

# Eden District Council Response to Home Builders Federation Position Statement Objectively Assessed Need for Eden District

August 2016

## **1.0 Eden District Council Policy LS2 – Housing Targets and Distribution, OAN**

- 1.1 Following the Eden Local Plan Examination hearing sessions, which took place on the 19<sup>th</sup> July 2016 the Home Builders Federation (HBF) have provided a Position Statement setting out their comments regarding the Council's OAN.
- 1.2 The Position Statement provided by the HBF covers many of the same points as the Position Statement provided by Barton Willmore on behalf of Story Homes. The Council's responses to Barton Willmore's Position Statement should be read in conjunction to this response.
- 1.3 Much of the Position Statement provided by the HBF reiterates matters which were discussed and agreed during the hearing sessions of 19 July. This report will deal with each issue raised in the HBF's position statement in turn but the Council has not changed its position regarding the matters discussed at the previous stage of hearings.
- 1.4 The HBF criticise the Council's reliance on guidance provided by the planning Advisory Service (PAS). The Council acknowledges that it made considerable use of PAS guidance when producing its SHMA. PAS is a respected organisation which provides planning guidance across the Country. The Council also considers that its approach does not run contrary to the NPPF and PPG.

## **2.0 Assessment of Barton Willmore's calculation of OAN**

- 2.1 The HBF agree with Barton Willmore's calculation of OAN for Eden District, commenting that the same methodology has been used to successfully

identify the OAN at other Local Plan examinations. The PPG makes it clear that there is no one prescribed methodology for identifying OAN<sup>1</sup>. The Inspector reiterated this point at the July hearings. The Council's position is that its OAN methodology remains appropriate.

### **3.0 Household Projections**

- 3.1 The HBF point out that the 2014 projections demonstrate that household formation and migration rates continue to be suppressed as a result of the economic downturn. While the Council agrees that every single set of population projections provided by the CLG since those published in 2008 have shown lower projected population increases and rates of household formation, it questions whether this trend can be dismissed as being a temporary result of the economic downturn alone.
- 3.2 The Council still has concerns that the approach suggested by Barton Willmore and supported by the HBF constitutes too much of a 'return to trend' approach, although the Council does accept the validity of using a 10 year migration trend in assessing its OAN.
- 3.3 The Council was instructed by the Inspector to use the 2014 household projections inclusive of a 10 year migration trend as part of its OAN assessment. Using this trend provides a longer view of demographic trends, smoothing out the effects of the recession and taking into consideration a full economic cycle.
- 3.4 The HBF state that the PPG<sup>2</sup> states that the publication of new household projections does not automatically render OAN assessments out of date. This is not the Council's interpretation. Neither was it the interpretation of the Inspector when he informed the Council that it should use the 2014 household projections as the basis of its assessment. The Council considers that this section of the PPG relates to established housing needs assessments in adopted plans and not assessments which are still being evaluated, produced, or in this case examined.

### **4.0 Household formation rates**

- 4.1 The HBF contend that the 10% uplift applied by the Council to the demographic starting point to address market signals is also applied by the Council to take account of suppressed household formation rates.
- 4.2 The 10% uplift is not a response to suppressed household formation rates. The Council does not directly apply an uplift to the household formation rates in its demographic OAN assessment.

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<sup>1</sup> PPG (ID 2a-014)

<sup>2</sup> PPG ID 2a-016

- 4.3 The HBF consider the 2012 and 2014 household projections to be suppressed as a result of the recession. The Council does not consider that this is necessarily the case and considers that the projections are equally likely to be representative of a new trend. Notwithstanding this the Council has applied a 10 year migration trend to the figures as instructed by the Inspector. No further uplifts have been applied.
- 4.4 It is also worth noting that in their Position Statement Barton Willmore also point out that the uplift generated by their proposed changes to household Formation Rates only generated an additional 9 dpa. As Barton Willmore do not appear to have recalculated their uplifts to take account of their new demographic OAN starting point, which is based on the 2014 household projections it is not possible to see what this uplift would be if applied to the 88 dwelling per annum starting point. However we can safely assume it would lead to a lower figure than previously arrived at when Barton Willmore uplifted the 2012 household projections. As discussed in the Council's response to Barton Willmore's Position Statement, and as agreed by Barton Willmore in that same statement, the demographic OAN assessments provided by all parties fall short of the ambitious figure of 200 dpa proposed by the Council in its OAN.

