of years Eden has not experienced the price falls shown across Cumbria and the South West. Prices dropped in response to recession but have now recovered, and are now significantly above prices reported ten years ago. We also know that sales have fallen and the ability to buy entry level housing has also fallen over time. We do not therefore think that Eden's housing market is exhibiting any 'hotspot' type behaviour over time compared to elsewhere, but we do conclude that it remains less affordable than most other Cumbrian districts. The data also shows us that neighbouring Carlisle has lower house prices, which may mean that people opt to live in Carlisle and commute in to Eden to work.

4.70 We are now faced with a decision over whether to adjust our target to reflect past under supply or particular market signals. We do not think there is any unusual behaviour in the market compared to elsewhere but note that prices and affordability levels are comparatively high compared to most of Cumbria. We also note that levels of in-migration have fallen over the past ten years, and the past two censuses reported an increase in households. There is no guidance available on how we should take market signals into account and there does not appear to be any accepted method or rationale for applying it. The other problem is that considerations of market signals is a consideration of effect, with underlining causes addressed elsewhere in the assessment. In particular:

- Overcrowding and concealed households are looked at under whether we have any additional affordable housing need
- Our decision to raise our assessment on need on the grounds of past supply deficiencies earlier on would ease some market pressure
- Our consideration of whether the need to boost housing numbers to cater for a sufficient resident workforce later on in this assessment would also compensate (to a degree) for any price differentials between Eden and its neighbours.

4.71 In conclusion, we do not think that there is any unusual or contrary market behaviour in Eden compared to its neighbours that warrants any changes to our assessment of need.

Task 2 - What do we know so far?

- House prices and rents are below national averages but with the exception of South Lakeland the highest in Cumbria.
- Affordability remains a huge issue. Although prices are relatively low compared to many parts of the country wages are low - the average 'entry-level' house is around six and a half times more than the annual average income for the 25% of the lowest paid.
- Prices did drop during the recession, although not as much as the regional and national average.
- Eden's housing market does not appear to be exhibiting any unusual behaviour compared to its neighbours - it is not a property 'hot spot', nor is it suffering from low demand.

Task 3 - Future Employment - Will we have enough homes to support job growth?

4.72 Task 1 has established a range of housing need based on various demographic projections and housing market considerations. Task 2 then looked at market signals. We now move on to Task 3, which asks whether job growth is likely to occur and whether we will have a working population to do these jobs. Failure to provide new housing may risk people having to travel in to the district to work and/or constraining economic development. We suspect this may be a particular issue for Eden as a combination of a high employment rate and an increasingly older retired population may mean that new jobs cannot be filled by those already here.

4.73 We are also required to meet national planning guidance, which states that:

> "Plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area.
>
> Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility or other sustainable options such as walking or cycling) and could reduce the resilience of local businesses".

4.74 PAS Guidance then states:

> "If demographic projections do not provide enough resident workers to fill the expected workplace jobs they should be adjusted upwards until they do. But if the demographic projections provide more workers than are required to fill the expected jobs, they should not be adjusted downwards. If both a job-led projection and a trend-led demographic projection have been prepared, the higher of the two resulting housing numbers is the objectively assessed need".

4.75 This is clear that where our assessment of need according to demographic forecasts falls short of providing enough people and housing to do all our jobs in the future we need to raise our housing numbers until it does.

4.76 Estimating the relationship between jobs and homes is, in our view the most difficult part of looking at objectively assessed need. There is no nationally agreed method of converting future jobs into housing numbers, and many different approaches have emerged, with a wide degree of complexity and transparency attached.

4.77 Difficulties include:

- Reality is more complicated than any calculation we can model - we don't know for example how many of our new homes will go to non-working people, nor do we know how many people leaving will leave a house behind for a new worker.
- Information overlaps. Future job forecasting models typically start with population projections, which mean if we take the jobs numbers that come out and convert to the number of people and then homes this results in a circular process which uses population as both an input and an output. This risks over counting.

- We don't really know whether economic activity rates (the proportion of people working) will change over time given changes to state retirement ages, the state of the economy and changes in working patterns.
- Our labour market is not self-contained and people do not stay still - they commute in and out. We don't know whether any new jobs will go to people already here who will no longer commute, or whether they will go to people commuting in.
- The economic aspirations and housing supply policies of our neighbours (in particular Carlisle) will have an impact on our own job and housing demand.
- Definitions and conventions can vary between data sets (for example self-employment is included on some estimates, not on others, and the distinction between part time and full time jobs is sometimes different between datasets).
- Jobs are not uniform. In particular, Eden has a high number of self-employed people. Self-employed people often work at home or locally. We cannot therefore assume that every new job will generate additional housing need.
- People can have more than one job (known as 'double jobbing').
- Models which project a new homes figure based on job growth (our POPGROUP projections, discussed below can only have one element 'driving' the model (population, housing or employment) whereas in reality these three variables are inter-related and drive each other. The creation of a job does not necessarily lead to a new household and vice versa. This is why such models produce higher dwelling requirements than when based on population or household projections.
- There are endless ways of breaking the data down and this can make a big difference to the results (for example by age range, through applying different economic activity rates over time or looking at past trends).

4.78 All this makes available data very hard to accurately interrogate and interpret. However, fundamentally what we are trying to establish is how many jobs and workers we have now in Eden, how many we may have in the future, how this relationship has changed and what this means for future housing demand and need. Our approach is to prepare an estimate of the possible imbalance of jobs and workers in 2032 based on the best evidence we have, before running some other methods of looking at this relationship to test whether this conclusion seem sensible.

The relationship between jobs and workers, now and in the future

4.79 We start by unpicking the data to settle on what we think our best estimates are, before going on to what it might mean for our estimate of objectively assessed need. This is immediately not easy as there are multiple datasets each of which use different methods of collection, assumption and conventions. There are five key sources of data:

Jobs and workers now

- The 2011 Census. This includes information on the working age population, economic activity rates, employees in employment and commuting flows

- The National Online Manpower Information Service (NOMIS). This is run by the Office for National Statistics and provides information on the labour market, collating several sources of data, most usefully the Business Register and Employment Survey (BRES) and Annual Population Survey (APS).
- Information of Job Seeker Allowance claimants. This allows us to see if we have any 'untapped' workforce.

Jobs and workers now and in the future

- Bespoke 'Experian' projection data. This is commissioned data (February 2014, for County-wide POPGROUP analysis) which gives information on the number of full time jobs and total employment, now and in the future. The self-employed are assumed to be full-time.
- The Office for National Statistics 2012 Sub-National Population projections. These can be split into the working and non-working age population and interrogated using other data to see how many people may be working in the future.

4.80 Taking each in turn:

The 2011 Census

4.81 According to the 2011 Census (table QS601EW) we have **38,375** residents aged 16 or over of whom **28,413** are 'economically active' (ie in or seeking work). (**26,527** are actually in work and **6,685** are self-employed. The Census data is broken down as:

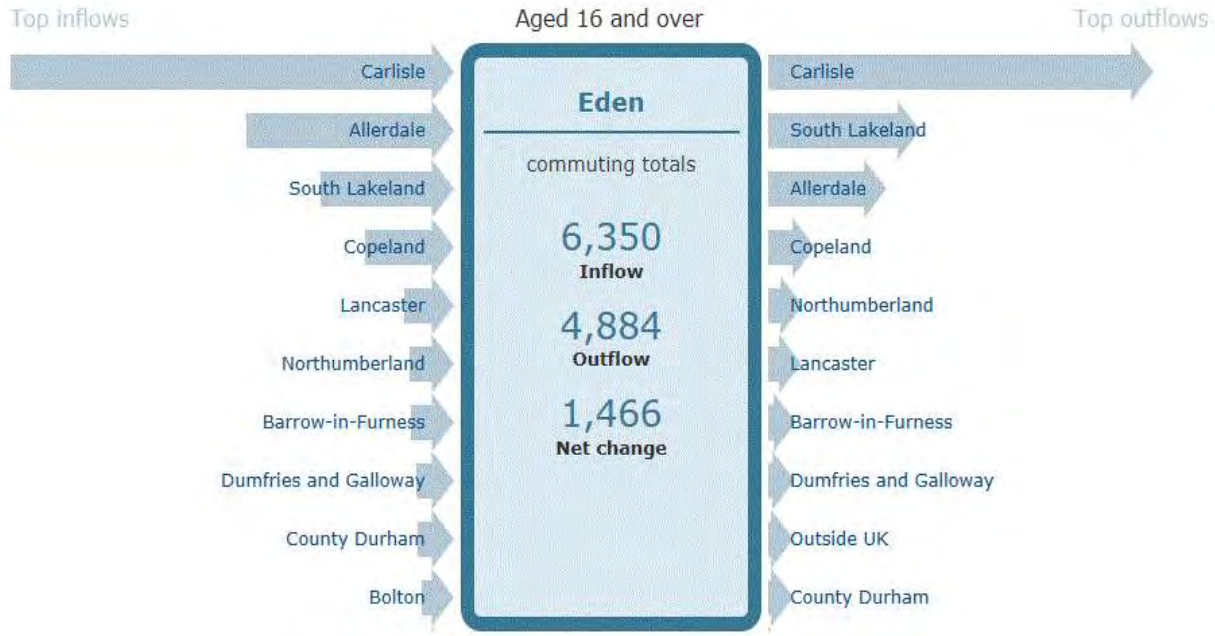
Table 15: Economic Activity, Eden Residents[24]

	Eden						England and Wales		North West	
	Sex									
Economic Activity	**All persons**	**% Total**	**Males**	**% Total**	**Females**	**% Total**	**All persons**	**% Total**	**All persons**	**% Total**
All usual residents aged 16 to 74	38,735		19,410		19,325		41,126,540		5,184,216	
Economically active	28,413	73.4%	15,072	77.7%	13,341	69.0%	28,659,869	69.7%	3,515,910	67.8%
Economically active: In employment	26,527	68.5%	14,136	72.8%	12,391	64.1%	25,449,863	61.9%	3,089,895	59.6%
Economically active: Employee: Part-time	6,191	16.0%	1,081	5.6%	5,110	26.4%	5,646,290	13.7%	722,453	13.9%
Economically active: Employee: Full-time	13,651	35.2%	8,564	44.1%	5,087	26.3%	15,815,912	38.5%	1,943,526	37.5%
Economically active: Self-employed	6,685	17.3%	4,491	23.1%	2,194	11.4%	3,987,661	9.7%	423,916	8.2%
Economically active: Unemployed	822	2.1%	473	2.4%	349	1.8%	1,799,536	4.4%	242,499	4.7%
Economically active: Full-time student	1,064	2.7%	463	2.4%	601	3.1%	1,410,470	3.4%	183,516	3.5%
Economically Inactive	10,322		4,338		5,984		12,466,671		1,668,306	
Economically inactive: Retired	6,822	66.1%	2,913	67.2%	3,909	65.3%	5,682,192	45.6%	765,759	45.9%
Economically inactive: Student (including full-time students)	1,070	10.4%	567	13.1%	503	8.4%	2,389,711	19.2%	292,848	17.6%
Economically inactive: Looking after home or family	923	8.9%	91	2.1%	832	13.9%	1,781,530	14.3%	204,342	12.2%
Economically inactive: Long-term sick or disabled	1,067	10.3%	567	13.1%	500	8.4%	1,714,894	13.8%	291,195	17.5%
Economically inactive: Other	440	4.3%	200	4.6%	240	4.0%	898,344	7.2%	114,162	6.8%
Unemployed: Age 16 to 24	256		164		92		502,438		71,662	
Unemployed: Age 50 to 74	215		132		83		332,683		42,140	
Unemployed: Never worked	62		45		17		291,072		39,249	
Long-term unemployed	268		141		127		706,924		95,724	

