Stratford-on-Avon District Council Core Strategy
2011-2031 Examination - Matters Statement

Representor: CALA Homes [1151-1]
Date: 11 December 2015

Matter: A. Housing Need

1.0 1) Is there a need for consistency in terms of the figures of 14,480, 14,485 and 14,486 [Table 4.5 and Annex B, ED.13.5] that are evident in the proposed modifications and the ERM/GL Hearn work?

1.1 It would improve the clarity of Policy CS.16 and its supporting text if a consistent figure was referenced throughout.

2.0 2) The Planning Practice Guidance says “The 2012-2037 Household Projections were published on 27 February 2015, and are the most up-to-date estimate of future household growth” [2a-016-20150227]. In that context why is it appropriate to look behind those figures and make an adjustment for household formation rates?

2.1 The household projections, as recognised by the PPG (ID: 2a-017), are statistically robust and based on nationally consistent assumptions. Whilst in specific local cases it may be appropriate to look behind these figures to adjust household formation rates, with the PPG setting out some examples (for example in ID: 2a-015 and PPG ID: 2a-017), any such adjustments would need to be: “clearly explained and justified on the basis of established sources of robust evidence” (PPG ID: 2a-017).

3.0 3) In the context of the above, to what extent are the economic led projections in the SHMA Update still relevant or have they now been superseded? Note: see amongst other things the assumption in paragraph 3.19 of ED.4.3.1.

3.1 The main difference between the economic-led projections in the SHMA Update and within the Review of OAN (as summarised in Table B8 of ED. 13.5) appears to be the application of the new household formation rates drawn from the CLG 2012-based projections which post-date the SHMA Update. The PPG indicates (ID: 2a-016) that “wherever possible, local needs assessments should be informed by the latest available information”. In this context the projections in the SHMA Update are likely to have been superseded by the figures in the Review.
4.0 4) Is the jobs growth figure of 12,100 robust or are there new economic forecasts that, notwithstanding my interim conclusions, suggest it should be re-visited?

4.1 Econometric forecasts from different forecasting houses have an in-built degree of volatility and can vary across both forecaster and release versions. This is highlighted in Stratford-on-Avon by the range of forecasts available for the district which range from 9,500 jobs to 17,500 jobs (see Table C2 of ED.13.5). For the purposes of OAN the use of econometric forecasts is to provide an estimate of “likely change in job numbers” (PPG ID:2a-018) with 12,100 continuing to represent a reasonable figure of likely change in job growth (excluding any policy-led interventions such as at Jaguar Land Rover at Gaydon).

5.0 5) Are ERM correct in asserting that a significant proportion of these jobs will be low paid, part-time and in lower skilled sectors, and if so, are there any implications for the Plan, for example in terms of the location of housing?

5.1 Stratford-on-Avon does have an existing employment base where some of the main sectors are associated with relatively lower paid jobs (see for example ED.15.3.4 para 2.6). In particular Stratford-upon-Avon has a strong tourism sector with many jobs in retail, accommodation and food services. Where there are low paid jobs expected to be created, it is important that such locations are adequately supported with affordable housing options in accessible locations, to ensure those sectors can access the right labour force to support their businesses. This is reflected in the analysis contained within ED.15.3.4 which illustrates the importance of a spatial strategy which provides housing in locations accessible to Stratford-upon-Avon as the main employment location within the District. CALA Homes considers the spatial strategy including the new settlement option at Long Marston Airfield does respond to the locational aspects of housing needs and responds to the guidance in PPG ID: 2a-018 which sets out “plan makers will need to consider how the location of new housing or infrastructure development could help address problems” with access to labour force.

6.0 6) Can the basis for the employment rates [Table B5, ED.13.5] be adequately discerned and are they justified?

6.1 Table B5 sets out the employment rates – and it is explicit what figures have been utilised for the modelling, which is helpful. However, it is not immediately clear on what basis the rates have been derived. In advance of the LPA explaining its approach at the Examination or in its written submission, we defer any view as to whether the rates are justified.
7.0 Alternatively are the employment rates assumed for different age groups too optimistic and, taken with the effect of an ageing labour force, does this point to the need for a higher OAN in order to provide for the anticipated growth in jobs?

7.1 If the employment rates are too optimistic, it does not automatically follow that it results in a higher OAN. The PPG in ID: 2a-018 sets out how the anticipated growth in jobs should be reflected in assessments of housing need. Whilst it is important for the internal consistency of a plan that it achieves a broad alignment, the PPG does not advocate that OAN is always directly derived from likely job change, it is one of a number of factors that may indicate an uplift to OAN over and above the demographic starting point, and provide an indication of the reasonable scale of such uplift.

