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Dear Mr Crysell

South Gloucestershire Core Strategy: Latest Household Projects and Intentions to Revoke the Draft South West RS

On behalf of our client Redrow Homes South West, we set out below comments in respect of the recently published statement by the Local Government Secretary Eric Pickles on 27 March 2013 that the South West Regional Strategy is to be revoked and CLG Interim Household Projections 2011-2021.

By way of background, Redrow Homes is one of the UK's leading residential property developers, operating nationally with 8 divisions that span both England and Wales. The South West division of Redrow Homes which comprises one of the development partners for the Cribbs/Patchway new neighbourhood is the largest division in Redrow Homes.

The Draft Regional Spatial Strategy for the South West

On 27 March 2013 Local Government Secretary Eric Pickles announced that the South West Regional Strategy (RS) would be revoked. In order to revoke the Regional Strategy, an Order needs to be laid in Parliament.

We consider that the revocation of the Regional Strategy would make no discernable impact on the appropriate weight that should be afforded to the technical evidence base that supports the draft RS, albeit we acknowledge that this information is becoming increasingly dated.

CLG Interim 2011 Based Household Projections

CLG published its interim 2011-based household projections on 9 April 2011. They draw upon the interim population projections which were published by the ONS in September 2012.



Whilst ONS and CLG projections usually project forwards over a 25 year horizon, the interim projections only consider a 10 year period to 2021. This constrains their value for long term strategic planning purposes and raises questions about population and household change after 2021 – something that is of obvious relevance to South Gloucestershire given that the Plan period extends to 2027.

The ONS population projections and CLG household projections are trend based and simply identify the change in the population and number of households that would be expected in the event that the levels of change (i.e. birth and death rate, number of migrants, household formation rate and number of people not living in households) that have been experienced over the past 5 years were to continue in the future. They therefore do not take any account of the impact of future government or local policies, changing economic conditions or other factors that might have an impact upon demographic behaviour or household consumption.

There can never be any assurance that history will repeat itself in the future, and this is particularly the case when the projections effectively roll forward the demographic and housing conditions that were experienced during a time of recession, when financial pressures resulted in an increase in the number of concealed households. In so doing, they fail to take any account of the implications of economic growth in terms of household formation and contradict evidence showing that those in concealed households will seek to realise their housing ambitions as the economy recovers and the housing supply situation improves. This is likely to result in household formation and the demand for housing playing catch-up – something that is not reflected in the projections and which means that they may serve to underestimate the true level of household change to 2021.

In considering the implications of the interim household projections upon the South Gloucestershire Core Strategy, it is useful to consider two separate time periods: the period to 2021 that is considered by the projections and the period after 2021 that is beyond the scope of the projections.

2011 to 2021

The interim household projections indicate that the number of households in South Gloucestershire will increase by 11.3% from 107,803 to 120,029 between 2011 and 2021. This compares to a 16.3% increase from 111,800 to 130,000 that was previously projected by the 2008-based household projections.

As set out above, this substantially lower level of projected growth results from the rolling forward of past trends which were skewed by economic context and:

- i a huge undersupply of new homes;
- ii asking prices remaining out of reach for first time buyers; and,
- iii restricted mortgage finance, putting the brakes on the market, resulting in an increased number of concealed households and a greater level of overcrowding.

This trend is illustrated particularly clearly by the fact that the projections anticipate a 27% increase in the number of households that comprise non-relating adults sharing, compared to a 5% increase in the number of households occupied by couples and families. Crucially, the slowdown in household formation is greatest amongst those aged 15-44 (i.e. first time buyers). The number of



households in South Gloucestershire that are led by someone within this age cohort is projected to increase by 5.7%, compared to a 23.4% increase in the number of households that are led by people aged 65 and over. Whilst this difference can partly be attributed to the aging population, the rolling forward of past household formation trends is also a key factor.