[24] Office for National Statistics, 2011 Census Table QS601EW

4.82 This shows the status of current residents. People may also not live and work in the same place - some of those included in the table above may commute out to work elsewhere, as shown below:

Figures 10 and 11: 2011 Census - UK travel flows (Local Authority)



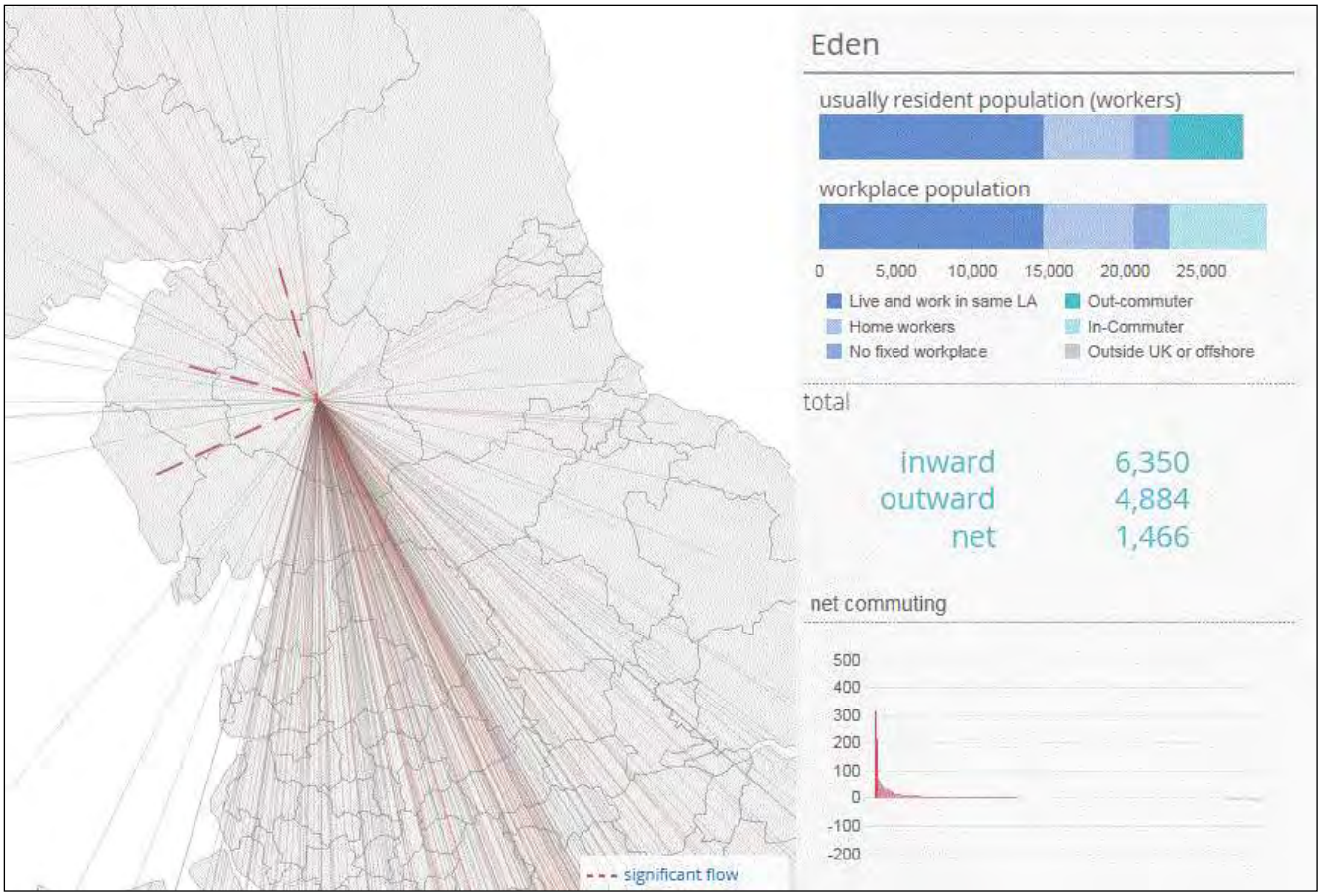


Table 16: 2011 Census - UK travel flows (Local Authority)

Location of usual residence and place of work by age										
		Working in ….								
		Mainly work at or from home	No fixed place	Allerdale	Barrow-in-Furness	Carlisle	Copeland	Eden	South Lakeland	Rest of UK/ Offshore/ Outside UK
Living in ….	Allerdale	6,229	2,766	25,436	278	3,832	5,468	1,063	228	1,155
	Barrow	2,029	1,673	170	22,590	260	705	130	2,695	1,092
	Carlisle	5,605	3,112	1,337	218	38,368	365	2,401	177	2,615
	Copeland	2,850	1,683	3,473	526	544	22,371	389	409	828
	Eden	5,983	2,288	578	65	2,082	172	14,630	766	1,221
	South Lakeland	9,356	4,065	178	3,324	325	347	640	29,454	4,501
	Rest of UK	3,105,970	2,498,093	801	775	5,305	965	1,727	5,429	24,144,524

Source: ONS Census 2011 Travel to Work Flows (Table WU02UK) plus ONS visualisation tools. Shows residents over 16 in work, including students with jobs.

4.83 **1,466** more people travel in to Eden each day than travel out - the district is a net importer of labour. The district is however relatively self-contained in light of its rural nature, with 14,630 people both living and working in the district with a further 4,884 commuting out. 75% of its working residents work in the district - upwards of 70% is generally considered to reflect a self-contained housing market. The biggest outflow of workers is to Carlisle with 2,082 workers, as is the biggest inflow at 2,401, a net difference of 319 commuting in to work.

NOMIS data

- The ONS Annual Population Survey (as reported through NOMIS Area Profiles) suggests there were **28,500** economically active residents (in or seeking work) at 2014. 5,900 are self-employed according to this dataset. As this is sample data this is not a comprehensive dataset - although it is similar to the 2011 Census figure of 28,413.
- The 'employment by occupation' figure for 2014 based on the ONS Annual Population Survey estimates we have **27,600** workers.
- A second data source (the ONS Business Register and Employment Survey (BRES) suggests **22,200** 'employee jobs' at 2013 (14,300 full time and 7,900 part time) but this excludes the self-employed and those working in agriculture, both of which are more prevalent in Eden compared to the national average. This data measures jobs rather than workers.
- NOMIS reports a figure of **31,000 jobs** at 2013 within its job density calculations, which includes self-employment and part time jobs, as well as Government supported trainees. This figure is not sourced directly in the supporting notes but is thought to be taken from the Business Register and Employment Survey and data on agricultural jobs and armed forces jobs provided to ONS by the Department of Food and Rural Affairs and the Armed Forces. This includes part time jobs. This compared to a resident working age population of 31,800 giving a job density ratio (the number of workers to jobs of 0.98 - or 0.98 works per job).

Job seeker allowance data

4.84 We also need to know if there is an untapped workforce who already live here and can take up new jobs. In short, the answer is no, unemployment rates are very low in Eden:

Table 17: Job Seeker Allowance Claimant Counts and Rates, December 2014

Area	**Job Seeker Allowance claimant counts and rates**		**Annual Change Dec 2013-2014**	
	Number	Percentage	Number	Percent
Eden	213	0.7	-100	-0.3
North West	88,476	2.0	-6,370	-1.4
Great Britain	774,816	1.9	-368,597	-0.5

4.85 This does however mask a lot of part time working and low wages. Although unemployment rates are higher in neighbouring districts (with the exception of South Lakeland which is the same as Eden at 0.7%) the highest rate (2.9%) is at Barrow, which is some distance away. The main source of labour potentially

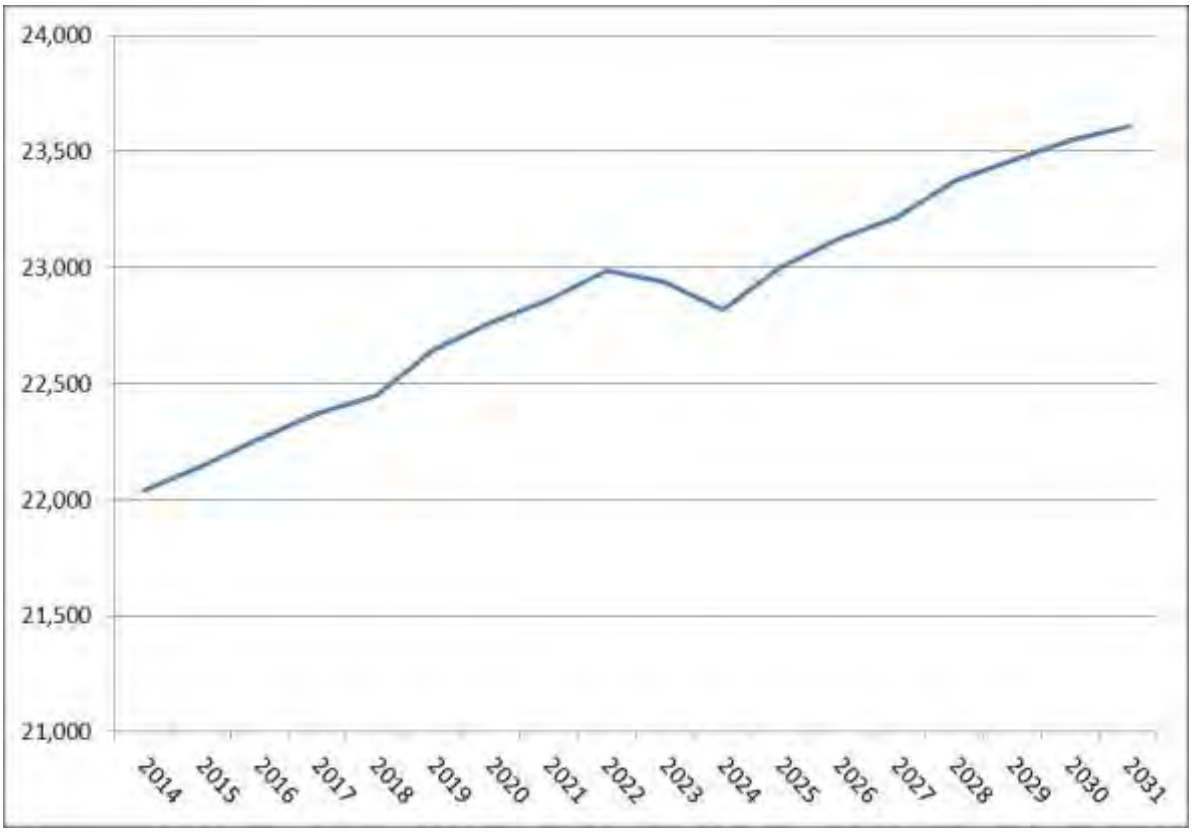
available to Eden is Carlisle, but the town also reports low levels of unemployment (1.3%). This data therefore shows us that we do not have much of an 'untapped' workforce resident in Eden and job growth is likely to need people to move in to carry out those jobs.

