

For and on behalf of  
**Consortium for South West Milton Keynes**

Report on the Objectively Assessed Need for Housing  
For Aylesbury and the Milton Keynes Housing Market Area  
in support of an application for the proposal at South West Milton Keynes

on behalf of  
Consortium for South West Milton Keynes

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## 0.0 EXECUTIVE SUMMARY

- 0.1 This evidence sets out the approach to calculating the housing requirement to use as the basis for the five year housing land supply calculation.
- 0.2 As the site lies within Aylesbury Vale but is an urban extension to Milton Keynes, this report will consider the Objectively Assessed Needs for both districts as well as the Housing Market Area.
- 0.3 It is concluded that the **objectively assessed need for housing** in for the **Milton Keynes Housing Market Area**, taking into account the requirement to integrate employment and housing strategies (National Planning Policy Framework (The Framework) Paragraph 158), is likely to be some **140,834 dwellings (7,042 dwellings a year)**. This is significantly higher than the levels in the now revoked Regional Strategies which was based upon a growth agenda. This is due to the significant differences between the 2004 based evidence (2004 Sub National Population Projections (SNPP)) that were used to formulate the growth strategy and the most up to date projections (2012 SNPP). In fact the latest household projections undertaken by DLP, using the well-recognised Chelmer model, suggests that the dwelling requirement for the HMA is some 6,645 dwellings a year, which exceeds the 5,899 dwellings a year that formerly planned for in the revoked regional strategies.
- 0.4 The objectively assessed need for housing in **Aylesbury Vale** taking into account the requirement to integrate employment and housing strategies (Framework Paragraph 158) is likely to be at least **24,633 dwellings (1,232 dwellings a year)**. This is substantially higher than the 840 dwellings a year required in the former South East Plan Policy MKAV3.
- 0.5 The objectively assessed need for housing for **Milton Keynes** taking into account the requirement to integrate employment and housing strategies (Framework Paragraph 158) is likely to be **47,188 dwellings (2,359 dwellings a year)**. This is also higher than the 2,218 dwellings a year to be provided between Milton Keynes and Aylesbury Vale in policy MKAV2 of the former South East Plan
- 0.6 These projections do not take account of higher levels of unmet need from London, or whether Milton Keynes can actually deliver the rate of 2,359 dwellings a year without engaging the duty to cooperate. This would require Aylesbury Vale to provide between 1,218 and 1,648 dwellings a year
- 0.7 **In light of this analysis the level of 1,232 dwellings a year should be regarded as a minimum for Aylesbury Vale.**
- 0.8 The background to this report is that the development plan comprises of the adopted Aylesbury Vale District Local Plan Status of Policies (saved policies) and this does not provide guidance on the level of dwelling provision as policy ST1 Distribution of new housing and employment development was not saved (being superseded by Milton Keynes South Midlands and the South East Plan). Both of these documents are now revoked.

- 0.9 The Council did produce the Vale of Aylesbury Plan but this was found unsound by the Inspector at examination. In his letter of the 7 January 2014 he stated that the councils had:
- a. Failed in the duty to cooperate on strategic issues most notably housing (Inspectors Letter paragraph 27); and
  - b. Failed to positively prepare the plan in terms of the policies for employment and housing as it was not effective, justified or consistent with national policy.
- 0.10 The Inspector criticised some of the assumptions made in the evidence base but did not accept the Council's proposition that the 961 dwellings a year that it considered resulted from the 2011 interim household projections were unsound (Inspectors letter paragraph 35)
- 0.11 In paragraph 36 the Inspector noted that all of the economic led projections required significantly more houses to be provided, ranging from approximately 16,600 to 21,500, and that this requirement would be still higher if existing patterns of out-commuting were to remain.
- 0.12 In these circumstances the Local Plan is not up to date as required and, as such, part 2 of paragraph 14 of the Framework requires the decision maker to apply the presumption in favour of sustainable development.
- 0.13 This evidence concludes that the out of date nature of the Local Plan, and the revocation of the South East Plan, means there is no plan led housing requirement for the district. In such circumstances the objectively assessed need for housing must be based upon the most up to date evidence. This approach is reaffirmed by the National Planning Practice Guidance and by the Hunston High Court decisions (Appendix 2). Any other approach would simply undermine the Government's objective of achieving a step change in housing supply based upon up to date development plans.
- 0.14 Paragraph 49 of the Framework states that housing policies should not be considered up to date if there is a shortage in the five year supply of deliverable sites.
- 0.15 To undertake the calculation of the five year land supply required the definition of the appropriate level of housing requirement.
- 0.16 The most up to date population projections are the 2012 Sub National Population Projections (SNPP) which take account of the 2011 census. These projections of course reflect the impact of both the housing crises and then the recession on migration. Likewise the most recent Household Representation Rates (HRR) are based on the 2011 interim household projections and these reflect the impact of the housing shortfall and the recession in terms of household formation.
- 0.17 In accordance with the National Planning Policy Guidance (NPPG) the SNPP based projections form the starting point of the analysis of Objective Assessed Need. For each of the authorities the well-recognised Chelmer Model has been used to model both the demographic led housing requirement as well as the employment led requirement. In accordance with the NPPG, as well as decisions by inspectors (including the Inspector for the Vale of Aylesbury Plan), the modelling of the dwelling requirement to meet the employment requirements (while maintaining existing

patterns of commuting) is the “second step” in establishing the objectively assessed need for housing. This work would suggest that the final objectively assessed need, taking into account a realistic approach to future employment growth and maintaining existing patterns of commuting, would be 1,232 dwellings a year for Aylesbury Vale, 2,359 for Milton Keynes and 6,879 for the Milton Keynes HMA.

- 0.18 This assessment of 1,232 dwellings a year (24,633 dwellings in total) compares with the evidence presented by Aylesbury Vale, at the core strategy examination, of between 18,405 dwellings (PROJ 5 – CE Forecast) and 24,385 dwellings (PROJ 6a – Experian (2013)) which is between 920 and 1,219 dwellings a year (Figure 25: Housing Requirement with Commuting Patterns at 2001 Levels: Updated Demographics Projections - Report, May 2013 Aylesbury Vale District Council).
- 0.19 All of this evidence will need to be considered as part of the examination of the Local Plan, but as The NPPG (Paragraph: 030 Reference ID: 3-030-20140306) and the Hunston Properties judgement from the High Court (as confirmed in the Court of Appeal) (Appendix 2) suggests, in the absence of an adopted Local Plan, Inspectors need to have an understanding of full objectively assessed need, when faced with considering the merits of housing proposals. What the results of this report demonstrate is that the demographic based projections are unlikely to be sufficient to address the objectively assessed need for housing for Aylesbury Vale and the likely minimum requirement not taking into account the needs of Milton Keynes is in the order of 1,232 dwellings a year.
- 0.20 Given the presumption in favour of sustainable development that exists in the absence of an up to date development plan providing clear guidance on housing numbers, paragraph 14 part b must apply.

