

Strategic Housing Requirement Review

Contents

1. **Background**
2. **National Planning Guidance**
3. **Evidence published since the adoption of the Local Plan; Core Strategy**
4. **Recommended Strategic Housing Requirement**
5. **Addressing the shortfall**
6. **Duty to cooperate and cross boundary implications**
7. **Market Signals**
8. **Conclusions**

1. **Background**

- 1.1 Prior to the adoption of the Local Plan: Core Strategy, the borough council's strategic housing requirement was set by the Regional Spatial Strategy (RSS) at 380 additional dwellings each year until 2026.
- 1.2 The 2008 SHMA identified a requirement of 402 dwellings per annum, based on market housing demand, household growth and past trends, of which up to 40%, or around 130 per year should be affordable.
- 1.3 In 2011 consultants were commissioned to develop annual housing requirements based on a selection of different policy scenarios; including housing-led; employment-led and migration-led. Of these, three were considered to be realistic policy options and provide a range of between 330 and 388 additional dwellings per annum up until 2031.
- 1.4 The average number of additional dwellings achieved over the period 1992 to 2008 provides a realistic figure of 352 dwellings per annum. This excludes the recent years where the current deep recession severely depressed performance.
- 1.5 The council therefore chose a strategic housing requirement of 380 dwellings each year between 2011 and 2031 as a basis for the Local Plan; Core Strategy. Since 2011 (the base date of the adopted Core Strategy) housing delivery has been significantly lower than expected:

Year	Net Annual Housing Delivery
2011/12	51
2012/13	150
2013/14	148
2014/15	184
2015/16	206

- 1.6 The publication of the Strategic Housing Market Assessment in 2014 provided a more up to date objective assessment of housing needs significantly lower than the adopted target of 380. This change is partly due to national projections indicating that the population is not increasing at the rate previously expected.
- 1.7 Since the publication of the SHMA the ONS has released 2014 based population projections. The SHMA used the 2011 interim data. The new projections are not significantly different, and are very slightly lower than previous forecasts.

	2011 interim	2012 based	2014 based
2014	104594	104073	104378
2021	107189	106100	105910
2031		109153	108804
2033		109655	109308
2036		110351	110022

2. National Planning Guidance on setting a Strategic Housing Requirement

- 2.1 NPPF states that local 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 (para 47 bullet 1)
 - plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community (para 50)
 - prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The SHMA should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which:
 - meets household and population projections, taking account of migration and demographic change
 - addresses the need for all types of housing
 - caters for housing demand and the scale of housing supply necessary to meet this demand
- 2.2 The NPPF also states that a Local Plan can be reviewed in whole or in part to respond flexibly to changing circumstances. (para 153).
- 2.3 National Planning Guidance on Housing and Economic Development Needs Assessments states that:

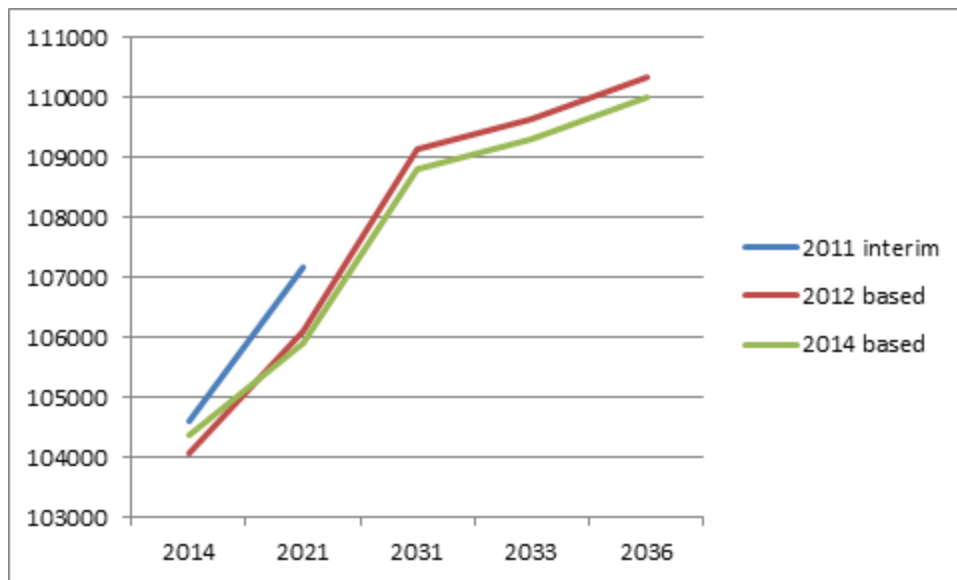
- Assessing development needs should be proportionate and does not require local councils to consider purely hypothetical future scenarios, only future scenarios that could be reasonably expected to occur (Para 3)
- Household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need. (Para 15)
- The household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends. For example, 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. (para 15)
- Wherever possible, local needs assessments should be informed by the latest available information.