Experian Data

4.86 We have February 2014 Experian job projections data prepared for the County Council which show **22,037** full time equivalent and jobs at 2014 and **27,228** total employment. Full time equivalents are defined as full time employees plus the self - employed plus 40% of part time employees. This reflects the fact that part time workers work on average 40% of the hours worked by full time employees. Experian utilises a long-term framework similar to that currently used by the treasury in producing their medium term economic projections. This approach considers short term drivers such as earnings growth, interest rates, the value of sterling, together with long term drivers such as labour supply, productivity growth, and industrial profile to arrive at national, regional and local employment projections by sector.

4.87 Experian projections then assume a forecast growth of 1,571 additional full time equivalent jobs over the period 2014-31. This is one year shy of the end of our plan period - if we assume a proportional rate of growth for this additional year this figure rise to **1,663 additional jobs** to 2032, meaning there will be 23,700 jobs. The figure for total employment is **29,722**.

Figure 12: Experian Employment Projections, full time job equivalents



4.88 Individual sectors are forecast to change as follows:

Table 18: Experian Employment Projections by Sector

Eden District Employment Forecasts - Full Time Equivalents							
Sector	**2014**	**2021**	**2025**	**2031**	**Change 2014-31 (plan period)**	**% change over the plan period**	
Accommodation, Food Services and Recreation	3,623	4,442	4,660	4,737	**1,113**	31%	C1, A3, D2
Agriculture, Forestry and Fishing	2,162	1,827	1,394	1,397	**-766**	-35%	n/a
Construction	2,340	2,416	2,330	2,400	**60**	3%	B8
Extraction and Mining	167	181	177	65	**-101**	-61%	B2
Finance and Insurance	216	220	223	229	**13**	6%	B1
Information and communication	231	247	322	344	**113**	49%	B2
Manufacturing	1,976	2,039	2,006	1,910	**-66**	-3%	B2
Professional and Other Private Services	2,659	2,809	3,062	3,328	**670**	25%	B1
Public Services	3,997	4,239	4,431	4,754	**758**	19%	B1
Transport and storage	1,286	1,144	1,083	1,067	**-218**	-17%	B8
Utilities	30	112	158	162	**132**	436%	B2
Wholesale and Retail	3,350	3,187	3,161	3,214	**-136**	-4%	A1
TOTAL	22,037	22,864	23,006	23,608	1,571	7%	

4.89 Of note there is a proportionally large increase in accommodation, food service and recreation, followed by public services and professional and other private services. A fall in agriculture, forestry and fishing jobs is forecast.

ONS 2012 Sub-National Population Projections

4.90 Our demographic projections have given us a figure of 110 new homes per year over the period 2014-31. We can use the same 2012 sub-national population projections and estimate how many new people have jobs now or will have jobs in 2032. We do this by applying economic activity rates derived from the 2011 census to the projected population aged 16-74 (the age range provided by the census).

Table 19: Numbers of Economically Active Residents 2014-32

	2014			2032			
	Population	Econ. Active (%)	Econ. Active	Population	Econ. Active (%)	Econ. Active	Change in Econ. Active
Female 16-74	19,193	69.03%	13,249	17,617	69.03%	12,161	-1088
Male 16-74	19,512	77.65%	15,151	18,441	77.65%	14,319	-832
All 16-74	38,705		28,400	36,058		26,480	-1,920

(Source: 2011 Census, Tables KS601-603EW)

4.91 From all the information presented above seven key conclusions can be drawn:

- Eden has a lower percentage of those defining themselves as unemployed than elsewhere (this includes all unemployed, not just those claiming Job Seeker's allowance).
- There is very little indigenous potential workforce available to fill new jobs.
- We have a higher percentage of economically active people compared to the regional and national percentage.
- We have a higher percentage of retirees compared to the national rate.
- We have a higher percentage of part time workers than the national average.
- We are forecasting an increase in jobs.
- We are forecast to lose working age people over our plan period.

4.92 Common sense consequently tells us that as Eden will have an ageing population, a declining workforce and with an ambition for economic growth will need to make some upward adjustment to our assessment of objectively assessed need to account for potential workforce growth. The question is how.

Method 1 - Demographic Projections and Economic Forecasts

4.93 Going back to the PAS guidance we are expected to raise our objectively assessed need figure "if demographic projections do not provide enough resident workers to fill the expected workplace jobs". One simple approach is to add up the loss of economically active households and job increases anticipated over our plan period and then convert this into a households and homes figure, and then increase our need figure above that provided by the demographic projection to meet the resultant figure.

4.94 This means working out how many workers and jobs we have now, how many we may have in the future and what the mismatch may be. There are multiple sources of information we can use, and many ways of combining them, giving us multiple possible answers. We have therefore looked at each piece of data we have and used a range in the case of future jobs as a form of sensitivity testing. There following commentary provides the sources of data and results:

How many workers in Eden, now and in the future?

- **For 2014** - The 2011 Census reports that Eden contained **28,413** economically active residents in 2011. The 2012 ONS population projections for 2014 then imply there are **28,400 workers** once 2011 economic activity rates are applied (see table 21). This will include workers who commute elsewhere to work. The Census also reports an 'employees in employment' figure of 26,527 residents at 2011. 4,884 workers commute out, meaning we have a resident working population of 21,643 workers also living in Eden. 6,350 travel in, meaning that our workforce each day once commuting is factored in is **27,993 workers**. Alternatively, the NOMIS Annual Population Survey (APS) data reports an 'employment by occupation' figure shows **27,600 workers** at 2014 (although this is based on a very small sample size of around 150). The APS Economically Active in Employment Figure gives a figure of **27,500 workers**. The available data therefore points to a range of 27,600 - 28,413 workers in 2014. This is narrow range and implies none of our statistics provide outlier or inexplicable data. We will take the figure of **28,400 workers** onward as it is likely the most robust as it is based on census rather than survey data which can be less reliable when broken down to districts with small populations.
- **For 2032** - If we take the 2012 sub-national population projections for 2014 and apply 2011 economic activity rates to those aged 16-74 there are **26,480 workers** in 2032 - a fall of 1,920 over the plan period. Although it is often practice elsewhere to assume greater future economic activity rates due to increasing retirement ages we think that doing so without factoring in an ageing population to possibly offset this would not necessarily be methodologically robust. This approach has also been subject to criticism in local plan examinations elsewhere.

How many jobs in Eden, now and in the future?

4.95 Again there are several sources of data:

- **For 2014** - We could start with our 2011 'employees in employment' 2011 Census figure of **26,527**. Not all work or live here. An additional 1,466 commute in, implying we had around **27,993 jobs** in Eden in 2011. The NOMIS Business Register and Employment Survey gives a figure of **22,000 employees**, but excludes the self-employed, government trainees, the agricultural sector and HM forces. If we add the 6,685 self-employed 'employees in employment' figure from the 2011 Census this would imply 28,685 jobs. Some of these self-employed jobs may not be taken up by residents of Eden. NOMIS also reports a higher jobs figure of **31,000 jobs** in 2014 (sourced as an ONS job density figure.) This may be down to it including government trainees but it is not broken down further, Finally, Experian data reports a figure of **27,228 in employment** or **22,037 full time equivalent jobs** at 2014.
- **For 2032** - This is the most uncertain part of our calculations. To overcome this we have run several scenarios:
    - Experian projections state there will be 29,583 in employment and 23,608 full time jobs in 2031. Our plan period runs to 2032, so if we assume the trend increase continues to the following year this gives us 29,722 in employment or 23,700 full time equivalent jobs in 2032. This is an increase

of **2,494 jobs** over our plan period. For full time equivalents it is an increase of 1,663 jobs.

- If we apply the growth rate of 9.16%% over the period 2014-32 for all jobs to the 2011 Census employees 'resident workforce in employment plus net commuting' figure of 27,993 this would result in **30,557 jobs** and - an **additional 2,564 jobs**.
- If we apply this percentage increase to the ONS NOMIS 2014 figure of 31,000 jobs quoted in the job density calculations this would result in **33,374 jobs** - an **additional 2,374 jobs**.
- We can also make an assumption based on the same resident workforce to households ratio applying in 2032 as it does in 2011. In 2011, 21,643 resident workers lived in 23,054 households - a ratio of 0.94 workers per household. There are forecast to be 25,341 households in 2032, implying a resident workforce of 23,821 - an additional 2,178 resident workers If we apply a labour force ratio of 0.83 employees to jobs, based on the 2011 Census or **2,293 additional jobs**.

- This gives us a range of **2,293-2,564** additional jobs.

4.96 Using our selections of data from above our jobs to workers mismatch is therefore summarised as follows:

Table 20: Jobs to Workers Mismatch 2014-2032

	2014	2032	Change	Source
Economically Active	28,400	26,441	-1,920	2011 Census, 2012 SNPPs
In employment	27,993	26,950	-1,043	2011 Census, 2012 SNPPs
Jobs			2,293-2,564	2011 Census workforce to resident ratios applied to ONS household projections/Experian trend data applied to 2011 Census resident workforce and net commuting figures.

4.97 Looking at the available data we estimate we are due to 'lose' 1,920 economically active workers over our plan period, and gain somewhere between 2,293 and 2,564 jobs. We now need to convert this into possible demand for new housing. Firstly, we have a choice on whether to use the numbers of economically active or employees in employment in our calculations. To err on the side of caution we have taken the higher figure based on the economically active.

4.98 Next we apply the existing labour force ratio (employees to jobs) and then apply this to future jobs, to give us the future additional workforce. This is then converted into a population equivalent by assuming the current ratio of residents to employees, and then to households by dividing the figure by average household size according to the 2011 census (2.28 people per household). Households are then converted to dwellings using the ratio that applied at the time of the 2011 Census.

4.99 For the loss of economically active workers we apply a ratio based on the relationship between the economically active population to employees in employment figure from the 2011 Census to provide a figure for 'lost' workers. The full calculation to translate new jobs into dwellings is as follows:

Table 21: Jobs to Dwellings Calculator

Future Jobs		
1	Total new jobs	2,293 - 2,564
2	Current jobs[25]	27,228
3	Total residents (2014)[26]	52,700
4	Labour Force in Employment[27]	26,527
5	Plus net commuting (+1,466)	27,933
6	Labour Force Ratio (row 5 divided by row 2)	0.83
7	Future additional resident workforce (1 x 6)	1,903-2,128
8	Total Population Equivalent (row 7 x 1.99 - 1.99 calculated as row 3 divided by row 4)	3,787-4,235
9	Total households (row 8 divided by 2.28)	1,661-1,857
10	Total dwellings (*1.089)	1,809-2,022
11	Total dwellings per year	100-112
Replacing Lost Workers		
12	Decline in Economically Active Population 2014-32	-1,920
13	Equivalent Employees (in employment/economically active) - 26,527/28,413) = 0.93	1,786
14	Total Population Equivalent (row 13 x 1.99 - 1.99 calculated as row 3 divided by row 4)	3,554
15	Total households (divided by 2.28)	1,559
16	Total dwellings (*1.089)	1,698
17	Total dwellings per year	94
Total Job Driven Need		
18	Rows 11 + 18	**194-206 dwellings per year**

[25] Experian employees data for 2014
[26] 2012 ONS Sub National Population projections
[27] ONS Census 2011, Economically Active

4.100 We do not lay claim to this figure being entirely robust, given the limitations of and different sources used by the data. There are other obvious criticisms:

- If we assume we need to replace 'lost' workers we do not know how many will free up existing housing stock as they leave. However, in reality much of our 'lost' workforce is likely to be the result of retirement or younger people leaving to pursue job or education opportunities elsewhere. Neither are likely to free up existing stock to any great extent.
- Similarly, if we plan for dwelling numbers based on economic growth we have no way of knowing how much of our new stock will be taken up by people not working. However, given low unemployment rates we do not think this will be a major factor.
- We have assumed that all our part time workers have only one job. In reality some will undertake 'double jobbing, meaning our figures are likely to be an overestimate.
- If we rely on job projection data derived from Experian we know that this uses population and household projections as one of its inputs. Converting resultant figures back in jobs and household figures makes the process 'circular' to quote the PAS guidance, as it risks treating population as both an input and output and hence may over count.
- At a lower level of geography the projections become less and less reliable. This is particularly in issue with has a comparatively low number of people and jobs compared to many other local authority areas. Forecasts are created on a top down basis using Experian's national sector-based projections which are then distributed according to the proportion of employment per sector located in the area. Unless we have strong evidence to suggest otherwise, the assumption is that Cumbria's sectors will follow national trends. Whilst some adjustments have been made by Cumbria County Council based on things we know about (eg expansion of the nuclear sector and the plans of larger employers, as well as employer survey evidence about confidence in some sectors etc.) changes are limited, particularly in Eden's case. This means that the district-level projections are really only a guide to trends and we can't read too much into the precise numbers.