## 1.0 INTRODUCTION

### Purpose of Report

#### 1.1 The purpose of this report is:

- a. In the absence of an up to date development plan to consider what the “objectively assessed needs for market and affordable housing” are for the Milton Keynes Housing Market Area and the individual authorities concentrating on Aylesbury Vale and Milton Keynes;
- b. To consider the appropriate housing requirement against which the 5 year housing land supply should be tested in Aylesbury Vale and Milton Keynes.

### The Author

- 1.2 This report has been produced by Roland Bolton head of the Strategic Planning Research Unit at DLP planning Ltd. He has over 20 years’ experience in providing evidence on demographic and housing projections in the context of strategic planning for both local authorities and private clients. Of relevance is his experience in giving evidence on the South East and East of England regional plans, the Milton Keynes and South Midlands Sub Regional Plan, the Milton Keynes Local plan and the Vale of Aylesbury plan examination on these issues.

### The Chelmer model

- 1.3 The Chelmer Model was developed by Professor David King, Associate Dean in the Faculty of Science and Technology at Anglia Ruskin University and has, since 1986, been used widely by regional and local government bodies and by planning consultants working for the development industry. Professor King was also instrumental in developing government household projections and was lead advisor to the Department for Communities and Local Government, and the Office for National Statistics.
- 1.4 The Chelmer Model is a variant of the official government projection methodology developed by Professor King (page 39 Strategic Housing Market Assessments – Practice Guidance).
- 1.5 Professor King developed the model in response to the lack of tools for strategic planning in the UK at that time. The purpose of the model was that it should encourage collaboration and debate on the mechanics of modelling, and particularly on the implications of the projections. As a result, many planning Inquiries became focused not on alternative methodologies but on future migration patterns and the relationship between housing markets – hence saving hours of debate and consequential costs.
- 1.6 The model has been used extensively, and Robin Edwards (ex-Hampshire CC) is quoted as saying:

*“At Hampshire County Council we made great use of the Chelmer Model which I regarded as head and shoulders above other available forecasting models. I firmly believe the Population and Housing Research Group made a massive contribution to improving the quality of local authority demographic work.”(Planning 26th February 2012)*

- 1.7 More recently, use of the Chelmer Model has been accepted by the Planning Inspectorate in appeals:
- a. APP/J3720/A/10/2139071: regarding Land South of Kipling Road, Stratford-upon-Avon: the Planning Inspector described the Chelmer Model as:  
*“a reliable and robust forecasting mechanism employed by many local authorities”.*
  - b. APP/H1840/A/12/2171339: regarding Station Road, Honeybourne Worcestershire, the Planning Inspector stated in determining the 5 year land supply:  
*“More up to date information is available in the CLG 2008 projections and the 2010 population figures adjusted using the Chelmer model are now available and relevant.”*
  - c. Pulley Lane, Droitwich Spa decisions by the Secretary of State (APP/H1840/A/13/2199085 and APP/H1840/A/13/2199426) in which the Secretary of State (paragraph 14) supports the Inspector’s findings (Paragraph 8.48) with regard to the approach taken by Mr Bateman, which utilised the Chelmer model and stated:  
*“The only robust evidence that is before me is the methodology used by Mr Bateman. This is clear, well reasoned and well justified. As such, Mr Bateman’s figure for a requirement of about 14,263 dwellings between 2006 and 2030 should be preferred.”*
  - d. For this report the Chelmer Model has been operated by Roland Bolton who has had over 20 years’ experience in using the model and presenting its results at Examinations and Inquiries.

## **2.0 THE STATUS OF THE DEVELOPMENT PLAN**

### **Legislation**

- 2.1 Section 38(6) of the Planning and Compulsory Purchase Act 2004 and section 70(2) of the Town and Country Planning Act 1990 requires that applications for planning permission must be determined in accordance with the development plan, unless material considerations indicate otherwise.

### **National Planning Policy Framework**

- 2.2 The National Planning Policy Framework (the Framework) is a material consideration in planning decisions (paragraph 3).
- 2.3 In summary, the Framework states that the presumption should be in favour of sustainable development. Where the development plan is absent, silent or relevant policies are out-of-date; permission should be granted unless any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in the Framework taken as a whole; or specific policies in the Framework indicate development should be restricted.
- 2.4 The Framework requires that:
- c. planning should proactively drive and support sustainable economic development to deliver the homes that the country needs. The Framework requires that every effort should be made, objectively, to identify and then meet the housing needs of an area and take account of market signals (such as land prices and housing affordability), setting out a clear strategy for allocating sufficient land which is suitable for development in the local area, taking account of these needs (paragraph 17);
  - d. Local Authorities should significantly boost the supply of housing (paragraph 47);
  - e. housing applications should be considered in the context of the presumption in favour of sustainable development and that policies regarding the supply of housing should not be considered up-to-date if the local planning authority cannot demonstrate a five-year supply of deliverable housing sites (Paragraph 49);
  - f. the evidence base for the objective assessment of housing needs should be adequate, up to date and relevant, should be integrated with the employment strategy (paragraph 158) and include Strategic Housing Market Assessments (SHMA) for the whole of the housing market area taking into account household and population projections including migration and demographic change (paragraph 159); and
  - g. the objectively assessed need for housing has to be determined prior to applying any constraints or engaging the Duty to Cooperate (Framework paragraphs 152 and 179).

### ***The Approach to Objectively Assessed Need in the Framework***

- 2.5 In determining the objectively assessed need for housing, the Framework requires that this should be based upon a consideration of demographic projections and trends (para 159 of Framework) as well as meeting demand. The assessment also needs to consider the needs of the economy so that planning is not an impediment to sustainable growth (paragraph 19).
- 2.6 Local planning authorities are required to ensure that their assessment of, and strategies for, housing, employment and other uses are integrated, and that they take full account of relevant market and economic signals (para 158 of Framework).
- 2.7 The Framework sets out a clear process for local authorities to follow to set a housing requirement for their local plan. The first is to produce a SHMA to assess the full needs for the Housing Market Area (paragraph 159) this should:
- a. Meet projected needs taking account migration;
  - b. Assess needs for all types of housing; and
  - c. Provide the scale of supply to meet housing demand.
- 2.8 The Framework then sets out how to proceed from establishing this objectively assessed housing need to determine the housing requirement. This second part of the procedure consists of three stages, these being:
- h. To test alternative strategies to meet this need in full (Framework paragraph 152) including working with other authorities to meet these needs across local authority boundaries (paragraph 179 Framework);
  - i. consideration of measures to mitigate negative impacts if these are unavoidable (Framework paragraph 152); and
  - j. consideration of compensatory measures where mitigation measures are not possible (Framework paragraph 152).
- 2.9 A fuller explanation of the interpretation of the Framework with regard to the Objective Assessment of the Need for Housing is set out in the National Planning Policy Guidance (NPPG).