## **5.0 Migration**

- 5.1 The HBF state that the Council's adjustment for migration suppression is included within its 10% 'market signals' uplift. This is not the case. The 10% uplift is intended to deal with market signals.
- 5.2 The HBF support the use of a 10 year migration trend in assessing the demographic OAN.
- 5.3 At the July hearings the Inspector instructed the council to apply a 10 year migration trend to the CLG 2014 household projections. This work was carried out for Eden District Council by Cumbria County Council. The figure provided by County Council indicates that the demographic OAN should be 111 dpa.

## **6.0 Economic signals**

- 6.1 Again, similarly to the Position Statement supplied by Barton Willmore, the HBF point out that the job grow figures provided by the Council were considered to be appropriate by the Inspector. The Council is keen to point out that its understanding was that the Inspector considered the methodology used by the Council to be appropriate once the net commuting figure had been removed from the calculation. The Inspector has indicated that as long as the Council can justify its methodology then the final OAN figure is for the Council to determine. The Council considers that having made the changes suggested by the Inspector that its methodology is sound.

- 6.2 The Council also wishes to point out that the figure of 135 jobs per annum being referred to by both Barton Willmore and the HBF, while it is derived from the Council's own methodology, is not a number proposed by the Council in its SHMA, neither is 135 used in any job calculations in the SHMA. Furthermore the Council questions why Barton Willmore's figure of 66 jobs per annum has been discarded?
- 6.3 The HBF support Barton Willmore's jobs led POPGROUP model and consider it to be more robust than the Council's. They opine that it is widely recognised, used, and respected.
- 6.4 The Council does not contend this point but wishes to point out that as stated previously by the Inspector and supported in the PPG, there is no prescribed methodology for determining OAN. The Council is not obligated to use the methodology proposed by Barton Willmore.
- 6.5 The HBF point out that other Council's, including Carlisle and Cumbria County Council have used a jobs led POPGROUP model.
- 6.6 It is the Council's understanding that Cumbria County Council and Experian are no longer advising the production of employment-led scenarios from POPGROUP utilising the output from their Experian employment model because of the potential for circularity. While the Council do not claim expertise in POPGROUP it is considered that this development supports the criticism of a jobs led POPGROUP model that are set out in the SHMA<sup>3</sup> and which were raised at the July hearings. The Council's view on this matter is based on ongoing discussion with Cumbria County Council officers responsible for working with POPGROUP.
- 6.7 The HBF points out that the Council admits that its methodology has limitations. This is the case and is discussed in the SHMA<sup>4</sup>. The Council does wish to state that while it does recognise potential weaknesses in its methodology, this is considered to be a necessary part of the Council's own assessment of its methodology and that as discussed above no one method for determining an OAN can lay claim to being the definitive model. Furthermore both the HBF and Barton Willmore have indicated that they wish to use the Council's jobs per annum figure as opposed to their own. The Council questions the logic behind the willingness to use figures derived from the Council's methodology while simultaneously making the argument that it is flawed.
- 6.8 The Council's position remains that its SHMA methodology is sound subject to the changes that were suggested by the Inspector at the end of the July hearings. In the case of the jobs based assessment the Inspector suggested that the Council remove the net commuting figure from its OAN calculation.

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<sup>3</sup> SHMA Taking Stock – Parts 1-4, p.55

<sup>4</sup> SHMA Taking Stock – Parts 1-4, p.70

## **7.0 Market signals**

- 7.1 The HBF are of the opinion that an uplift to take account of market signals is justified. This opinion is shared by the Council. The difference of opinion is in what level of uplift should be applied. The HBF consider that a figure of up to 25% could be warranted. The Council makes use of a 10% uplift. At the time the SHMA was produced the 10% figure suggested in PAS guidance was the only suggested figure available, the decision to apply the uplift is discussed in paragraph 4.50 of the SHMA<sup>56</sup>.
- 7.2 This matter was discussed at the July hearings and the Council was instructed by the Inspector to apply the 10% uplift later in its methodology. The Inspector did not suggest that a higher percentage uplift should be applied.

## **8.0 Conclusion**

- 8.1 The HBF conclude that they support the OAN assessment made by Barton Willmore.
- 8.2 The Council considers the Position Statement of Barton Willmore separately. In brief the Council considers that it has complied with the Inspector's suggestions from the July hearings regarding the recalculation of its demographic OAN assessment and changes to its jobs based OAN assessment. It is therefore still the Council's view that its OAN methodology is sound.

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<sup>5</sup> SHMA Taking Stock – parts 1-4, p.30

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