4.101 This figure is therefore presented as indicative, and the sort of trend that we may need to take into account when planning for new housing need. What we do know is that the available data does indicate a need to take our future working population into account when we look at our assessment of housing need.

4.102 Given the methodological and data issues surround this part of the OAN we have also taken the precaution of seeing if the range seems sensible in comparison to some additional scenarios using different calculation methods:

- Method 2 - Bespoke economic and housing projection models (POPGROUP projections)
- Method 3 - Employment land-led: jobs generated by the amount of employment land due to be allocated in the Local Plan
- Method 4 - Estimates based on past trends

Method 2 - Bespoke economic and housing forecast models (POPGROUP projections)

4.103 We have one source of 'bespoke' modelling which provides a view on the number of dwellings needed to support new jobs. This is the County Council's POPGROUP modelling which uses Experian job projection data. POPGROUP modelling establishes a figure, which maintains the labour force with sufficient people to take up projected jobs, assuming that the ratio of jobs to workers - which can be affected by commuting - remains constant. The model projects economic activity rates and shows us that to support job growth we would need a rate of in-migration significantly above that which has been seen in recent years.

4.104 Job-led forecasts therefore usually produce a level of housing need that far outstrips other projection methods. For Eden the modelled rate for annual housing was **307 dwellings per year**, based on 2011 household formation rates (2012 rates were not available at the time).

4.105 There are a number of issues with the POPGROUP number:

- The model uses many assumptions that are highly sensitive. The results will be dependent on the levels of net commuting, unemployment, economic activity and in-migration, all of which can change in the future. POPGROUP also assumes there is a direct link between the number of jobs in an area and the number of houses, which is not true in reality, particularly as people can move in and out of the district to work.

- As a consequence of an ageing population the model is bringing in extra people to fill the new jobs based on the age profile of in-migrants. As working in-migrants tend to be younger adults and have the greatest fertility rates, the model then starts adding in extra people in the years following the new jobs as the people who migrate in then have children. In addition, because the population-led scenarios project a dip in working age adults, the model has to bring in more migrants than just those needed to fill the new jobs because the model also has to fill the existing jobs in the area; to make up for the drop in local working age people. It is this self-reinforcing trend that drives the higher numbers.

- Projection models can only have one factor 'driving the model', be it housing, jobs or population change. In reality all these factors are intertwined and depend on each other - in other words in reality the variables within the model shift around one another rather than some marching to the requirements of one driving variable - in this case job growth.

4.106 In short, the POPGROUP modelling always assumes people are automatically attracted into the area to either do jobs vacated by those here now, or newly created jobs, and that a job will always create the additional housing need. This produces figures much higher than other scenarios POPGROUP generates. Reality is far more complex. In addition, the modelling has yet to be run with 2012 household projections (it uses 2011 figures). Consequently, we do not think that the POPGROUP job-led forecast can reflect to the true extent of future need. However it does serve to again illustrate an important point - a loss of working age population will have implications for jobs in the area, and if new people move in they will need housing.

Method 3 - Projecting past growth

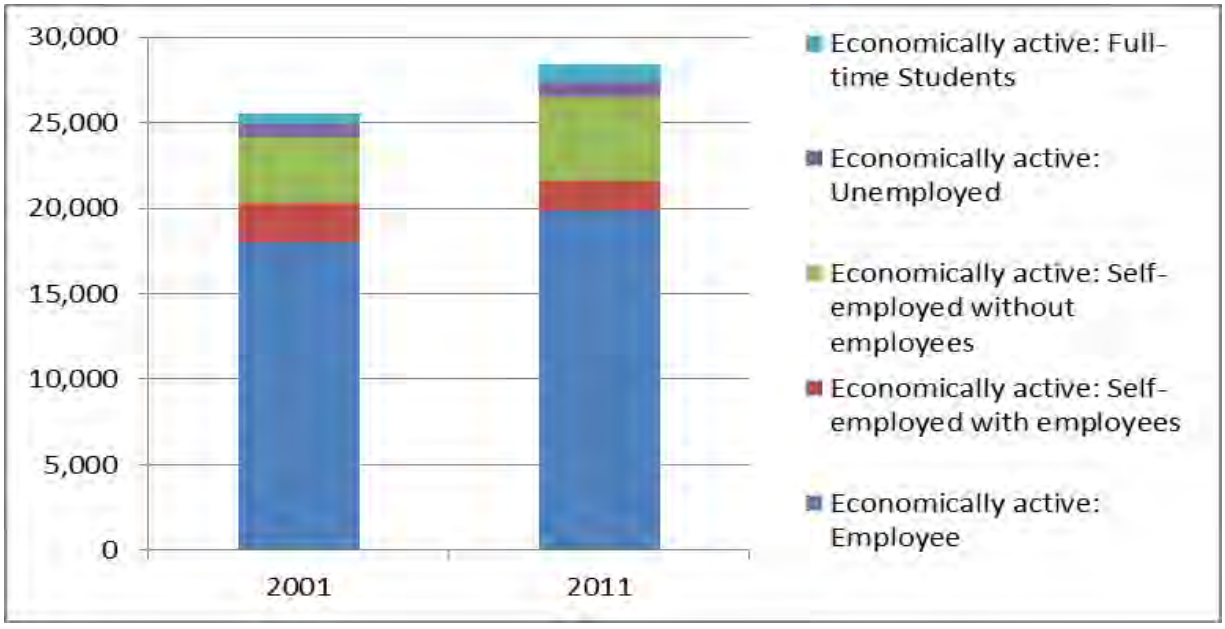
4.107 This method assumes that past job growth rates would continue into the future. The following table shows how the numbers of economically active people have changed between the last two censuses:

Table 23: Numbers of economically active residents 2001-2011

Variable	2001		2011		Change in numbers	% change in numbers
All People (Persons)1	36,566		38,735		2,169	5.9%
Economically active (Persons)1	25,566	69.92%	28,413	73.35%	2,847	11.1%
	69.92%		**73.35%**		3.43%	
Economically active: Employee (Persons)1	17,977	70.32%	19,842	69.83%	1,865	10.4%
Economically active: Employee: Part-time (Persons)1	4,915	19.22%	6,191	21.79%	1,276	26.0%
Economically active: Employee: Full-time (Persons)1	13,062	51.09%	13,651	48.04%	589	4.5%
Economically active: Self-employed with employees (Persons)1	2,332	9.12%	1771	6.23%	-561	-24.1%
Economically active: Self-employed with employees: Part-time (Persons)1	318	1.24%	254	0.89%	-64	-20.1%
Economically active: Self-employed with employees: Full-time (Persons)1	2,014	7.88%	1,517	5.34%	-497	-24.7%
Economically active: Self-employed without employees (Persons)1	3,820	14.94%	4914	17.29%	1,094	28.6%
Economically active: Self-employed without employees: Part-time (Persons)1	887	3.47%	1,434	5.05%	547	61.7%
Economically active: Self-employed without employees: Full-time (Persons)1	2,933	11.47%	3,480	12.25%	547	18.6%
Economically active: Unemployed (Persons)1	738	2.89%	822	2.89%	84	11.4%
Economically active: Full-time Students (Persons)1	699	2.73%	1,064	3.74%	365	52.2%

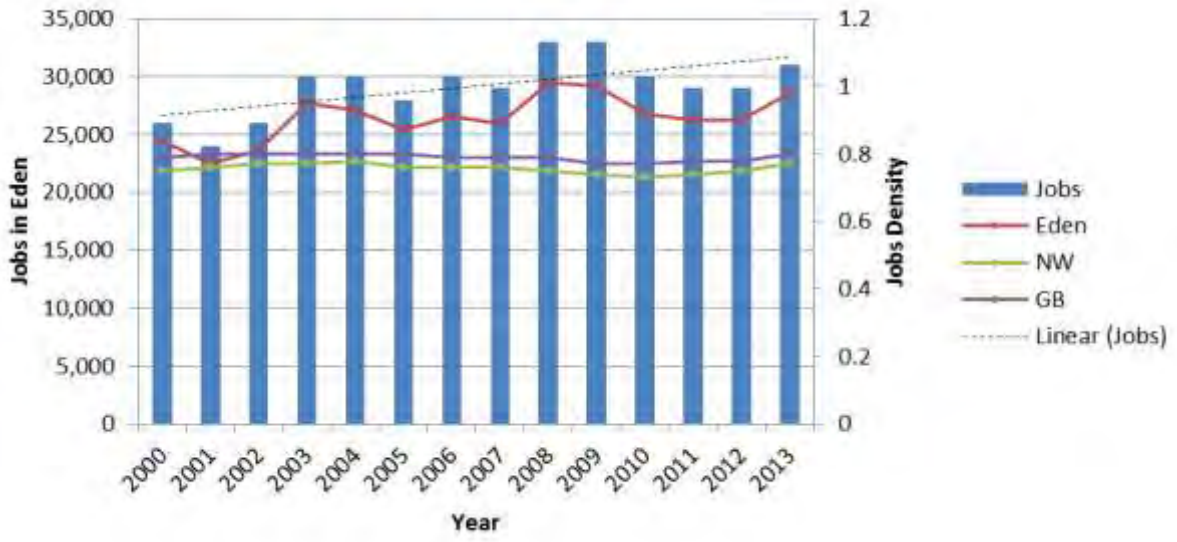
Variable	2001		2011		Change in numbers	% change in numbers
	2001		2011			
Economically inactive	11,000	30.08%	10,322	26.65%	-678	-6.2%
Economically inactive: Retired	5,953	54.12%	6,822	66.09%	869	14.6%
Economically inactive: Student	904	8.22%	1,070	10.37%	166	18.4%
Economically inactive: Looking after home / family	1,906	17.33%	923	8.94%	-983	-51.6%
Economically inactive: Permanently sick / disabled	1,479	13.45%	1,067	10.34%	-412	-27.9%
Economically inactive: Other	758	6.89%	440	4.26%	-318	-42.0%
	22,000		20,644		-1,356	-6.2%

Figure 13: Numbers of economically active residents 2001-2011



4.108 The following graph shows job growth since 2000 and job density levels over time and between areas:

Figure 24: Job Growth and Job Density 2000-2013



Source: ONS Annual Population Survey as reported through NOMIS

4.109 Historical census data shows an increase of 2,847 economically active population over ten years (285 per year). Note these are all jobs, not full time equivalents (as shown in the Experian data). An additional 1,865 economically active employees were living and working in Eden in 2011 compared to 2001 - or 187 per year. Applied to our 18 year plan period this would mean an additional 3,366 employees in employment if such a trend continues. We assume that commuting rates remain constant hence a labour force ratio is not applied. 3,366 resident employees would result in a need for **179 new homes** to support job growth, using the conversion method we used in Method 1. This is below the range we have identified through our demographic projections and job forecast calculations.