### **The National Planning Policy Guidance (NPPG)**

- 2.10 In respect of the calculation of the five year housing land supply the NPPG states (Paragraph: 030 Reference ID: 3-030-20140306) that at the time of writing the starting point for the five-year housing supply should be the housing requirement figures in up-to-date adopted Local Plans and that considerable weight should be given to the housing requirement figures in adopted Local Plans.
- 2.11 The NPPG goes on to warn that evidence which dates back several years, such as that drawn from revoked Regional Strategies may not adequately reflect current needs.

- 2.12 In such circumstances where evidence in Local Plans has become outdated and policies in emerging plans are not yet capable of carrying sufficient weight, then the NPPG suggests that the following should be considered:
- k. Information provided in the latest full assessment of housing needs; and
  - l. Where there is no robust recent assessment of full housing needs, the household projections published by the Department for Communities and Local Government should be used as the starting point
- 2.13 In both cases the weight given to the above should take account of the fact that they have not been tested (which could evidence a different housing requirement to the projection, for example, because past events that affect the projection are unlikely to occur again or because of market signals) or moderated against relevant constraints (for example environmental or infrastructure).
- 2.14 The NPPG states that the definition of need requires the identification of the scale and mix of housing and should cater for the housing demand of the area, identifying the scale of housing supply necessary to meet that demand.
- 2.15 The assessment of development needs should be proportionate and include those future scenarios that could be reasonably expected to occur.
- 2.16 Plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historic under performance, viability, infrastructure or environmental constraints.
- 2.17 Local planning authorities are required to assess their development needs working with the other local authorities in their relevant housing market area or functional economic market area in line with the Duty to Cooperate.
- 2.18 Where Local Plans are at different stages of production, local planning authorities are required to co-ordinate future housing reviews so they take place at the same time.
- 2.19 The starting point for the Objective Assessment of Housing Need is the Household projections published by the Department for Communities and Local Government. These are trend based and do not predict the impact that future government policies, changing economic circumstances, or other factors, might have on demographic behaviour. As such 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:
- m. Household 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; and
  - n. Unmet housing need - evidence of the extent to which household formation rates are or have been constrained by supply will need to be taken into account.
- 2.20 Local needs assessments should be informed by the latest available information and a meaningful change in the housing situation should be considered in the context of the requirement for the Local Plans to be kept up-to-date.

- 2.21 In respect of the most recent 2011-based Interim Household Projections, these only extend to 2021, so plan makers would need to assess likely trends after this date.
- 2.22 The NPPG confirms that the household projections produced by the Department for Communities and Local Government are statistically robust and are based on nationally consistent assumptions but suggests that plan makers may consider sensitivity testing, specific to their local circumstances, based on alternative assumptions in relation to the underlying demographic projections and household formation rates. Such testing should take into account the most recent demographic evidence including the latest Office of National Statistics population estimates.
- 2.23 The NPPG requires that changes from the DCLG projections should be clearly explained and justified on the basis of established sources of robust evidence.
- 2.24 According to the NPPG the evidence that should be considered in determining the appropriateness of the DCLG projections includes the following:
  - o. Migration levels;
  - p. Demographic structure that may be affected by local circumstances or policies;
  - q. Employment trends - in such circumstances where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems;
  - r. Market signals - the housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings. Prices or rents rising faster than the national/local average may well indicate particular market undersupply relative to demand. Relevant signals may include the following:
    - i. Land Prices;
    - ii. House Prices - longer term changes may indicate an imbalance between the demand for and the supply of housing;
    - iii. Mix adjusted house prices (adjusted to allow for the different types of houses sold in each period) measure inflation in house prices;
    - iv. Rents - the Office for National Statistics publishes a monthly Private Rental Index;
    - v. Affordability - the Department for Communities and Local Government publishes quarterly the ratio of lower quartile house price to lower quartile earnings by local authority district;
    - vi. Rate of Development - if the historic rate of development shows that actual supply falls below planned supply, future supply should be increased to reflect the likelihood of under-delivery of a plan; and
    - vii. Overcrowding - the number of households accepted as homeless and in temporary accommodation is published in the quarterly Statutory Homelessness release.

- 2.25 In respect of market signals, plan makers should not attempt to estimate the precise impact of an increase in housing supply but should increase planned supply by an amount that, on reasonable assumptions and consistent with principles of sustainable development, could be expected to improve affordability, and monitor the response of the market over the plan period.
- 2.26 In areas where an upward adjustment is required, plan makers should set this adjustment at a level that is reasonable. The more significant the affordability constraints (as reflected in rising prices and rents, and worsening affordability ratio) and the stronger other indicators of high demand (e.g. the differential between land prices), the larger the improvement in affordability needed and, therefore, the larger the additional supply response should be.
- 2.27 Any cross-boundary migration assumptions, particularly where one area decides to assume a lower internal migration figure than the housing market area figures suggest, will need to be agreed with the other relevant local planning authority under the Duty to Cooperate. Failure to do so will mean that there would be an increase in unmet housing need.

#### **Conclusion on Approach to the Objectively Assessed Need for Housing**

- 2.28 The Framework and NPPG provide appropriate guidance to the approach to be taken to the choice of assumptions as part of the objective assessment of needs for housing as well as interpreting the results of the projections based on those assumptions.

### 3.0 THE DEVELOPMENT PLAN

#### **Aylesbury Vale District Local Plan**

- 3.1 The development plan which comprises of the adopted Aylesbury Vale District Local Plan, does not provide guidance on the level of dwelling provision as policy ST1 “Distribution of new housing and employment development” and the associated tables setting out the dwelling requirements of the Structure Plan were not saved. In any event these only provided guidance to 2011. The table of saved policies suggests that this policy had been superseded by Milton Keynes South Midlands and the South East Plans. Both of these documents are now revoked.
- 3.2 The Secretary of State's Direction (24<sup>th</sup> September 2007) “saved” a number of policies. One of the purposes of retaining these policies was to secure a continual supply of land. It highlighted that the exercise of saving policies is not an opportunity to delay making good progress on plans and that the saved policies are expected to be replaced promptly. The direction also highlights that new evidence, including evidence regarding housing, will be afforded considerable weight in relevant decisions.