3. Evidence published following the adoption of the Local Plan; Core Strategy

2011 Census and National Population and Household Projections

- 3.1 Data from the 2011 Census gives a population at 2011 in the borough of 103,300, with the mid 2014 estimates giving a slightly higher figure of 104,288. This is higher than the figure used in both the 2008 and 2010 ONS projections.
- 3.2 On 29 May 2014 ONS published the 2012-based sub-national population projections. These projections update the 2011-based interim projections published in September 2012 and the 2010-based population projections published in March 2012. Within Yorkshire and the Humber and the East Midlands the 2012-based population projections are below previous projections.
- 3.3 The 2012 based household projections were released in February 2015. The population at 2012 was 102,659, lower than both the Census and previous estimates. The rise in population up to 2017 is projected to be 6%, or around 6,000. The household projection at 2012 was 46,975, expected to rise to 51,812 by 2037. Average household sizes stand at 2.19 in 2012, and are projected to reduce to 2.10 by 2037.
- 3.4 The most recent household projections (2014 based) were published on 25th May 2016. The ONS introduced a more robust methodology for calculating intra-UK migration as part of these, basing migration on existing population rather than fixed numbers.

- 3.5 The 2012-based projections draw on data from the 2011 census, where the 2011-based projections, as used in the SHMA, were based on the 2001 Census. The 2014-based population projections are broadly consistent with the 2012-based projections. They suggest a slightly higher rate of population growth early on, but a lower rate in future years, so that the overall population growth is slightly lower overall.
- 3.6 Figure 1, below, compares the numbers produced by each of the three projections for Chesterfield Borough's total population.



- 3.7 It is important to note that population and household projections are only demographic based and do not take into account important policy-on measures, such as the need to support economic growth and regeneration or address historic housing delivery backlog and existing unmet affordable housing needs.

2014 Strategic Housing Market Assessment

- 3.8 Overall the SHMA identifies an objective assessment of need for housing of between 240-300 homes per annum, with a potentially higher level of housing need of around 345 homes per annum to support employment growth (of around 8%) over the plan period to 2031.

SHMA Sensitivity Testing

- 3.9 The SHMA sensitivity testing also looked at more recent data regarding changes in employment rates and the implications for housing provision. Across the HMA, this modeling indicated that between 1,176 – 1,270 homes per annum would be necessary to support the jobs forecasts. This is lower than that indicated in the SHMA.
- 3.10 The Job Growth Forecasts tested were Jobs Baseline and Residents in Employment. Jobs Baseline is based on the change in the number of jobs and looks at the forecast increase in jobs from 2011 to 2031 using the

Experian data and assumes a 1:1 relationship between the growth in jobs and the number of local residents in employment. This projection essentially does not include any assumptions about commuting patterns. Residents in Employment is based on the number of residents in employment which takes account of commuting patterns (from 2001 Census data) and Experian forecasts of job growth in other areas to which people in sub-region currently commute. It takes account of the accessibility of the HMA and the strong economic interactions between parts of the area and surrounding employment centre's (including Sheffield). It effectively assumes that some housing demand is driven by job creation outside of the HMA.

- 3.11 For Chesterfield, the sensitivity analysis undertaken indicates a need for between 205 – 317 homes per annum based on demographic trends. In terms of the jobs scenarios, Jobs Baseline is 276 (original SHMA was 346), and Residents in Employment is 273 (original SHMA was 343).
- 3.12 The report suggested that whilst there is merit to each of the methodologies developed, using a midpoint between 2008- and 2011-based headship rates (Method C) is probably the most robust – taking account of both suppressed household formation and also the likelihood that some of the change in average household sizes is due to international migration and the growth in BME communities.