Job Driven Housing Growth - Conclusions

4.110 We have run various calculation to see what the impact may be of job growth and changes to our working population and what this may imply for the demand for housing. The results were as follows:

	Method	Homes Per Year Needed
1	Demographic Projections and Economic Forecasts	186-204
2	POPGROUP Forecasts	307
4	Projecting Past Growth	179

4.111 This implies that we should add an uplift to our demographic and market driven assessment of need figures to account for future jobs. Of the three methods we have used to look at this, methods 1, 2 and 4 provide reasonably similar figures. Method 1 uses our most comprehensive data sets and hence it seems sensible to look at there being a need for **186 to 204** homes per year to meet future job growth.

Task 3 - What do we know so far?

- Eden's housing and job market is relatively self-contained - the percentage of people both living and working in Eden is higher than the national average
- We import labour each morning (more people commute in than out). Our closest commuting relationship is with neighbouring Carlisle
- We have a high number of self-employed people, and very low unemployment rates
- We are forecast to gain around 1,633 full time equivalent new jobs over our plan period
- Set against this, a 'do nothing' option would result in the loss of around 1,920 workers by 2032
- To attract or retain people to do these jobs (and replace those we are due to lose) we think we need to plan for more housing. We think around a range of 194 to 206 homes per year would be sufficient

Task 4 - Affordable Housing Need - Will we have enough affordable homes?

4.112 So far we have established our objectively assessed level of housing need. From this point onwards we look at whether this level of housing need is enough to support our policy objectives. There is some debate as to the extent to which affordable housing need is part of overall objectively assessed need as the two are required to be calculated using alternative and incompatible methods. However, we do need to know whether our figure for objectively assessed need, if delivered will support our policy objective to deliver enough affordable housing for those unable to access market housing.

Estimated housing need

4.113 Numerous methods have evolved to estimate the need for affordable housing over the years. Most local authorities (including Eden) have in the past established an estimate of need through housing needs surveys. These used survey questionnaires filled in by a representative sample of households, with people asked whether they need to move in the coming years and whether they can afford

to do so. We originally established a housing need figure in 2009 to support our current Core Strategy through our previous Strategic Housing Market Assessment (SHMA). This projected a housing need figure from a housing needs survey which took place in 2006. Needs surveys were subsequently carried out between 2010 and 2011.

4.114 For the purposes of establishing a housing target we are now encouraged by Government to rely on 'secondary' data (desk based research) rather than the expectation being that we carry out expensive survey work. National planning guidance on establishing housing numbers states that

> "Plan makers should avoid expending significant resources on primary research (information that is collected through surveys, focus groups or interviews etc. and analysed to produce a new set of findings) as this will in many cases be a disproportionate way of establishing an evidence base. They should instead look to rely predominantly on secondary data (eg Census, national surveys) to inform their assessment which are identified within the guidance."

4.115 This guidance also contains a basic methodology for establishing need, which is what we shall use (although we have some concerns on its applicability to Eden, as detailed at the end of this section). Firstly current need (also known as unmet need or the backlog of need) is calculated. This includes people on our housing waiting list or in overcrowded or unsuitable accommodation. Secondly it suggests adding people who may fall into need over the plan period, either because they age and need their own housing, or fall into need because of a change in their circumstances. This is known as 'newly arising' need.

4.116 For this type of newly arising need guidance suggests the following formula for establishing the amount:

Total newly arising housing need (gross per year)

equals

The number of newly forming households

times

The proportion unable to afford market housing

plus

Existing households falling into need

4.117 We then subtract the current supply of available affordable housing stock, along with any that will already know will be built in the future to give an eventual figure.

4.118 It is this basic model that we will use. To help understand it, Bramley, Hawson et al[28] refer to the analogy of a bathtub, in which current need or backlog (those who are currently homeless or inadequately housed) is the current level of water in the bath. Newly arising need in the future is illustrated as the flow from the taps. The supply of homes can be seen as the flow of water from the bath. This analogy is useful as it reinforces the point that housing need is dynamic over time and we have

[28] (Estimating Housing Need, Bramley, Pawson, et al, DCLG 2010.)

both stocks and flows of housing need - the supply of homes (stock) may not always match the requirements (flow) of those in housing need in the future, which in turn can add to a growing backlog. Put in these terms, our policy goal should be to drain the bath to remove all housing need.

4.119 Again, because of data and methodological limitations the following is not a definitive statement of housing need - it is our best estimate based on the available evidence we have to hand.

Running the Model

4.120 Returning to our bathtub analogy, our core assessment of need is broken down into the following four stages:

- STAGE 1 - establishing current households in need (the 'stock', or the level of water in the bath)
- STAGE 2 - estimating newly arising need. (the flow of water into the bath) This is made up of three sources:
  - From those already in the district who are not currently households but will become one and will be unable to afford, eg current teenagers forming their own households in the future as they get older
  - From those already in the district who will fall in to need - eg existing households in suitable accommodation that find they need affordable housing as the result of a job loss, marital breakdown etc
  - From those migrating in to the district from elsewhere and requiring affordable housing
- STAGE 3 - looking at the potential stock of affordable housing now and in the future to meet that need (our ability to drain the bath as it stands)
- STAGE 4 - converting the stock and flow of need (the level of water and need flowing in) into an annual figure
- STAGE 5 - Applying housing need to our objectively assessed need figure and hence our likely plan target (to help drain the bath).

Stage 1: Current households in need

4.121 We start by estimating our current need for affordable housing from people already in the district. We establish a gross figure rather than net as we will be deducting supply from this figure later on.

4.122 National guidance provides various sources we can use - Census data on overcrowding and concealed households, people in priority need on the waiting list, tenants in unsuitable housing and so on. It then goes on to say that care should be taken to avoid double counting. This presents us with our first practical difficulty as in practice the numerous datasets will overlap - for example concealed households may also suffer from overcrowding. We have no way of working the extent in the absence of a full housing needs survey where individuals' housing needs can be analysed.

4.123 The data we have is:

Stage 1 - Estimating current need (gross)	Source and Notes	Results
Homeless households	EDC housing register (Cumbria Choice Based Lettings Scheme)	Included in 'other groups'
Households in temporary accommodation	EDC	0
Overcrowding	Census 2011	824
Concealed households	Census 2011	161 households Omitted to avoid double counting with overcrowded households
Other groups	EDC Housing Register. In the absence of survey data certain groups were identified on the Housing Register as currently in unsuitable housing as a minimum of current housing need. Waiting List band A, B, C, plus D+ who need to move specifically for employment, and band E currently in arrears but will likely clear, were identified. The Register also includes those who have been entered as homeless. Those who would like to move but are not in unsuitable housing have been excluded.	448 at May 2015 Omitted as overcrowded housing figure used instead

4.124 Our approach is to take the highest figure we can find - 824 overcrowded households reported through the 2011 Census, partly to avoid underestimating need but also because using a concealed households figures would not necessarily pick up any adult children living with parents (unless they are on the waiting list) as this information is not recorded within the Census.

Stage 2: Need from potential new households (newly arising need)

4.125 Next we look at the 'flow' of new housing need that may occur in the future. In practice, these groups are the most difficult to make an accurate assessment for. Numerous methods have emerged, with government guidance suggesting some data sources to calculate this - namely the household projections, the English Housing Survey, local authority and registered social landlords databases, and mortgage lenders.

4.126 We have used the methodology advocated by National Planning Practice Guidance. This states:

Projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimation of the number of existing households falling into need. This process should identify the minimum household income required to access lower quartile (entry level) market housing (plan makers should use current cost in this process, but may wish to factor in changes in house prices and wages). It should then assess what proportion of newly forming households will be unable to access market housing:

Total newly arising affordable housing need (gross per year) =

(The number of newly forming households x the proportion unable to afford market housing) + existing households falling into need

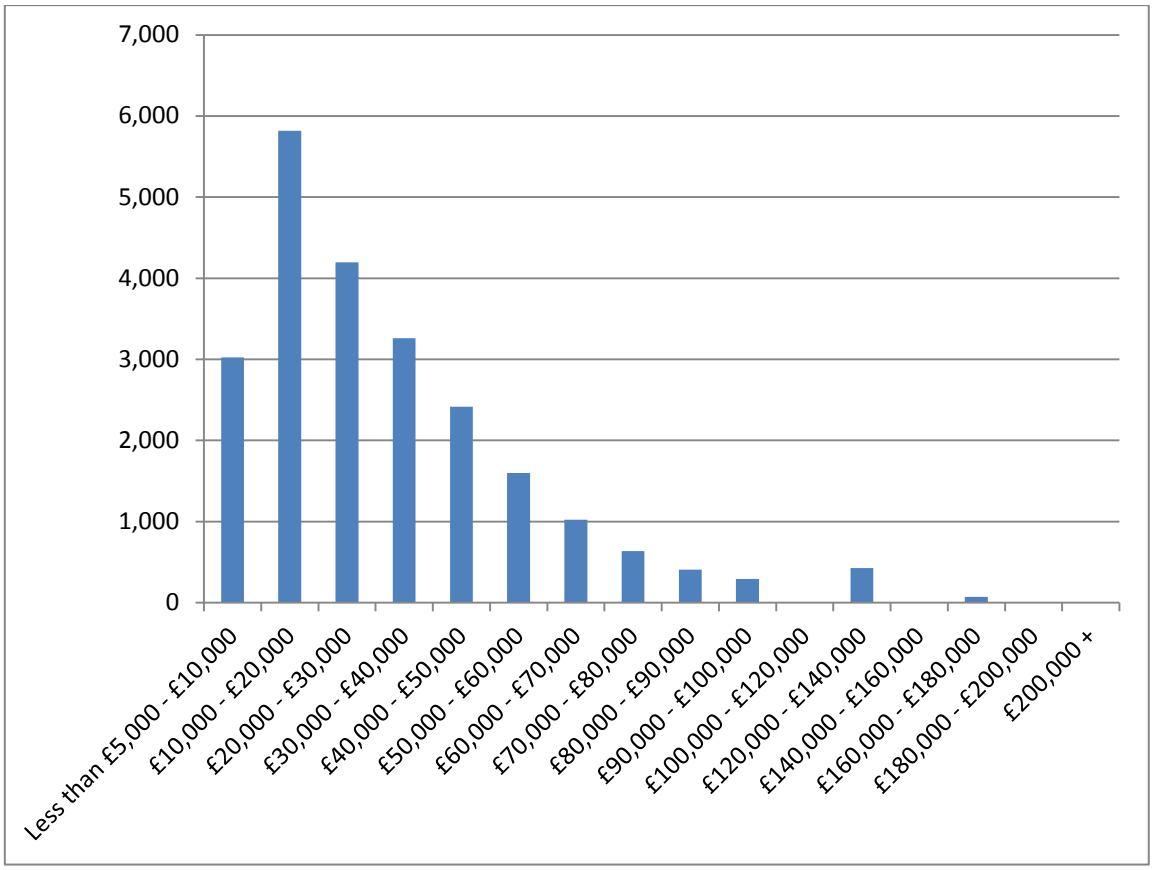
4.127 In quarter 2 of 2013 (the last period available to us at the time of writing) the lower quartile house price (the average price for the cheapest 25% of houses on the market) was £124,950[29]. This would mean that for single households if we assume someone is able to secure a mortgage based on three and a half times their income they would need to be earning £35,700. Anyone earning less than this could to be said to be in affordable housing need. We then have incomes data from CACI[30] Paycheck that 14,817 of our 23,178 households earn less than £35,000 - or 63.9% of all households. If we assume a double income household and a lending multiple of 2.9 times income (this multiple is taken from former Government guidance on Strategic Housing Market Assessments) this would imply that a two or more income household would need to be earning £43,086 to afford a lower quartile house based on price. 17,635 households earn less than £45,000 (data is only available in five thousand pound price bands). This is 76.1% of total current households.