#### **The Vale of Aylesbury Plan**

- 3.3 The Council proceeded to produce the Vale of Aylesbury Plan which was subject to examination in December 2013. In his letter of 7 January 2014 the Inspector reports that following this examination of the core issues of duty to cooperate and housing provision he considered the plan to be unsound for the following reasons:
- a. The Council had failed to discharge their duty to cooperate on strategic issues most notably housing (Inspector's Letter paragraph 27);
  - b. The Council had failed to positively prepare the plan in terms of the policies for employment and housing as it was not effective, justified or consistent with national policy (Inspector's Letter paragraph 42).
- 3.4 The Inspector criticised some of the assumptions made in the evidence base and explicitly did not accept the Council's proposition that the 961 dwellings a year that the council considered resulted from the 2011 interim household projections was unsound as the Council claimed (Inspector's letter paragraph 35)
- 3.5 In paragraph 36 the Inspector noted that all of the economic led projections required significantly more houses to be provided, ranging from approximately 16,600 to 21,500, and that this requirement would be still higher if existing patterns of out-commuting were to remain.
- 3.6 This is reference to the projections set out in the Figure 25: Housing Requirement with Commuting Patterns at 2001 Levels (Updated Demographics Projections - Report, May 2013 Aylesbury Vale District Council). This evidence base produced by the Council suggests that if current patterns of commuting remain unchanged then there would be a dwelling requirement of between 18,405 dwellings (PROJ 5 – CE Forecast) and 24,385 dwellings (PROJ 6a – Experian (2013)).

**Table 1 Copy of Figure 25: Housing Requirement with Commuting Patterns at 2001 Levels**

	Projection Housing requirement	Housing req't (constant commuting)	Difference	% increase
PROJ 5 CE Forecast	16,641	18,405	1,764	10.6%
PROJ 6 Experian (2011)	18,681	20,935	2,254	12.1%
PROJ 6a Experian (2013)	21,464	24,385	2,921	13.6%
PROJ X EEFM Forecast	17,847	19,900	2,053	11.5%

3.7 This evidence therefore suggests that an employment led projection would require between 920 and 1,219 dwellings a year. The highest requirement of 1,219 dwellings a year is the one that is based upon the most up-to-date economic forecast by Experian (2013).

3.8 As the Inspector however highlights these assessments did not take into account the needs of the surrounding authorities.

**The revoked Regional Strategies**

3.9 There were three strategic documents that related to this HMA. These were South East Plan, East of England Plan and the Milton Keynes South Midlands Sub Regional Strategy.

***The Milton Keynes South Midlands Sub Regional Strategy.***

3.10 The relevant background evidence for the MKSM included the Growth Area Studies by Roger Tym and Partners (May 2003) which used the temprow model for producing their alternative projections. This predated the release of the 2001 SNPP.

3.11 The evidence base for East of England Regional Spatial Strategy housing policies included the then most up to date projections presented to the Examination in the form of the Revised 2001-based Population and Household Growth in the East of England, 2001-2021 (July 2005) by the Population and Housing Research Group Anglia Polytechnic University (using the Chelmer Model). The RSS did not however update the requirements for those districts in the HMA being considered in this report.

3.12 The South East Plan was prepared on the basis of the 1996 based projections with the 2003-based projections being published the same month as the submission draft RSS (March 2006), and the 2004-based projections being published within the last two weeks of the EiP (Panel's report paragraph 7.11). Again this did not seek to amend the requirements in the SKSM Sub Regional Strategy.

- 3.13 In summary the last comprehensive assessment of housing requirement which was subject to examination and adopted may be summarised as follows:

**Table 2 RSS Dwelling Requirement for the Milton Keynes SHMA**

Dwelling change	RSS Annual Average	RSS Policy
Aylesbury Vale	840	South East Plan MKAV3
Bedford	834	East of England Policy H1 rest of area 20 dwellings a year and MKSM Sub Regional Strategy 16270 (2001 to 2021) or 814 a year
Central Bedfordshire	692	East of England Policy H1 rest of Mid Beds 530 dwellings a year and MKSM Sub Regional Strategy 3230 (2001 to 2021) or 162 a year
Luton	1,315	MKSM Sub Regional Strategy 26300 (2001 to 2021) or 1315 a year
Milton Keynes	2,218	South East Plan MKAV2
Total for Housing Market Area	5,899	

SEP, EoEP & MKSM SRS

- 3.14 It is accepted that the projections underlying these figures are now significantly out of date and that the strategy for distribution of housing provision is no longer adopted policy.

#### **4.0 THE APPROACH TO BE TAKEN TO DEFINE A HOUSING REQUIREMENT IN THE ABSENCE OF AN UP TO DATE DEVELOPMENT PLAN**

- 4.1 This approach to be adopted is to defining a housing requirement is set out in the NPPG(Paragraph: 030 Reference ID: 3-030-20140306) which states:

*Considerable weight should be given to the housing requirement figures in adopted Local Plans, which have successfully passed through the examination process, unless significant new evidence comes to light. It should be borne in mind that evidence which dates back several years, such as that drawn from revoked regional strategies, may not adequately reflect current needs.*

*Where evidence in Local Plans has become outdated and policies in emerging plans are not yet capable of carrying sufficient weight, information provided in the latest full assessment of housing needs should be considered. But the weight given to these assessments should take account of the fact they have not been tested or moderated against relevant constraints. Where there is no robust recent assessment of full housing needs, the household projections published by the Department for Communities and Local Government should be used as the starting point, but the weight given to these should take account of the fact that they have not been tested (which could evidence a different housing requirement to the projection, for example because past events that affect the projection are unlikely to occur again or because of market signals) or moderated against relevant constraints (for example environmental or infrastructure).*

- 4.2 In the High Court decision and subsequent decision in the Court Of Appeal (Civil Division) for Huston Properties Ltd vs Secretary of State for Communities and Local Government & St Albans City and District Council (Appendix 2) Judge Pelling QC found that the Inspector in that case had been mistaken to use a figure for housing requirements below the full objectively assessed needs figure until such time as the Local Plan process came up with a constrained figure (judgement paragraph 26).
- 4.3 It is further noted that in a number of cases in which Inspectors have considered the objectively assessed need for housing they have emphasised that such assessments not only takes into account the demographic drivers of need, but also the economic drivers of need and demand. For example see Appeals:
- a. Land between Leasowes Road and Laurels Road, Offenham, Worcestershire, WR11 8RE Appeal Ref: APP/H1840/A/13/2203924 (Appendix 2) and
  - b. Broom Hill, Swanley, Kent Appeal Refs: APP/G2245/A/13/2195874, APP/G2245/A/13/2195875, APP/G2245/A/13/2197478 & APP/G2245/A/13/2197479 (Appendix 2).