SHMA Sensitivity Testing Summary of Projections (Housing Need per annum)

Method	Dwellings per annum
A. Part return to trend	244
B. 2008-based rates post 2021	248
C. Tracking 2011- and 2008-based	244
D. Updated migration	205
E. Updated migration and UPC	317
F. Jobs baseline	276
G. Residents in employment	273

- 3.13 The SHMA and Sensitivity Testing are pointing to a much lower housing requirement than that adopted in the Local plan; Core Strategy. This does need to be considered in light of the councils' growth aspirations, and the direction of travel as set out in the LEP's Growth Plans. It is also important to set a housing requirement that is deliverable, whilst offering flexibility in the market.

- 3.14 As noted above, since the publication of the SHMA the ONS has released 2014 based population projections. The new projections are very slightly lower than previous forecasts, and therefore it is considered that the housing need figures recommended in the SHMA Sensitivity Testing remain robust and appropriate.

Sheffield City Region – Growth Agenda

- 3.15 Although the SHMA is the basis for assessing the borough housing needs, it is important to have regard to the Sheffield City Region Strategic Economic Plan (SEP 2014) ambition to deliver 70,000 additional jobs between now and 2024. To support this level of employment, SCR forecasts indicated that 70,000 new households would be required.

Demographic Forecasts

- 3.16 Edge Analytics were commissioned in 2014 to carry out demographic modelling for the Sheffield City Region (SCR), to support work on the Strategic Economic Plan (SEP). The key aim of the study was to assess how many new homes would be required to support the aspiration of 70,000 new jobs over a 10 year period. The Edge Analytics Phase 2 forecasting (April 2015) presented scenarios for individual SCR districts to inform the assessment of future housing need.
- 3.17 The analysis included:
- The most recent, 2012-based, official sub-national population projection (SNPP) as the starting point for assessing housing need.
 - A ‘net nil’ migration scenario, which provides an indication of the degree to which future demographic growth will be driven by the balance between births and deaths.
 - A ‘dwelling-led’ scenario which assesses the demographic implications of the ‘current planned provision’ housing growth trajectory.
 - Three ‘jobs-led’ scenarios, which assess the demographic implications of aspirational, steady and baseline jobs growth forecasts.
 - ‘Sensitivity’ scenarios which consider the demographic implications of higher economic activity rates.
- 3.18 It is important to note that the aspirational jobs-led scenario reflects the jobs-growth aspiration set out in the SEP. This is a ‘policy-on’ scenario where population growth is linked to the delivery of 70,000 net additional jobs in the period to 2024. The distribution of job numbers underpinning the scenario has been generated by Ekosgen for the Sheffield City Region LEP. For Chesterfield this results in a target of 4,900 net additional jobs during that 10 year period. This represents 9.9% growth in employment. This rate of growth is then assumed to continue to the end of the study period in 2034.
- 3.19 The household growth implications of each scenario have been assessed using assumptions from the latest, 2012-based, household projection model

from the Department for Communities and Local Government (DCLG). Sensitivities have also been run to examine the alternative household growth implications suggested by the previous 2008-based and 2011-based interim DCLG models. The dwelling growth implications of these different household growth trajectories have been assessed through the application of district-specific (2011 Census) vacancy rates.

- 3.20 With the application of the 2012-based household headship rates, average annual dwelling requirements suggested by the scenarios range from +103 (Net Nil) to +626 (Jobs-led Aspirational).
- 3.21 For the three jobs-led scenarios, the application of alternative economic assumptions, which assume that an economic activity rate of 70% (the 2011 Census average for England and Wales) is achieved in the district by 2025 (SENS1), results in reduced population growth. This reflects a larger proportion of jobs being taken up by local residents, which reduces the impact of growth through migration. Raising the 2025 economic activity rate 'target' to 71% (SENS2) results in a further increase in the proportion of jobs taken up by local residents, resulting in a further reduction in population growth. The wide variations in these estimates reflect the sensitivity of the analysis to changes in assumptions about the economic activity rate (EAR).