4.128 Alternatively, CACI data also provides a lower quartile house price of £145,589 at 2014, which would imply that a single income of £41,597 would be needed to secure such housing, or a combined income of £50,203. In these circumstances, tying incomes to the nearest five year income band either 16,298 single person or 18,174 multiple income households will be unable to afford a lower quartile priced house - or 70.3 and 78.4% respectively.

[29] Department of Communities and Local Government, Live Table 583.

[30] Copyright 1979-2015 CACI Limited.

Figure 14: Households by income band, Eden 2014



Source: CACI[31] Paycheck Data

4.129 At this point we can now work out how many newly arising households may be unable to afford a lower quartile house. Our 2012 household projections suggested that 110 households per year would form over our plan period. If we apply our most cautious percentage of 78.4% to this figure (based on a combined income according to CACI[31] data) this implies we need to build around 86 affordable homes per year.

Stage 2a (1)	Source and Notes	Results
New households forming (gross)	DCLG 2012 household projections	110 households
Affordability test	CACI[31] Paycheck data, figures based on lending multiples for one person and multi-person households	86 households are unable to afford

Existing households falling into need

4.130 Government guidance on housing and economic needs statements then suggests we make an estimate for the number of existing households who are adequately housed now but may fall into need later on - because of domestic violence, relationship breakdown, divorce and so on. This is also termed ‘emergency need’.

[31] Copyright 1979-2015 CACI Limited

This is estimated using data from social housing lettings records, which identifies specific 'unexpected' or reasons for requiring re-housing.

Stage 2b	Source and Notes	Result
Existing households falling into need	Continual Recording of Lettings and Sales (CORE) Data. An affordability ratio has not been applied as households will have to have been in need to take up accommodation. Reasons for falling into need are loss of tenancy or tied accommodation, eviction, domestic violence, relationship breakdown, or asked to leave. The figures do not therefore include anyone falling into need because of an expanding household ie those having children and requiring larger accommodation.	64 (0 for OAN calculations)

4.131 If we add the results of stages 2a and 2b together this leaves us with a newly arising housing needs figure of **150** households per year (86 plus 64).

Stage 3: Minus affordable housing supply

4.132 We now need to remove any available or potentially available stock which could help meet future need. This is assessed as follows:

Stage 3 - Affordable housing supply	Source and Notes	Result
Surplus stock	Registered Providers	0
Committed supply of new affordable stock	EDC Planning Department - 279 affordable dwellings are committed at March 2015. Annualised over five years this gives 56 homes per year. This figure needs to be treated with some caution as it is a snapshot in time. It is well above the figure reported in the 2013 Housing Technical Paper (22 per year) due to a relatively high number of affordable housing commitments being recorded over the past year. For comparison CORE data also gives a figure of 23 dwellings p.a. 2008/9 - 2012/13. Nevertheless it does represent a definite planning commitment that should result in affordable housing.	56
Units to be taken out of management	Registered providers	0
Annual supply of social re-lets (net)	CORE data 2008/9 - 2012/13 annual averages. Excludes new built stock.	140

Stage 3 - Affordable housing supply	Source and Notes	Result
Annual supply of intermediate stock available for re-let/sale at sub market levels	CORE 2008/9 - 2012/13 annual average	3
Total supply of affordable housing		199 for the first five years, 203 thereafter

Stage 4: Converting the stock and flow of need into an annual affordable housing figure

4.133 We can now work out annual need by subtracting supply from demand:

			Eden District
	Total households>>>		**23,043**
	Stage1: Current Need		
1a	Homeless households and those in temporary accommodation	Annual requirement	0
1b	Overcrowded households	Current need	824
	Stage 2: Future Need		
2a	Number of new households who can't afford based on ONS household formation (adjusted) and Paycheck Data	78.4% new households cannot afford a lower quartile house	86
2b	Existing households falling into need	Annual requirement	64
2c	Total newly-arising housing need (gross each year)	2a + 2b	150
	Stage 3: Affordable Housing Supply		
3a	Committed supply of new affordable units	Total annual	56
3b	Units to be taken out of management	None assumed	0
3c	Total affordable housing stock available	3a + 3b	56
3d	Annual supply of social re-lets (not new build, net)	Annual Supply (3 yr. average)	140

			Eden District
		Total households>>>	**23,043**
3e	Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels	Annual Supply	3
3f	Annual supply of affordable housing	3b+3c+3d+3e	199
	Stage 4: Estimate of Annual Housing Need		
4a	Total backlog need	1b	824
4b	Annual backlog reduction – assume backlog is removed over 5 years (20% p.a.)	4a/5	165
4c	Plus newly-arising need (includes existing households falling into need)	2c	150
4d	Total annual affordable need	4b+4c	315
4e	Annual affordable supply	3f	199
5	Net annual shortfall	4d-4e	116

Stage 5: Applying an element of housing need to the plan target

4.134 The figure shown above is for total affordable housing need, annualised over the next five years. However, we cannot just multiply these figures by 18 to give us a total our plan period as this would be mixing together current stocks and future flows of both need and supply. The net annual shortfall figure quoted in the table above is a snapshot in time, boosted to clear a current backlog of housing need over the next five years. It also does not take into account supply arising from new market housing development over time.

4.135 We therefore need to translate our housing need into an annual figure, which can then be factored in to our annual housing targets. NPPF guidance suggests that:

> "The total need for affordable housing should be converted into annual flows by calculating the total net need (subtract total available stock from total gross need) and converting total net need into an annual flow. The total affordable housing need should then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes."

4.136 Our calculations above have established an annual flow of need. We then need to apply it to our objectively assessed need figure and plan targets. Our approach is to establish a 'trajectory of need', which tracks the supply and need for affordable housing across the plan period. It shows the relationship between supply and demand of new affordable housing stock across our plan period taking into account:

- On the need or demand side, programming our current backlog of households in need to clear over the first five years of the plan (i.e. make the policy choice to drain the bathwater, represented as 824 overcrowded households). We then factor in our annual newly arising need of 86 units and our existing households falling into need figure of 64 units each year over our entire plan period. When added together over our plan period this results in a **need for 3,524 new affordable homes**.
- On the supply side we then look at how much affordable housing supply we have coming through the system to help meet this need (or help drain our bath). We will assume that current committed supply (ie with planning permission) of 279 affordable homes will be available over the first five years of the plan period to help meet current need. We then need to estimate how much supply may be available beyond this. We have an aspirational target that 30% of new housing will be delivered as affordable homes. After the first five years we have therefore taken our figure of 200 homes per year which we established as our objectively assessed need target at the end of the section on job growth and assume that 30% or 60 per year will be delivered as affordable units after the first five years. On top of this we have an annual supply of relets (people departing affordable accommodation and freeing up stock) of 140 per year plus 3 units per year on average of intermediate stock becoming available. Adding our potential supply together over our plan period gives a total supply of **3,633 affordable homes** over the period 2014-32 (including re-lets of current stock). In other words, assuming a housing target of 200 homes per year we could expect supply to slightly outstrip need. This means there is no need to raise our figure of objectively assessed need beyond the figure of 200 per year identified at the end of the section on job growth to meet our affordable housing objectives.

4.137 Our full affordable housing trajectory is as follows:

Table 25 - Affordable Housing Trajectory

		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	
	Year	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	Total
NEED	Current need, annualised to clear over five years	165	165	165	165	164														824
	Newly arising need	86	86	86	86	86	86	86	86	86	86	86	86	86	86	86	86	86	86	1548
	Existing households falling into need	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	1152
	Total Need	**315**	**315**	**315**	**315**	**314**	**150**	**150**	**150**	**150**	**150**	**150**	**150**	**150**	**150**	**150**	**150**	**150**	**150**	3524
SUPPLY	Committed new stock (annualised)	56	56	56	56	55														279
	New supply (30% of 200)						60	60	60	60	60	60	60	60	60	60	60	60	60	780
	Annual supply of social re-lets (net)	140	140	140	140	140	140	140	140	140	140	140	140	140	140	140	140	140	140	2520
	Annual supply of intermediate stock available for re-let/sale at sub market levels	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	54
	Total Supply	**199**	**199**	**199**	**199**	**198**	**203**	**203**	**203**	**203**	**203**	**203**	**203**	**203**	**203**	**203**	**203**	**203**	**203**	**3633**
NET NEED		**116**	**116**	**116**	**116**	**116**	**-53**	**-53**	**-53**	**-53**	**-53**	**-53**	**-53**	**-53**	**-53**	**-53**	**-53**	**-53**	**-53**	**-109**
																		Annualised need		-6

4.138 The analysis above applies government guidance to our housing figures. We are aware that the national methodology on calculating housing need has its limitations in Eden's case. Not least because:

- Using average figures across all households ignores the types and sources of new households we forecast will need housing. We know that if we use household projections the vast bulk of household formation for Eden is coming from inward migration and from older households (where typically the main householder is over 40 years of age). These households are more likely to be more able to afford when compared to an average of all households. The cancelled 2007 SHMA Practice Guidance (Annex B, paragraphs 15-17) suggested a variant approach that restricts the formation of new households to those in the 16-44 years age cohort on the basis that new household formation plateaus at ages 45 and above, and this approach has been used elsewhere. If we used this approach only 77 households out of a total of 1,984 would form and consist of a 'head' under 45 years of age. Applying our affordability ratio of 78.4% would leave us with a newly arising need figure of 60 households, or 3-4 per year. Applying this approach would however be over simplistic as it is a) based on a continuation of past trends and b) therefore ignores the ambitions of the Eden Local Plan to attract job growth which may attract (or retain) a younger working age population.

- Such calculations do not include any consideration of whether deposit is paid. We do not have Eden specific figures for levels of deposit but nationally the Council for Mortgage Lenders report an average loan to value ratio of 81% for first time buyers, implying a 19% deposit has been paid. It is also the case that in recent years, outside Help to Buy schemes a deposit of at least 10% is required. Applying this deposit would reduce our numbers.