## 5.0 REVIEW OF PAST EVIDENCE ON THE HOUSING REQUIREMENT FOR MILTON KEYNES SHMA

### “Geography of housing market areas” (DCLG 2010)

- 5.1 This research sought to identify the optimal areas within which planning for housing should be carried out. It links places where people live, work, and move home. Published by the DCLG it was commissioned by the National Housing Planning Advisory Unit (NHPAU). The NHPAU commissioned this work because they considered that there was a fundamental argument in support of planning for housing on a scale that is larger than most local authorities because market dynamics and population changes do not respect administrative boundaries but cut across them, operating at different scales.
- 5.2 The Executive Summary states that analysis and decision making within areas which are functionally as self-contained as possible allows the various factors that affect housing supply to be weighed against demand pressures, with minimum distortion due to ‘out of area’ effects. It goes on to state:
- The need for joint planning will vary across the country. It is determined by the level of interdependence between adjoining areas within which jobs are created, people search for work or housing, and where they shop and play. This will be based on labour markets, housing markets, and other – often local – factors. In areas that are critical to the economic, social or environmental health of the country, joint planning is a critical requirement. Here, local plans must consider the wider spatial context, land resources and development outcomes (positive, negative, and displacement effects) of surrounding areas. Local communities need the confidence of knowing that they will be supported by, and not undermined by, the planning decisions of adjoining areas. Local initiative cannot be effective otherwise Housing Market Area which was to deliver*
- 5.3 Within England, the work defined a set of 75 Framework housing market areas, with a tier of 280 local housing market areas nested wholly within them.
- 5.4 This states that the upper tier of Framework housing market areas would be most effective in providing a longer term overview of projected household changes, transport connectivities, housing land availability, housing market change and urban capacity, thereby addressing major initiatives like growth areas. As such the report states that this upper tier is the most suitable for delivering a strategic planning Framework.

- 5.5 This work identifies that Aylesbury is within the Luton and Milton Keynes Housing Market area together with the following Local Authorities.

**Table 3 Extract from table 27 of The Geography of Housing Market Areas in England Centre for Regional Development Studies**

LA Code	LA	Housing Market Area
00KA	Luton	44
00MG	Milton Keynes	44
09UC	Mid Bedfordshire	44
09UD	Bedford	44
09UE	South Bedfordshire	44
11UB	Aylesbury Vale	44

**Strategic Market Assessment Validation Study (GL Hearn February 2013)**

- 5.6 Section 3 (paragraph 3.16) of this report reviews the CLG report and other evidence from the SEP and subsequent Strategic Housing Market Assessments for Bedfordshire and Milton Keynes and concludes that the Luton and Milton Keynes Strategic Housing Market as identified by the CLG research is the relevant housing market area for strategic planning purposes in accordance with paragraphs 47 and 159 of the Framework.

**More recent evidence of connectives between Districts in the Strategic Housing Market Area**

***Census 2011: Migration***

- 5.7 This research has been reviewed in light of the results of the 2012 census and we have included North Hertfordshire within this analysis as it is clear from the above work that there are movements between this district and the defined SHMA.
- 5.8 The table below from the 2011 census demonstrates that while the highest numbers of moves were out of Luton into Central Bedfordshire there were also significant moves between many of the other neighbouring authorities with less than a third of the moves out of Central Bedfordshire going to Luton. The role of Milton Keynes as both an origin and destination of migration trips for all districts is particularly noticeable as it has substantive flows to and from all districts.

**Table 4 Migration flows between LA's in HMA**

usual residence	Place of residence one year ago						
	Bedford	Central Bedfordshire	Luton	North Hertfordshire	Aylesbury Vale	Milton Keynes	London
Bedford	10,564	1,044	431	79	31	365	854
Central Bedfordshire	698	11,624	1,933	935	429	512	1,285
Luton	154	963	14,821	87	30	132	1,790
North Hertfordshire	63	635	200	5,903	12	23	1,058
Aylesbury Vale	28	351	68	34	9,425	472	1,164
Milton Keynes	341	922	336	56	580	18,106	1,407
London	669	913	1,228	687	837	1,175	853,477

Source: ONS Table 2a Moves within England and Wales

- 5.9 This table demonstrates that there are strong flows into and out of London with there being over 7,558 migrants from the capital to the selected authorities and some 5,509 migrants from the selected authorities to the capital.
- 5.10 In terms of North Hertfordshire's movements are limited to the two districts which it adjoins that being Central Bedfordshire and Luton.
- 5.11 The table below provides a percentage of the flows between the selected districts to provide an illustration of the relative importance of these movements. This shows migrants out of central Bedfordshire are almost just as likely go to Milton Keynes or Bedford as to Luton. Whereas migrants from Luton are predominantly focused into Central Bedfordshire.
- 5.12 Acknowledging the potential issues with the inability of Milton Keynes to match employment growth with planned housing provision it is pertinent to note that Central Bedfordshire and Aylesbury Vale are the most likely destinations for migrants amongst the selected districts.

**Table 5 Percentage of moves between Selected Authorities**

usual residence	Place of residence one year ago					
	Bedford	Central Bedfordshire	Luton	North Hertfordshire	Aylesbury Vale	Milton Keynes
Bedford		27%	10%	7%	3%	24%
Central Bedfordshire	54%		46%	79%	40%	34%
Luton	12%	25%		7%	3%	9%
North Hertfordshire	5%	16%	5%		1%	2%
Aylesbury Vale	2%	9%	2%	3%		31%
Milton Keynes	27%	24%	8%	5%	54%	

Source: ONS Table 2a Moves within England and Wales

### **Census 2011: Commuting**

- 5.13 The pattern of commuting flows as recorded by the 2011 census show a similar pattern of cross boundary movements with strong flows from Central Bedfordshire into Luton, Milton Keynes and London. Luton also has strong links both back to Central Bedfordshire but also to Milton Keynes and London.
- 5.14 There would also appear to be substantive flows into and out of North Hertfordshire from Central Bedfordshire and Luton.

**Table 6 Commuting flows between Selected Authorities**

Usual Place of Residence	Place of Work						
	Aylesbury Vale	Milton Keynes	Bedford	Central Bedfordshire	Luton	North Hertfordshire	London
Aylesbury Vale	35,881	4,945	172	1,593	531	48	5,922
Milton Keynes	2,708	77,957	2,129	4,100	1,469	144	5,820
Bedford	136	3,909	39,779	5,514	1,682	472	3,347
Central Bedfordshire	2,159	8,061	6,986	39,661	12,780	5,726	9,627
Luton	340	1,979	1,252	8,401	41,083	1,282	6,644
North Hertfordshire	44	292	500	1,792	1,721	19,932	7,489

Source: 2011 Census , NOMIS WU01UK - Location of usual residence and place of work by sex

- 5.15 The evidence strongly suggests that there are meaningful cross boundary flows between the selected authorities, as well as a reasonable level of out commuting to London as might be expected in this location.