Scenario	Description	Average Annual Dwelling Requirement	Average Annual Jobs Growth
Jobs-led aspirational	Population growth is linked to the delivery of 70,000 net additional jobs to 2024, as specified in the SCR SEP. Economic activity rates from the 2011 Census are applied, the unemployment rate is incrementally reduced and a fixed 2011 commuting ratio is applied.	626	490
Jobs-led steady	Population growth is linked to each district achieving the rate of jobs growth mid-way between Jobs-led Aspirational and Jobs-led Baseline scenarios. Economic activity rates from the 2011 Census are applied, the unemployment rate is incrementally reduced and a fixed 2011 commuting ratio is applied.	455	292
SNPP-2012	This scenario mirrors the official 2012-based SNPP from the ONS. This is the official benchmark scenario.	209	11
Jobs-led aspirational SENS1	Population growth is linked to the delivery of 70,000 net additional jobs to 2024, as specified in the SCR SEP. 2011 Census average economic activity rates for England and Wales (70%) are achieved by 2025, the unemployment rate is incrementally reduced and a fixed 2011 commuting ratio is applied.	558	490

Jobs-led aspirational SENS2	Population growth is linked to the delivery of 70,000 net additional jobs to 2024, as specified in the SCR SEP. 2011 Census average economic activity rates for England and Wales uplifted by 1 percentage point (71%) are achieved by 2025, the unemployment rate is incrementally reduced and a fixed 2011 commuting ratio is applied.	510	490
Jobs-led baseline	Population growth is linked to a continuation of historical jobs growth trends. Economic activity rates from the 2011 Census are applied, the unemployment rate is incrementally reduced and a fixed 2011 commuting ratio is applied.	283	93
Dwelling-led planned	Population growth is matched to annual dwelling completion targets specified by the individual SCR member authorities.	380	205
Net-nil migration	Net internal migration flows and net international migration counts are set to zero, providing an indication of the degree to which future population growth is driven by natural change.	103	-118
Jobs-led steady SENS1	Population growth is linked to each district achieving the rate of jobs growth mid-way between Jobs-led Aspirational and Jobs-led Baseline scenarios. 2011 Census average economic activity rates for England and Wales (70%) are achieved by 2025, the unemployment rate is incrementally reduced and a fixed 2011 commuting ratio is applied.	391	292
Jobs-led steady SENS2	Population growth is linked to each district achieving the rate of jobs growth mid-way between Jobs-led Aspirational and Jobs-led Baseline scenarios. 2011 Census average economic activity rates for England and Wales uplifted by 1 percentage point (71%) are achieved by 2025, the unemployment rate is incrementally reduced and a fixed 2011 commuting ratio is applied.	346	292
Jobs-led baseline SENS1	Population growth is linked to a continuation of historical jobs growth trends. 2011 Census average economic activity rates for England and Wales (70%) are achieved by 2025, the unemployment rate is incrementally reduced and a fixed 2011 commuting ratio is applied.	223	93
Jobs-led baseline SENS2	Population growth is linked to a continuation of historical jobs growth	182	93

	trends. 2011 Census average economic activity rates for England and Wales uplifted by 1 percentage point (71%) are achieved by 2025, the unemployment rate is incrementally reduced and a fixed 2011 commuting ratio is applied.		
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- 3.22 It is worth noting that the findings from the Edge and Ekosgen studies fed into the FLUTE (Forecast Land Use and Transport Economy) Report 2015. FLUTE is a modeling tool, the primary purpose being to understand where the new employment and households could go (spatially and by sector) and the impacts that could have on existing transport infrastructure. The final Flute Report (October 2015) suggested that Chesterfield has a moderate employment growth forecast of 13% (6104) up to 2024, and housing growth of 3525 new households (7%) up to 2024. Further work is being undertaken to understand the implications and use of the Flute Model.

D2N2 Growth Agenda

- 3.23 The D2N2 Growth Plan has a target of 55,000 additional private sector jobs by 2023, and 77,000 new homes by 2021. There are currently no detailed projections or indications of spatial distribution of growth.