- We are assuming that 30% of new housing will be delivered as affordable. In practice this will be on larger schemes only. Our assumption of a supply of 56 new affordable homes per year over the period 2014-2018 and 60 thereafter is well in excess of past trends. We have therefore looked again and what has actually been delivered. Our figure of 56 affordable homes per year does represent committed supply and therefore we can be reasonably confident that this will be delivered. However, our subsequent 30% target remains aspirational and actual delivery is based on viability considerations. If we look at the annual average, proportion of affordable housing provision delivered over the last five years it is 28.5% which on the face of it indicates that supply is achievable. However, in a small rural district supply is 'lumpy' ie can be skewed year to year by large developments coming forward - particularly 100% affordable housing schemes in the towns. In our case completions rates have been as follows:

Date	Affordable Units	All Net Units Created
April 2010 - March 2011	22	129
April 2011 - March 2012	22	121
April 2012 - March 2013	125	237
April 2013 - March 2014	32	174
April 2014 - March 2015	24	129
Grand Total	**225**	**790**

In year 2012-13 the percentage of units delivered was 52.7% which is skewing our figures - removing this year lowers the average to 25 per year or 18.2% We have therefore rerun our trajectory assuming 25 affordable units are available per year from 2019 onwards and it would mean an 'undershoot' of 311 affordable units over the plan period. However, we would expect additional housing supply to come forward in excess of past rates given past under delivery of all housing because of the additional certainty having a plan in place and progress on major housing schemes, particularly at Penrith. This possible under estimate also acts as a possible counterbalance to the possible over estimate made above due to our decision to not remove households with a head aged over 45 from our assessment of need. Lastly, we have seen (see table 15) that affordability ratios in Eden remain high at 6.46 times lower quartile incomes needed to secure an entry level house. This points to an obvious problem over affordability, particularly for younger people, especially as they will be of a working age population and needed to do jobs in Eden. It therefore remains our policy aspiration to widen the housing choices available to them whilst ensuring that housing remains profitable to deliver.

- The system is not static. There remain around 500 additions to Eden's housing waiting list each year, although the vast majority of which are not in priority 'emergency' need. Numbers remain fairly static at 900-1000 households per year, Not all will need housing, but this remains an indication of a high level of need at any point, which ideally needs clearing if Eden is to prosper in the future.

Task 4 - What do we know so far?

- We do have households that are classed as 'overcrowded' (around 824 of them) plus 161 who are classed as concealed ie living with another household.
- We think, based on the incomes of current residents up to 78.4% of those here could not afford an entry level house without any deposit or equity.
- We think having run our calculations that the figure of 200 homes per year established under Task 3 will be enough to clear current need and tackle any need that may arise in the future.

Task 5 - Is there housing need arising elsewhere which Eden would need to accommodate?

4.139 National planning policy and legislation places a 'duty to co-operate' on local Councils, requiring them to collaborate when plan making to address any cross boundary issues that may arise. This duty must be carried out for a Local Plan to be found 'sound' by a Planning Inspector. One such issue would be where a neighbouring district is unable to meet its own housing needs within its own boundaries and may have to rely on house building outside its own area. This is particularly an issue where a major town is tightly constrained by its own boundaries and is unable to expand without the support of its neighbours.

4.140 The local authorities sharing a boundary with the District of Eden are:

- The Lake District National Park Authority
- The Yorkshire Dales National Park Authority
- Carlisle City Council
- Northumberland County Council
- Durham County Council
- South Lakeland District Council

4.141 We therefore have to take into account any requests from other districts to build housing to meet demand coming from other areas. In reality however Eden District is fairly self-contained, due to its size and the fact that its major settlements do not lie next to its boundaries. There are also no major settlements on the other side of the Eden border, which may constrain our neighbours from meeting their own needs.

4.142 We have carried out meetings with Carlisle, South Lakeland, Allerdale Councils and the Yorkshire Dales National Park Authority and requested and received views from Lake District National Park, No response has been received from Durham County Council, however Eden's boundary with Durham is over the North Pennines AONB hence there are no major settlements either side that can be generating demand in the neighbouring district. No cross boundary housing need issues have been identified through our Duty to Co-operate and we have received no requests from other districts asking for housing to be considered in Eden to meet their own needs.

4.143 The two closest relationships in terms of housing markets are with Carlisle City (particularly in light of a functional relationship in terms of commuting and to a much lesser extent the Lake District National Park. In the case of Carlisle we have demonstrated through our job growth assessments that Eden is able to 'consume its own smoke' in terms of meeting its job growth requirements. Carlisle is also able to demonstrate the same, meaning that we are not anticipating any shift in the balance of housing requirements between districts to support growth in the neighbouring authority.

4.144 In the case of the Lake District however, there is a need to consider cross boundary demand as firstly part of Eden lies in the national park and secondly the park is protected for its 'special qualities' meaning there are few opportunities to accommodate new growth. Our approach has been to assess our objective assessment of need across the whole of Eden district, including the parts of the national park. In practice this is unavoidable as all our data is district-wide.

However, in then planning for new housing our new local plan will pursue a housing allocation strategy that provides for district-wide need in the areas outside the national park. In other words we are accommodating some growth that could be said to arise in the Lake District - although in practice the numbers are small. Appendix 2 provides indicative need figures for the national park area. It then remains open to the Lake District National Park Authority to investigate additional levels of housing to meet their own aspirations. For the part of the park within Eden their objectively assessed needs will be met through the Eden Local Plan.

Task 5 - What do we know so far?

- Because of Eden's geography and relatively self-contained housing market we do not think that there is pressure for new housing in Eden arising from a demand in neighbouring districts.
- We have spoken to our neighbouring districts and none have asked us to accommodate any of their own need on the grounds that it cannot be met within their own boundaries.
- We are planning that need coming forward across the whole of the district (including the Parishes within the Lake District National Park) will be met outside the Park boundaries, given its status. In practice this is a small amount of our overall need.

Objectively Assessed Need - Concluding Remarks

4.145 The highest figure generated through all the evidence we have looked at are those supporting our potential job growth. This gave us a figure of 186-204 homes per year. We also know from carrying out an earlier assessment of need (July 2013's Housing Numbers Technical Paper) that a figure of 200 homes per year was deemed the most suitable housing target for Eden. This paper has been written following additional guidance being available and based on practice elsewhere since this time. The main differences in methodology between that paper and this are:

- It was based on earlier household projections which reported a higher figure.
- The result was generated by looking at affordable housing need, unlike this study whose highest numbers are generated job growth (which is explored more fully here).
- It used affordability ratios based on our last housing needs survey rather than CACI/newly arising households data.

4.146 As both papers have concluded that a figure of around **200 new homes per year** is our objectively assessed need over the period 2014-32 we are confident that, putting data and methodological limitations aside this figure is right for Eden. This figure exceeds household projections and represents an ambitious figure compared to past delivery rates. It accounts for job growth and loss of working population.

Estimates derived from household projections, market signals, affordable housing need and demand from elsewhere all fall below this figure, meaning that policy aspirations arising from the need for additional affordable housing can be met by adopting this figure.

4.147 We would end by re-iterating that establishing objectively assessed need is not an exact science, and in effect we are trying to establish a logical argument based on available evidence. In doing so we hope to demonstrate that we have not set out to distort, ignore any or misinterpret any information that may inform its eventual level. There has been a great deal of debate at local plan examinations elsewhere concerning the various ways a figure for objectively assessed need is established. We are therefore mindful that anything we do is open to criticism. In the interest of transparency we have included a critique of our own approach at Appendix 1 which shows we have taken a cautious and open-minded approach to establishing our figure. This also sets out the various stages at which we could have justifiably adopted a lower assessment of need than our final figure.

4.148 This figure will become the target rate for delivery in our new Local Plan. In conclusion our target of 200 homes per year:

- ✓ Meets objectively assessed requirements for both market and affordable housing.
- ✓ Significantly exceeds available household projections.
- ✓ Boosts significantly the supply of housing above past rates.
- ✓ Meets job growth aspirations.
- ✓ Provides an anticipated level of affordable housing to meet need.

Part 5
What Sort of Homes Do We Need?

Please see separate document.

Appendix 1 - Critique

A1.1 We want to be as transparent as we can in setting out how we have arrived at this figure, and demonstrate that we are not trying to argue our need figure either up or down. We hope that this shows we have not been selective in our use of evidence which risks either under-reporting or artificially inflate housing demand and need in the district. To do this, we set out below a critique of our own approach to hopefully demonstrate our calculations are a true assessment of need.

- We have adopted the part of the methodology which generated the highest results (our job growth driven figure). This exceeds all other estimates based on any other factor. It is therefore unlikely that any critique or recalculation of any of these other factors would raise our overall figure for objectively assessed need.
- We are aware that this is methodologically perhaps the least robust part of our assessment, given data limitations and the fact that population is treated as both and input and an output. However, the resultant figure would result in a significant boost in housing numbers whilst not generating a level of housing that would be unrealistic to deliver.
- We have not looked to exclude households forming with a head aged 45 or over from our estimates of newly arising need.
- Although our main demographic trend is inward migration we have not looked to drop our figures on the basis that this need should be accommodated elsewhere.
- To establish current need we used overcrowding rather than concealed households or waiting list figures as our indicator of need, as this was the highest figure. It is also more able to take account of need arising from adults living with children. This element of need is not recorded or picked up through census figures on concealed households. It will also compensate for the exclusion of ‘households falling into need’ as suggested by national guidance - in all likelihood some of these households will not free up existing stock, similarly not all overcrowded households will want to move.
- We have not assumed that economic activity rates will increase over time and used this as a reason to inflate our projected number of workers.
- We have converted full time job equivalents into total job numbers, in addition to using Experian job figures to give us an additional job growth figure.
- We have not chosen to make some allowance for ‘double jobbing’ and reduce numbers.
- We have not assumed that Eden could ‘claw back’ any out commuters to do jobs in the district.
- We have added to our demographic projections to account for past under delivery against need.
- We have assumed that we need to both provide new homes for workers already here and enough homes to allow for new people to move in to do new jobs, to compensate for the projected loss of the working age population.

- We have not included the possibility of a deposit in any affordability calculations, and used the highest percentage of ‘non-affordability’ we could generate from a combination of ONS household projections and income multiple calculations.
- We have used the most up to date information we have. Any additional information (for example a revised POPGROUP run, due October 2015) will be reported to the examination.

Appendix 2 - Generating an objectively assessed need figure for the part of Eden District within the Lake District National Park

A2.1 This part of the SHMA sets out separate figures for objectively assessed need potentially arising from the part of Eden District within the Lake District National Park. Decision making on planning matters rests with the National Park Authority, so figures are given with the aim of informing the Lake District National Park Authority's own future assessment of objectively assessed need as part of their own plan review. They are not presented as a definitive statement of need which needs to be accounted for.

A2.2 As stated at paragraph 2.8 it is our intention to allocate sufficient housing land to meet the needs of the whole district in the area of Eden outside the National Park, in line with the duty to co-operate. There is therefore no 'need' for The National Park Authority to take an element of Eden's housing development at this stage within the park boundary. The Lake District National Park have also produced a site allocation development plan document[32] which does include some limited housing allocations to meet local need in the form of 0.61 hectares of land for affordable housing (equivalent to around 18 homes at 30 dwellings hectare) at Askham and Pooley Bridge only. Delivery of these homes would in effect be on top of the amount delivered to meet our objectively assessed need requirements.

A2.3 Planning in the National Park also has to respect the two purposes of national parks as defined in the Environment Act 1995. These are to conserve and enhance the natural beauty, wildlife and cultural heritage of the area; and to promote opportunities for the understanding and enjoyment of the special qualities of the National Park by the public. These 'special qualities' mean that park authorities typically plan for limited amounts of housing to meet local needs only.