#### **Conclusion on the Strategic Housing Market Area**

- 5.16 It is not considered necessary to revisit the above evidence there are clearly strong relationships between Aylesbury Vale and Milton Keynes to the north. It is therefore considered that the appropriate area for the SHMA to consider is the Luton and Milton Keynes Housing Market area which includes the five Local Authorities below:
- Aylesbury Vale
  - Bedford
  - Central Bedfordshire
  - Luton
  - Milton Keynes

### The Sub National Population Projections (SNPP)

- 5.17 A comparison between the Sub National Population Projections (SNPP) that form the basis of the 2004 and 2008 household projections are set out below and compared with the more recent 2010 SNPP and the Interim 2011 SNPP.

**Table 7 Comparison of Sub National Population Projections (SNPP) for Milton Keynes HMA from 2011 to 2031**

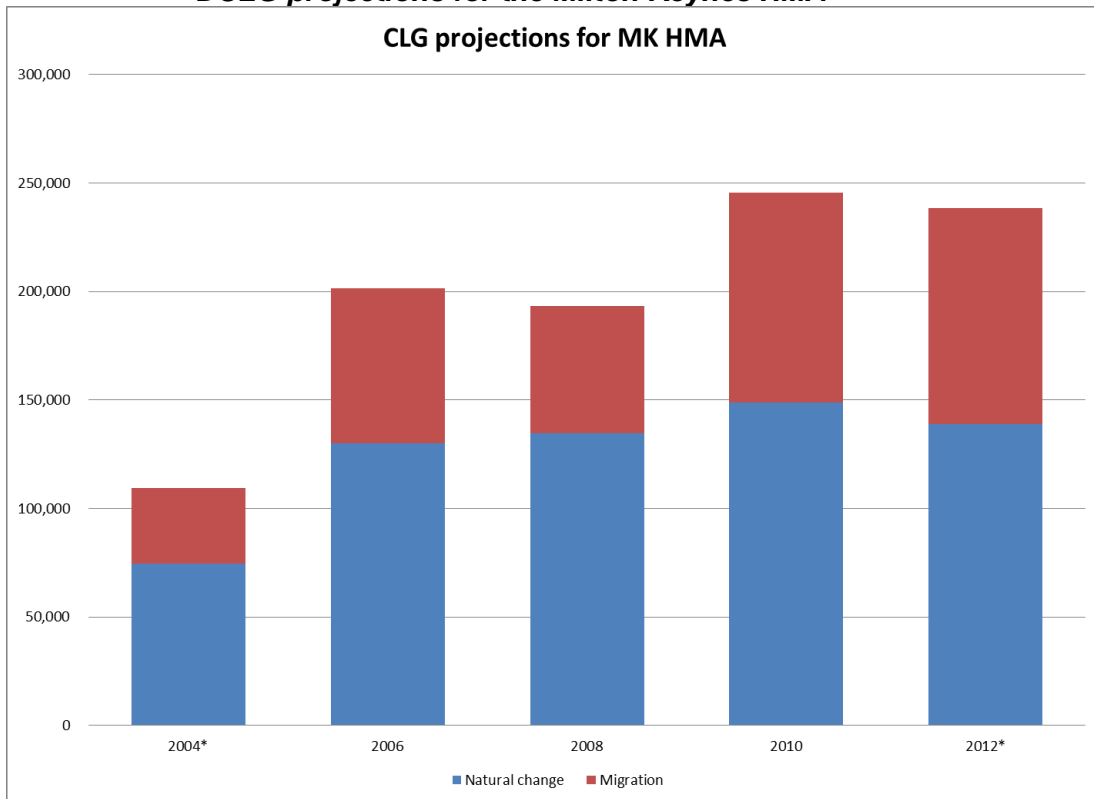
2011 to 2031	2004*	2006	2008	2010	2012*
Population at 2011	1,028,300	923,700	1,033,000	1,040,500	1,055,200
Natural change	74,400	130,000	134,500	148,900	138,800
Migration	35,000	71,500	58,800	96,600	99,500
Ave migration	2,059	3,575	2,940	4,830	5,237
Final population at 2031	1,146,900	1,254,900	1,217,200	1,278,000	1,281,600

*Note 2004 based 17 year period 2011 to 2029 and 2012 19 year period 2012 to 2031*

Source: ONS

- 5.18 This table highlights that the most recent projections (2012 SNPP) reveal that at the start of the period there were more persons in the area than the projections which formed the background to the most recent policies being pursued in development plans. It also suggest that there will be a higher population at the end of the period than projected by earlier projections.
- 5.19 In terms of migration and natural change both are significantly higher than projected by the 2004 SNPP which were the latest projections to be considered in the SEP. The scale of this difference is demonstrated in chart 1 on the next page.
- 5.20 The important point to consider here is that the circumstances surrounding natural change and migration have changed significantly since there was the consideration of levels of dwelling provision in the HMA. This means that scales of provision that might have been regarded as representing a growth agenda might in themselves now be inadequate simply to meet the objectively assessed needs of the HMA.

**Chart 1: Comparison of Migration and Natural Growth assumptions in DCLG projections for the Milton Keynes HMA**



- 5.21 A similar pattern emerges when the projections for the individual districts are considered and these are set out in the table on the next page.
- 5.22 For Aylesbury Vale the projected level of migration is substantially higher than previous projections as is the level of natural change. This is particularly the case when compared to the 2004 based projections. This is reflected in a higher projected population at the end of the period.
- 5.23 For Milton Keynes the levels of migration and natural change are also considerably higher than the 2004 based projections and again this is reflected in a much higher final population.
- 5.24 These changes to Migration and Natural change are illustrated in Charts 2 to 6 on the following pages.

