

## **Welbeck Strategic Land LLP**

### **EXAMINATION OF SOUTH GLOUCESTERSHIRE CORE STRATEGY**

#### **MATTERS 7 & 8 - HOUSING TARGETS NOTE TO THE INSPECTOR**

17 July 2012



## Introduction

- 1 **This note is a response to the Council's Note to the Inspector (Matter 8 and Chelmer Note, EiP reference CE7)<sup>1</sup>, which in turn responded to earlier evidence from Barton Wilmore and also referred to an earlier briefing note from Roger Tym & Partners (RTP) (reference RE12). Its main purpose is to clarify the conclusions and policy implications of that briefing note. We do this in the next section below.**
- 2 **In the following section, we comment briefly on the Inspector's Preliminary Conclusions on the BANES and North East Somerset Core Strategy, which were published a few days ago. That document has important implications for RTP's analysis.**

## The RTP briefing note (RE12): clarification

### *The key point*

- 3 **In its Note to the Inspector and at the recent Matter 27 hearing, the Council suggested that RTP assessed housing demand or need over the Core Strategy period (2006-27) as 25,000 new homes. This is not the case.**
- 4 Rather, the assessment in RTP's briefing note (RE12) concludes that:
  - Demand for housing in South Gloucestershire over the period will be considerably above 25,000 new homes.
  - The Core Strategy should provide for housing growth as far above 25,000 as sustainable capacity allows, up to 42,000 new homes or more.
- 5 Below, we show the reasoning that led us to this conclusion, in a sequence of numbered steps.

### *Analysis*

- i First we translated the 2010-based ONS population projections into households, aiming to simulate the forthcoming CLG household projections. The result shows 1,200 net new households per annum, equal to 25,200 net new households over the 21-year plan period.
- ii Then we consider what this figure tells us about the demand or need for housing. As noted in ONS documents and elsewhere, demographic projections do not tell us what will happen to population or households in the future. Rather, they tell us what *would* happen in the future if recent trends continued; that is, if the factors that drive population and household change were the same in the future as in the recent past.
- iii Accordingly, it is generally considered (including by the NPPF) that projections provide an indication of future housing demand or need (we use these two terms

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<sup>1</sup> Note for Inspector: The Council's response to Barton Wilmore's (ID 3557665) approach to determining the Housing Requirement for South Gloucestershire EiP

interchangeably, as the NPPF does). But they provide only an approximate or first-draft indication, for at least two reasons.

- iv The first reason is that projections are technically imperfect and subject to wide margins of uncertainty. This is also emphasised in ONS and similar publications. It explains why the ONS, like other demographers, often changes its mind between successive statistical releases.
- v Because projections are imperfect, we should interpret them cautiously. It may be that the ONS's latest release is accurate, and hence the correct number is 25,000 net new households. Alternatively it may be that the ONS was right on previous occasions, and hence the correct number is 32,000 new households, as implied by the 2008-based projections. Or the correct number may be somewhere between the two.
- vi In our analysis we use the more recent projections, because the ONS tells us that they result from an improved method of measuring migration. But we bear in mind that a long series of earlier releases implied numbers around 32,000. Therefore we consider that the 2010-based estimates are a minimum; the risk is on the upside.
- vii There is a second, and important, reason why the projections are only a first-draft indication of future demand. It is that at least one of the factors that drive demand will be very different in the future from what it was in the past. That factor is planned land supply in the rest of the West of England. Neighbouring local planning authorities plan to provide less supply capacity, in relation to demand, than they have done in the past. We know this from the comparison between household projections and Core Strategy targets which was provided in the RTP briefing note (RE12) and is reproduced at the end of this note.
- viii The comparison shows that, according to approved and emerging development plans, the authorities in the rest of the West of England (WoE) will underprovide *their* projected demand (as estimated from the 2010-based projections) by 800 homes a year, i.e. 16,800 homes over the 21-year plan period.
- ix As the housing market adjusts to this supply deficit, some households will decide to look for a new home in South Gloucestershire instead of neighbouring districts. Others will be undecided as to which district they want to live in, but may be swayed by market signals (better availability or lower prices) to opt for South Gloucestershire. Others may still prefer to live, in, say, Bristol City, but may reluctantly move to South Gloucestershire if they have to.
- x In technical language, that is to say that part of the supply deficit (excess demand) in the rest of the WoE will be translated into additional demand in South Gloucestershire; part will be footloose demand, not tied to any particular district; and at the limit part may be unmet demand, where frustrated people choose not to form a new household at all. These different components of demand are not readily measurable and the boundaries between them are blurred.
- xi In terms of planning policy, this does not matter, because it does not matter how the excess demand (supply deficit) is distributed between the different components. The NPPF requires local planning authorities that have sustainable capacity to meet both

their own demand for housing and excess demand 'exported' from neighbouring authorities whose capacity is constrained.