A2.4 In determining a separate figure the first issue is that much of our data is only available on a district-wide basis (in particular population and household projections). We therefore need some way of disaggregating relevant data to the parts of Eden within the park boundary. The only way of doing this (short of a full housing needs survey) is to use a lower level of geography available through 2011 census data. We have therefore used data corresponding to the Parishes in Eden that lie within the National Park Boundary. The Parish and park boundaries do not exactly correspond, however there is a high degree of similarity. The only Lake District village which will be 'omitted' through this geographical analysis is Dacre, which lies within the Parish of Dacre. Most development in Dacre Parish is outside the national park boundary (principally the village of Stainton) hence it would not be appropriate to include Dacre Parish within our calculations. The following map shows the Parish and National Park boundaries:

[32] Lake District National Park Authority, Allocations of Land (Local Plan Part Two), November 2013

A2.5 The following population and household statistics apply:

Parish	Population	All households	One person household	One family household	Other household types
Askham	356	164	50	108	6
Bampton	373	167	52	103	12
Barton	238	103	25	73	5
Hutton	438	192	47	136	9
Lowther	465	186	39	139	8
Matterdale	483	194	49	132	13
Mungrisdale	297	124	25	93	6
Patterdale	501	209	72	118	19
Shap Rural	130	53	14	35	4
Threlkeld	423	195	66	116	13
Total	**3,704**	**1,587**	**439**	**1,053**	**95**
Eden District	**52,564**	**23,043**	**6,958**	**14,969**	**1,116**
LDNP Parishes as a % of Total Eden	7.0%	6.9%	6.3%	7.0%	8.5%

(Source: 2011 ONS Census. No data is available for the Parishes of Martindale and Thrimby)

Population and household projections

A2.6 We start by looking at a 'natural change' or 'zero-net migration' estimate. This is because it is policy in the Lake District National Park to look to meet local housing needs only, given its special status. This would not be an appropriate methodology for the rest of the district which is why we have not looked at such a scenario in our main analysis. However, as only local needs housing is permitted in the park in the main it is prudent to consider this scenario.

A2.7 We know from our analysis at Table 3 that population projections show that deaths are likely to exceed births across Eden, which means that our housing need figure would be **0 homes per year** if the policy aspiration is to restrict development to meeting the needs of the indigenous population only. This level cannot be said to be 'objectively assessed' as it is subject to a policy constraint.

A2.8 Next, we can apply the ratio of households in the national park to the Eden total and apply it to our objectively assessed need figure based on demographic projections set out at paragraph 4.42 - 6.9% of 121 household per year results in a figure for the part of Eden in the Lake District of 8 households per year or **9 homes per year**.

Market Signals

A2.9 The next step of our assessment was to look at market signals. We know from CACI incomes and house price data from CACI Paycheck data that prices and affordability ratios are unsurprisingly higher than Eden on average:

	Incomes		Prices	
Area	**Mean**	**Lower Quartile**	**Mean House Price**	**Affordability ratio (mean)**
Askham	£32,540	£14,655	£302,854	9.3
Bampton	£33,588	£15,144	£332,301	9.9
Barton	£39,995	£18,553	£311,750	7.8
Hutton	£41,263	£19,220	£315,709	7.7
Lowther	£33,446	£14,739	£236,804	7.1
Martindale	£36,795	£17,074	£459,526	12.5
Matterdale	£39,852	£18,349	£467,568	11.7
Mungrisdale	£37,677	£16,837	£338,758	9.0
Patterdale	£29,420	£12,993	£324,464	11.0
Shap (Rural)	£26,545	£20,216	£302,490	11.4
Threlkeld	£30,147	£14,233	£276,280	9.2
Thrimby	£41,825	£22,077	£326,750	7.8
Eden District	£32,674	£14,496	£217,587	6.7

(Lower quartile incomes and house price data is not available. Mean incomes and price data is typically significantly in excess of median data).

A2.10 This indicates that there is additional pressure in the housing market compared to surrounding areas. We also know that house prices are significantly higher within

the park boundary than outside and there is a far higher amount of second homes. Given the desirability of the park as a place to live and visit it is inevitable that market signals will indicate additional pressure compared to surrounding areas. Hence there could be justification to raise our assessment of need on this basis. We could take our district-wide market signal uplift figure of 131 households per year and apply our proportional households ratio to arrive at a figure of 9 households or **10 dwellings per year**. However, this would have to be balanced against the need to respect the special qualities of the park.

Job growth

A2.11 Our district wide total for objectively assessed need is for 200 homes year, based on maintaining sufficient working population to carry out forecast jobs. If we applied our households ratio this would imply 14 households or **15 homes per year** would be required in the park area (271 homes over our 18 year plan period). Whilst this is arguably the objectively assessed need for the Lake District Parishes we would advise that any method which involves providing homes in the Lake District to meet job growth across the whole district is likely to be inappropriate as the vast majority jobs they will serve are highly unlikely to be in the park area.

Affordable housing need

A2.12 We concluded that, provided that 30% of affordable housing was delivered against a total of 200 homes per year there would be a sufficient supply of affordable housing available to meet our identified need across the whole district, and there was no need to raise our OAN figure yet further to increase supply. Our overall need figure identified in our affordable housing supply and demand trajectory (Table 25) was for 3,524 affordable homes. This would imply 242 households as being in need or **14 households or homes per year** as being a need figure for our part of the Lake District. However, approach this is simplistic to the point of not being robust. It also ignores any supply coming forward (EDC does not monitor affordable housing commitments outside its own area). We also do not have access to lower quartile house price data or the proportions of households falling below certain income levels at Parish level. We would therefore conclude that it is not possible to apply the methodology set out in NPPF guidance below district level. It is therefore likely that housing need surveys would be needed to establish true need.

A2.13 EDC does maintain the housing waiting list. At the time of writing total numbers on the waiting list requiring accommodation in the National Park Parishes was as follows:

Askham	2
Bampton	3
Glenridding	8
Pooley Bridge	3
Threlkeld	4
Total	**20**
Minimum beds required	
1	11
2	6
3	3
Total	**20**

A2.14 In conclusion, we would offer the following scenarios as being possible ranges of objectively assessed need for the Parishes of Eden within the national park boundary:

Driver	Dwellings per year
Natural change/zero-net migration	0
Demographic-led	9
Market Signals	10
Job-led	15
Affordable housing-led	n/a

Appendix 3 - Migration trends 2014-2032 (Thousands)

		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18		
		2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**Total**	**Net**
Internal In-Migration	0-15	276	277	279	280	282	284	285	285	285	285	284	283	282	281	279	278	277	276	275	5,057	
	16-64	1,559	1,555	1,553	1,548	1,542	1,535	1,527	1,518	1,510	1,506	1,502	1,503	1,506	1,511	1,514	1,517	1,521	1,523	1,523	27,415	
	65-74	92	93	95	95	96	96	96	96	95	96	96	98	100	102	104	107	109	111	113	1,797	
	75+	87	89	91	93	96	99	102	106	111	115	119	123	127	131	136	140	144	148	153	2,125	
International In-Migration	0-15	17	17	19	17	18	17	17	17	17	17	17	17	17	17	17	17	17	17	17	303	
	16-64	148	147	153	149	150	147	147	147	147	147	147	147	147	147	147	147	147	147	147	2,658	
	65-74	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	37	
	75+	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3	
		166	**166**	**174**	**169**	**170**	**166**	**166**	**166**	**166**	**166**	**166**	**166**	**166**	**166**	**166**	**166**	**166**	**166**	**166**	**3,000**	128
Cross Border In-Migration	0-15	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	553	
	16-64	137	136	136	136	136	136	136	136	136	136	136	136	136	136	136	136	136	136	136	2,447	
	65-74	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	159	
	75+	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	110	
		182	**182**	**182**	**182**	**182**	**182**	**182**	**182**	**182**	**182**	**182**	**182**	**182**	**182**	**182**	**182**	**182**	**182**	**182**	**3,269**	-465
Total In Migration	0-15	324	325	328	328	331	331	332	332	333	332	331	331	330	328	327	326	324	323	322	5,913	
	16-64	1,843	1,839	1,842	1,833	1,828	1,818	1,810	1,801	1,793	1,789	1,785	1,786	1,789	1,794	1,797	1,800	1,804	1,806	1,806	32,520	
	65-74	103	104	105	106	106	107	107	107	106	106	107	108	110	113	115	118	120	122	123	1,993	
	75+	93	95	97	100	103	106	109	112	117	121	125	130	133	138	142	146	150	154	159	2,238	
		2,363	**2,363**	**2,373**	**2,367**	**2,368**	**2,361**	**2,357**	**2,353**	**2,349**	**2,348**	**2,349**	**2,355**	**2,362**	**2,373**	**2,381**	**2,389**	**2,399**	**2,405**	**2,411**	**42,664**	4,242
																					0	
Internal Out Migration	0-15	193	191	189	189	189	189	188	187	186	184	183	182	181	180	179	178	176	175	174	3,299	
	16-64	1,469	1,477	1,472	1,450	1,438	1,425	1,401	1,388	1,373	1,374	1,362	1,362	1,351	1,348	1,338	1,336	1,332	1,322	1,325	24,874	
	65-74	90	91	94	95	97	96	97	96	94	94	93	94	95	97	97	100	102	104	105	1,741	
	75+	77	79	81	83	85	89	92	95	100	105	108	113	116	118	121	124	128	131	132	1,902	
		1,829	**1,838**	**1,836**	**1,818**	**1,809**	**1,799**	**1,778**	**1,767**	**1,753**	**1,757**	**1,747**	**1,750**	**1,742**	**1,743**	**1,735**	**1,737**	**1,738**	**1,733**	**1,737**	**31,816**	
International Out Migration	0-15	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	172	
	16-64	146	146	146	146	146	146	146	146	146	146	146	146	146	146	146	146	146	146	146	2,627	
	65-74	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	62	

		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18		
		2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**Total**	**Net**
	75+	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	10	
		159	**160**	**159**	**160**	**160**	**160**	**160**	**160**	**160**	**160**	**160**	**160**	**160**	**160**	**160**	**160**	**160**	**160**	**160**	**2,872**	
Cross Border Out Migration	0-15	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	492	
	16-64	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	2,943	
	65-74	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	208	
	75+	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	91	
		207	**207**	**207**	**207**	**207**	**207**	**207**	**207**	**207**	**207**	**207**	**207**	**207**	**207**	**207**	**207**	**207**	**207**	**207**	**3,734**	
Total Out Migration	0-15	230	228	226	226	226	226	225	223	222	221	219	219	218	216	216	214	213	212	211	3,963	
	16-64	1,778	1,787	1,781	1,759	1,747	1,735	1,710	1,698	1,683	1,683	1,672	1,671	1,660	1,658	1,648	1,646	1,641	1,632	1,635	30,445	
	65-74	105	106	109	110	112	111	112	111	109	109	108	109	110	112	112	115	117	119	120	2,011	
	75+	83	85	86	89	91	95	98	101	106	111	114	118	122	124	126	129	134	137	138	2,004	
		2,196	**2,205**	**2,202**	**2,185**	**2,176**	**2,166**	**2,145**	**2,134**	**2,120**	**2,124**	**2,114**	**2,117**	**2,109**	**2,110**	**2,102**	**2,104**	**2,105**	**2,100**	**2,104**	38,422	