When considering housing requirements going forward, the issue is whether the trends that have been assumed by the projections to continue will indeed be maintained or whether economic changes will encourage an improvement in economic conditions – and an increase in household composition – before 2021. We do not consider the use of trend based projections at a time of economic instability to be appropriate as we are concerned that the projections fail to identify the number of households that are likely to be established over the next 8 years. Using this evidence to inform the future dwelling requirement would serve to under provide for housing in South Gloucestershire.

After 2021

As the household projections only consider the period to 2021, the Quality Report that accompanies the latest projections states that those users interested in understanding household growth and housing requirements during the period after 2021 should “make an assessment of whether the household formation rates in that area are likely to continue”. There is clear evidence in respect of economic forecasting and relating to housing consumption in times of economic recovery that they will not.

In considering the housing requirement for South Gloucestershire to 2027, it would therefore not be appropriate to blindly apply household projections across their Local Plan period. Instead, regard should be given to the likely acceleration of household formation to a rate that effectively reflects the resumption of longer term trends.

In order to be found sound, it is important that the emerging South Gloucestershire Core Strategy accords with the key NPPF requirements for an objective assessment of housing need and to “boost significantly” the supply of housing. The projections can help to inform an understanding of the objectively assessed need but do not offer a complete answer in themselves. Indeed, taken at face value, they do seem to run counter to these objectives and create a risk of perpetuating housing shortages at just the time when supply needs to be boosted.

Rolling the interim household projections forward to 2027, and incorporating an adjustment for vacancies and second homes would imply a requirement for 7,600 dwellings between 2021 and 2027. However, based on our assumption that there will be a resumption of longer term household formation trends, we estimate that the dwelling requirement over this later part of the Plan period should in the region of 8,700 units – an uplift of 15%.

Implications for the South Gloucestershire Core Strategy

The NPPF requires Local Authorities to undertake an objective assessment of housing need and to “boost significantly” the supply of housing. For the reasons that we have identified, we are concerned that application of the interim household projections to inform the housing requirement



figure for South Gloucestershire would fail to comply with either of these policy tests and would render the Core Strategy unsound.

The implication of failing to provide sufficient housing to meet the anticipated future need in South Gloucestershire would be felt across the wider area as it would displace demand to adjoining authorities. This would raise potential issues under the duty to cooperate and evidence would need to be presented to the Inspector to demonstrate that adjoining authorities are willing and able to make up and shortfall in provision. It does not appear that any such information has been made available. In the context of the forthcoming formal abolition of the Regional Strategy, consideration of the cross-boundary implications of specific housing requirements should form a particularly important element of the Plan making process. Whilst ensuring that adequate provision is made for housing within South Gloucestershire will not negate the need for this matter to be addressed, it will reduce some of the complexities that are associated with the cross boundary displacement of housing requirements.

Taking account of the housing requirement for the first part of the Plan period (2006-2011), the housing requirement that is derived from the interim household projections and our identified figure for the final 6 years, equates to an overall dwelling requirement for 28,500 units between 2006 and 2027. This is broadly in line with the figure that has proposed by the Inspector.


The dwelling requirement figure associated with the 2008-based household projections (34,750) was substantially higher than the Inspector's suggested figure (28,355) whilst the revised requirement figure that NLP has identified on the basis of the interim projections is consistent with the Inspector's recommendation. In this context, the interim household projections cannot be seen to provide any justification for a reduction in the identified housing figure for South Gloucestershire. Rather, they add weight to the Inspector's preliminary conclusion.

However, for the reasons set out above, we are concerned that the application of the interim household projections to inform the South Gloucestershire dwelling requirement would serve to under provide on the basis that it would assume that recent (constrained) levels of household formation will be maintained in the future.

For this reason, we consider that an additional allowance should be made to likelihood of additional future demand. Accordingly, we believe that the housing requirement figure that has been suggested by the Inspector in his Draft Modifications should be treated as an absolute minimum.

We trust the above comments will be considered thoroughly in advancing the emerging Core Strategy forward.

Yours Sincerely


Cem Kosaner
Associate Director
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Keith Annis – Redrow Homes South West