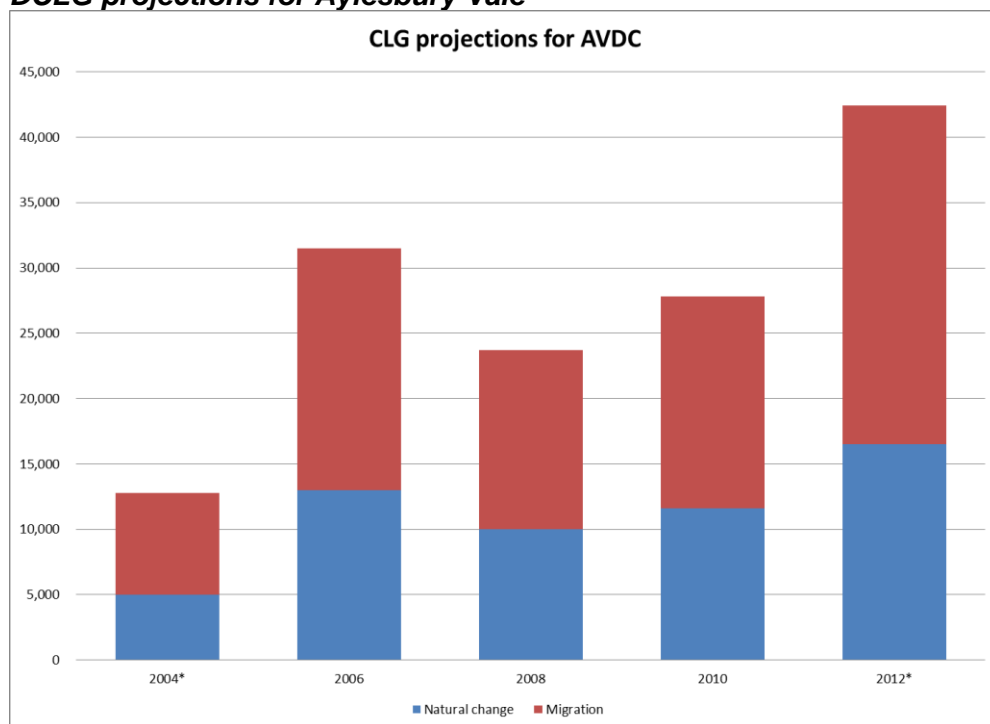
**Table 8 Comparison of Sub National Population Projections (SNPP) for Milton Keynes HMA from 2011 to 2031**

Summary of ONS SNPP for Aylesbury Vale 2011 to 2031					
2011 to 2031	2004*	2006	2008	2010	2012*
Population at 2011	175,050	181,400	175,000	178,800	177,800
Natural change	5,000	13,000	10,000	11,600	16,500
Migration	7,800	18,500	13,700	16,200	25,900
Ave migration	459	925	685	810	1,363
Final population at 2031	189,200	214,000	197,700	205,500	212,200
Summary of ONS SNPP for Bedford UA 2011 to 2031					
2011 to 2031	2004*	2006	2008	2010	2012*
Population at 2011	166,150	163,800	160,000	162,700	159,200
Natural change	8,700	12,500	12,000	16,400	16,400
Migration	16,200	22,000	10,500	19,200	16,200
Ave migration	953	1,100	525	960	853
Final population at 2031	192,800	198,700	181,700	196,600	190,500
Summary of ONS SNPP for Central Beds 2011 to 2031					
2011 to 2031	2004*	2006	2008	2010	2012*
Population at 2011	264400	144800	258900	260900	260000
Natural change	15700	26500	20800	24600	24400
Migration	20000	33500	30300	39300	33800
Ave migration	1176.47059	1675	1515	1965	1778.94737
Final population at 2031	303100	329900	307900	321800	318600
Summary of ONS SNPP for Luton UA 2011 to 2031					
2011 to 2031	2004*	2006	2008	2010	2012*
Population at 2011	185,850	192,700	196,300	199,100	205,800
Natural change	24,200	43,000	53,300	56,300	44,600
Migration	-19,100	-21,500	-18,300	-900	1,600
Ave migration	-1,124	-1,075	-915	-45	84
Final population at 2031	191,000	215,000	229,100	251,900	248,800
Summary of ONS SNPP for Milton Keynes 2011 to 2031					
2011 to 2031	2004*	2006	2008	2010	2012*
Population at 2011	236,850	241,000	242,800	239,000	252,400
Natural change	20,800	35,000	38,400	40,000	36,900
Migration	10,100	19,000	22,600	22,800	22,000
Ave migration	594	950	1,130	1,140	1,158
Final population at 2031	270,800	297,300	300,800	302,200	311,500

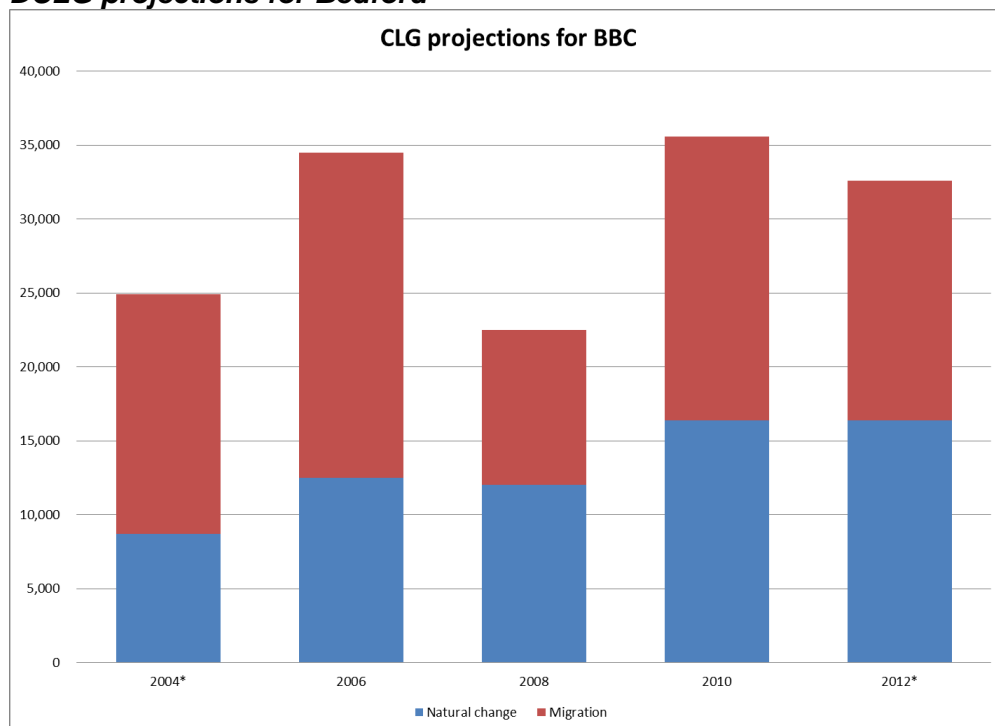
Note 2004 based 17 year period 2011 to 2029 and 2012 19 year period 2012 to 2031