4.0 Recommended Strategic Housing Requirement

- 4.1 The council is of the view that the SHMA Sensitivity Testing scenario C is the most appropriate to use when considering a revised housing requirement. This gives a housing requirement of 244 per annum. This is the scenario recommended by the SHMA Sensitivity report as the most robust (para 2.37).
- 4.2 It is recommended that the revised Strategic Housing Requirement is set at 244 dwellings per annum in line with the SHMA Sensitivity Method C. This is considered the most appropriate as it takes account of suppressed household formation.
- 4.3 The council wishes to pursue a growth agenda and contribute to the LEP job creation aspirations. However, if the market doesn't recover (the SHMA indicates that the market is flat, and expect levels of housing transactions to improve gradually, returning to pre-2007 levels only from 2016-18 onwards), the more aspirational growth targets could make it more difficult to maintain a 5 year supply of deliverable sites in the short to medium term. The lack of a 5 year supply could increase the risk of applications for housing being approved at appeal on unallocated sites.
- 4.4 The SHMA Jobs Baseline from Sensitivity Testing along with the SCR Jobs-led Steady are considered to provide the most appropriate data to inform an aspirational target to use for the review of the Strategic Housing Requirement.

5.0 Addressing the shortfall

- 5.1 The Local Plan; Core Strategy figure of 380 dwellings per annum has not been met since adoption, and there is therefore a shortfall.
- 5.2 The SHMA is considered to be the most recent objective assessment of housing needs, and has a base date of 2011, as does the Core Strategy. It is therefore appropriate to view the shortfall in terms of the SHMA based annual requirement of 244 dwellings per annum.

Net Annual Housing Delivery (no dwls)		Annual Delivery Shortfall against 244 dwls per annum	
2011/12	51	2011.12	193
2012/13	150	2012/13	94
2013/14	148	2013/14	96
2014/15	184	2014/15	60
2015/16	206	2015/16	38
Cumulative	729	Cumulative	481

- 5.3 The shortfall of 481 should be added to the SHMA total requirement.

6.0 Duty to cooperate and cross boundary implications

Implications across the HMA

- 6.1 In order to comply with the Duty to Cooperate and ensure that objectively assessed needs are met across the HMA, it is necessary to examine the implications across the HMA of a new housing requirement for Chesterfield. Bassetlaw is the only other authority within the HMA to have an up to date adopted plan with a housing requirement. The proposed housing target of 244 dwellings per annum meets the objectively assessed need identified in the SHMA and is therefore fulfilling the borough's obligations across the wider HMA area. The proposed strategic housing requirement has been discussed at officer level at the HMA Local Plan Liaison Meetings.
- 6.2 Although not in the HMA, the council has received an email from Derbyshire Dales District Council regarding the likelihood of their authority not being able to meet its' own objectively assessed needs and the potential for requests to neighbouring areas including Chesterfield to help meet this need. This general request has not been justified by any evidence as to either the reasons why Derbyshire Dales cannot meet their own needs, or the exact quantum of their housing need they expect Chesterfield borough to accommodate on an annual basis. Discussions at officer level are ongoing.

7.0 Market Signals

- 7.1 The SHMA took market signals and housing market dynamics into account and is in that regard compliant with national planning guidance. However, it is important that the development industry is consulted on the preferred housing

requirement scenario. Developers and housing stakeholders will be consulted on the draft Local Plan.

8.0 Conclusions

- 8.1 The evidence published since the adoption of the LPCS indicates that the housing requirement based on objectively assessed need is much lower than the current figure of 380 dwellings per annum. The SHMA is considered to be the most recent assessment of need, with the most robust scenario in the sensitivity testing providing a figure of 244 dwellings per annum.
- 8.2 It is proposed that the shortfall (based on the SHMA) between 2011-14 of 481 is added. This gives an annual figure of 272 dwellings. The council's approach to resolving the shortfall is set out in the 5 year housing supply position statement.
- 8.3 The council wishes to pursue a growth agenda and contribute to the LEP job creation aspirations, and therefore consider the SHMA Jobs Baseline from Sensitivity Testing along with the SCR Jobs-led Steady to provide the most appropriate data to inform an aspirational target to use for the review of the Strategic Housing Requirement.