8.0 Is the Council correct to say that because the figure of 724 homes per annum: “...represents a significant uplift from the demographic base, it incorporates housing that can contribute to meeting unmet needs from outside of the District” [source: ED.12.5, page 11]? Note: i) This answer should focus on the Coventry HMA as Regeneris say that the Birmingham situation is a “separate question”; ii) see, amongst other documents, ED.13.10 [section 4.1] and ED.13.10a.

8.1 Whilst there is a logic to the Council’s proposition, as the purpose of the uplift to align with economic growth is to provide homes for additional workers to move into the District who may well come from elsewhere in the Housing Market Area, CALA Homes consider any contribution to the wider housing needs of the HMA from 724dpa is likely to be very modest.

9.0 a) Are Cerda correct to claim that the housing requirement is inappropriate because it does not account for the: “...inevitable increase” in the OAN arising from Birmingham? b) Has a memorandum of understanding been agreed with Birmingham, anticipated in section 4.2 of ED.13.10? Note: i) If not Birmingham’s response at 7388-1 might be relevant; ii) this discussion is without prejudice to the proposed reserve sites/early review approach [Policies CS.16D and CS.xx].

9.1 The response of Birmingham City Council at 7388-1 appears to equate the CLG Household Projections with full OAN. It suggests that as Stratford-on-Avon are delivering more than the bare projections, then they are implicitly meeting unmet OAN from elsewhere. We do not consider it to be the case that full OAN must ‘sum-to-zero’ with the migration within the population and household projections. Indeed, the 2012-SNPP at a national level are some way below what has actually occurred up to 2014, due to wholesale under-projection of net-international migration (a potential source of in-migration for
the economic uplift). In that context CALA Homes do not consider that SoADC’s housing requirement makes any contribution, explicitly or implicitly to meeting Birmingham’s unmet needs. Whilst an increase in Stratford-on-Avon’s housing requirement due to unmet needs from Birmingham is likely in the future, CALA consider the current housing requirement would meet Stratford-on-Avon Districts own OAN and is therefore sufficient at the current juncture. In the circumstances of Stratford–on-Avon, and given the significant allocations now proposed, the reserve sites on top of OAN/early review approach provides an appropriate mechanism for dealing with potential future changes.

10.0 10) Is there new evidence that requires the vacancy rate of 3 % to be reviewed, either up to 5.3% or down to 1.5 %? Note: the 2011 census data is not new and was referred to in paragraph 3.1.27 of the ERM Consolidated Review [ED.4.3.2a].

10.1 Council Tax Base (CTB) Data over the 3 years 2012-2014 indicated a vacancy rate of 2.94%. This was utilised in NLP’s November 2014 Housing Technical Paper (appended to Matter C Statement for CALA [1151-1] at the January 2014 hearings). It would tend to corroborate data drawn from the Census. CALA do not consider this should be reviewed downwards; a reasonable vacancy rate is imperative in the efficient operation of housing markets (to enable churn within the housing stock as people move in and out and to provide choice on the market). Assuming a vacancy rate as low as 1.5% would not leave sufficient ‘slack’ in the market to enable it to operate effectively.

11.0 11) Is there evidence of a worsening trend in absolute levels of market signals, or in the rate of change in very recent data, which would justify an adjustment being made? Note: it is claimed that I did not adequately deal with absolute levels in my interim conclusions and so whilst the focus should be on new evidence it is appropriate to look at existing sources of evidence in the pursuit of that claim.

11.1 CALA are content to rely on our previous representations on this point. To clarify and re-iterate, whilst CALA does consider there is a case for a market signals uplift in Stratford-on-Avon, we are also content that this would be adequately reflected in the proposed housing requirement (provided the uplift is not double counted with unmet housing needs from elsewhere).
12.0 12) Does the ERM Review [ED.13.5] conflate market signals and affordable housing?

12.1 The GL Hearn updated affordable housing needs assessment (Annex F of 13.5) provides a clearer explanation of how affordable housing needs have been approached. Whilst these two distinct steps are somewhat joined together in the main body of the ERM Review (and the conclusion on the implications for OAN), CALA is content that Annex F clarifies the position.

13.0 13) Is there evidence that uplifts in the housing land supply would have any discernible effect in reducing house prices or rents locally? Note: I am not proposing to look at the national situation but understand the cumulative point.

13.1 CALA Homes is content that, as the cumulative point is understood, no further representation is necessary. It is considered the “cumulative point” encapsulates the thrust of the Government’s rationale for identifying a market signal uplift should be applied where circumstances indicate (irrespective of local effects on prices).

14.0 14) Are there any other points that consultees wish to pursue at the Hearing e.g. (a) Savills and Barwood take issue with the reliance on the private rented sector with regard to affordable housing; (b) CPRE say the household size assumptions are wrong; and (c) GVA raise an issue about the commuting rate [Note: my interim conclusions address this in the context of the Plan’s modified objective 12 and the proposition might be said to be at odds with maintaining the commuting ratio].

14.1 No further comments at the current time.