**xii We conclude that, if the 2010-based ONS projections are correct, South Gloucestershire should provide for the 25,200 new homes implied by the projection, plus as much of the 16,800 rest-of-WoE deficit as it can sustainably accommodate. This would make up to 42,000 net new homes in total.**

**xiii The above numbers are minimum numbers, because we cannot be certain that the 2010-based projections are correct. If earlier projections are correct, or more nearly correct, then demand will be higher across the WoE, and provision should accordingly be higher.**

### Conclusion

6 South Gloucestershire Council until recently chose to take no account of the ONS/CLG projections in setting its housing target. Now that there are new projections, showing less growth, the Council has gone to the other extreme. In an over-literal interpretation, it translates the projection for South Gloucestershire directly into a housing target, without regard to its limitations and the wider sub-regional context.

7 In contrast, RTP's own analysis, which uses the ONS/CLG projections but is not slave to them, concludes that the housing target should be considerably above the projected household growth.

8 **To sum up, RTP's briefing note (RE12) estimated that the latest ONS population projections for South Gloucestershire implied household growth of some 25,000 over the plan period. The document did not say, and did not imply, that the demand for housing in the District would be 25,000 or the Core Strategy housing target should be 25,000. RTP's analysis shows that demand is likely to be, and the target should be, considerably higher.**

### The Inspector's Preliminary Conclusions on BANES

9 The RTP briefing note (RE12) summarised above was produced some time before the Inspector's Preliminary Conclusions on the Bath and North East Somerset Core Strategy<sup>2</sup>. One of these preliminary conclusions bear directly on the analysis in the briefing note.

10 The BANES Inspector, referring to the NPPF, agrees with RE12 that Core Strategy housing targets should be based on a sub-regional assessment of demand and need. Thus, parts of the document read:

*'There are 5 critical problems with the Council's methodology. Firstly, it is primarily an assessment for Bath and NES only, rather than a SHMA for the HMA.'*

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<sup>2</sup> Bath and North East Somerset Core Strategy Examination, Inspector's Preliminary Conclusions on Strategic Matters and Way Forward – June 2012 (ID/28)

*'CLG 2008 (ONS) based household projections... indicate... 16,000 new households for the district by 2026... A number of participants put forward alternative housing requirements based on these or related household projections. These were generally in the range of 14,000–16,000 if calculated for the district in isolation, but considerably more if based on an assumed proportion of growth in the West of England sub-region. These alternative scenarios do not equate to a SHMA as required by NPPF [paragraph] 159 and are insufficient for me to conclude what the housing requirement should be.'*

*In the absence of a SHMA based on the HMA, there is no up-to-date and NPPF compliant evidence to indicate housing needs of the wider area and whether there may be needs from Bristol that should be accommodated, in part at least, within this district. A cross-border SHMA and the subsequent determination of the optimum spatial distribution of any such future needs around Bristol requires joint working between all the relevant authorities. This is what is intended to occur as part of the review envisaged in the Bristol and North Somerset Core Strategies. This leaves the evidence base for the Bath and NES Core Strategy in limbo. I recognise that the Council cannot undertake this task alone and those Council's with adopted Core Strategies may be in no rush to undertake the necessary joint work. But given the shortcomings in the Council's methodology there is currently an inadequate basis on which to allow this Plan to move forward...'*

- 11 In short, the BANES Inspector considers that NPPF-compliant housing targets for the district must be based on a sub-regional view of demand or need. In our submission, the same is true of South Gloucestershire's housing targets.**

**Housing demand and supply in the HMA, 2006-26**  
2006-26, thousands

Local authority	Housing provision targets		2008-based household projections		2010-based household projections	
	Source	Net new units	Net new households	Over (under)supply	Net new households	Over (under)supply
Bath and North East Somerset	Schedule of Rolling Changes to the Draft CS, February 2012	11.5	16.0	-4.5	7.8	3.7
Bristol City - maximum	Adopted CS, June 2011. The CS also shows a minimum target - 26,400	30.6	72.0	-41.4	38.3	-7.7
North Somerset - minimum	Adopted CS, April 2012	14.0	36.0	-22.0	26.3	-12.3
<b>Sub-total</b>		<b>56.1</b>	<b>124.0</b>	<b>-67.9</b>	<b>72.4</b>	<b>-16.3</b>
South Gloucestershire	Post-Submission Core Strategy, December 2011	25.1	32.0	-6.9	24.2	0.9

**Per year, thousands**

Local authority	Housing provision targets		2008-based household projections		2010-based household projections	
	Source	Net new units	Net new households	Over (under)supply	Net new households	Over (under)supply
Bath and North East Somerset	Schedule of Rolling Changes to the Draft CS, February 2012	0.6	0.8	-0.2	0.4	0.2
Bristol City - maximum	Adopted CS, June 2011. The CS also shows a minimum target - 26,400	1.5	3.6	-2.1	1.9	-0.4
North Somerset - minimum	Adopted CS, April 2012	0.7	1.8	-1.1	1.3	-0.6
<b>Sub-total</b>		<b>2.8</b>	<b>6.2</b>	<b>-3.4</b>	<b>3.6</b>	<b>-0.8</b>
South Gloucestershire	Post-Submission Core Strategy, December 2011	1.3	1.6	-0.3	1.2	0.0

Source: RTP briefing note (RE12). Targets shown for Bath and North East Somerset (BANES) pre-date the EiP Inspector's preliminary Conclusions (June 2012).