Source: ONS

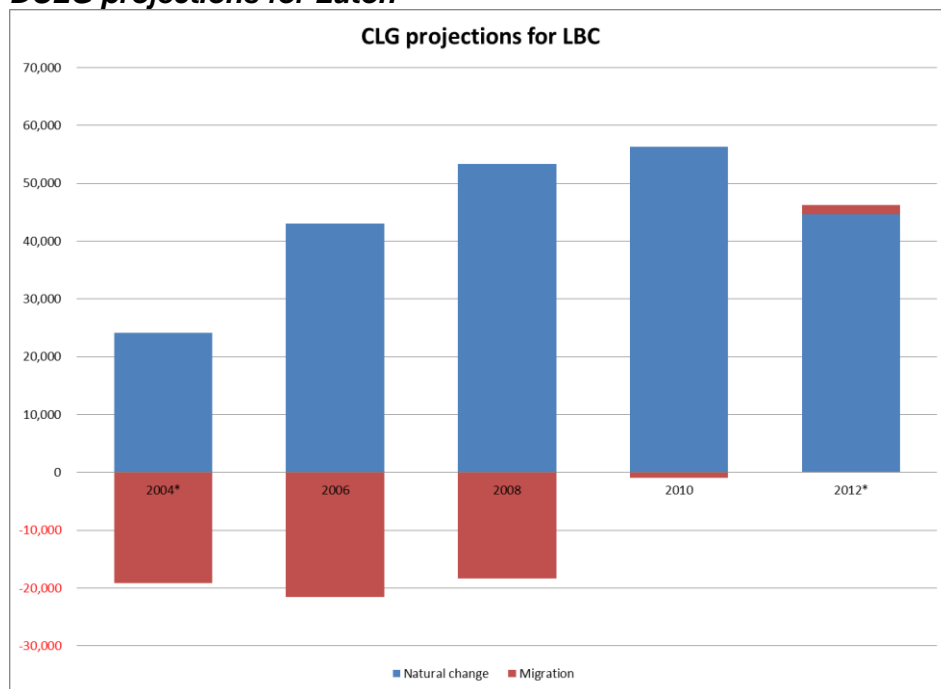
**Chart 2:** *Comparison of Migration and Natural Growth assumptions in DCLG projections for Aylesbury Vale*



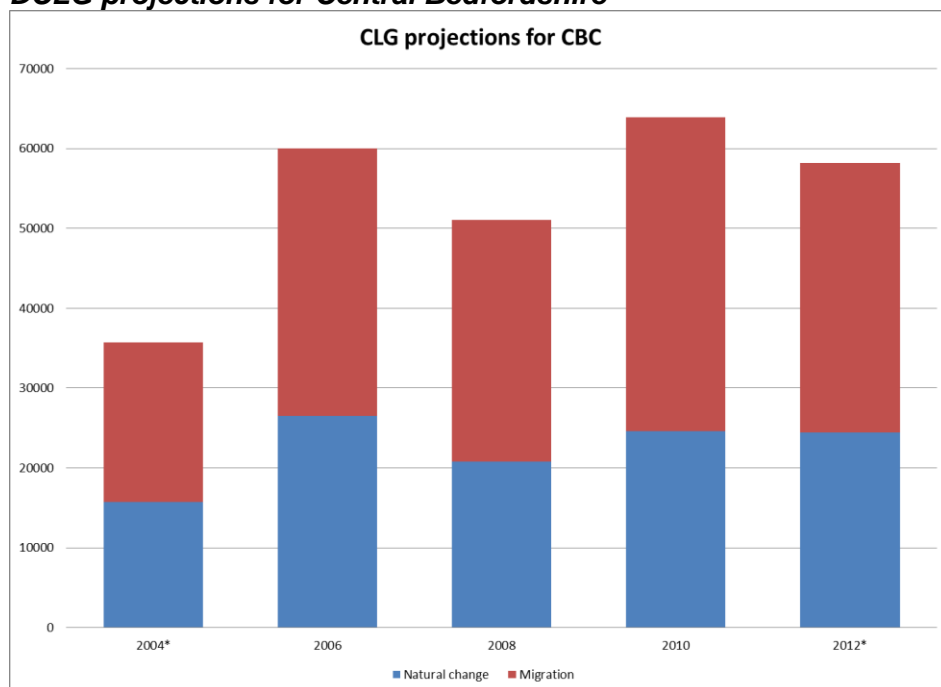
**Chart 3:** *Comparison of Migration and Natural Growth assumptions in DCLG projections for Bedford*



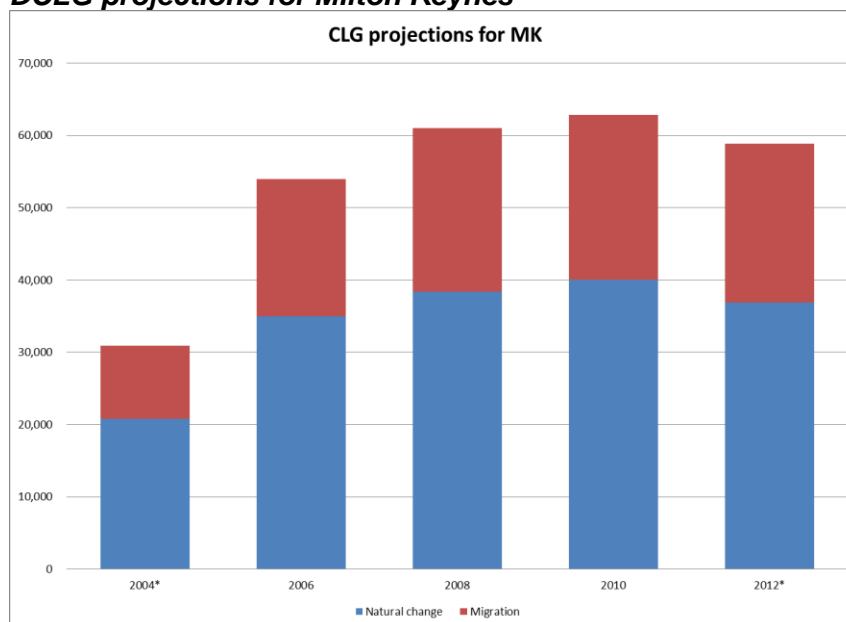
**Chart 4:** *Comparison of Migration and Natural Growth assumptions in DCLG projections for Luton*



**Chart 5:** *Comparison of Migration and Natural Growth assumptions in DCLG projections for Central Bedfordshire*



**Chart 6: Comparison of Migration and Natural Growth assumptions in DCLG projections for Milton Keynes**



Source: ONS Sub regional population projections 2004, 2006, 2008 2010 and 2012

**Strategic Market Assessment Validation Study (GL Hearn February 2013)**

5.25 Section 3 (paragraph 3.16) of this report reviews the CLG report and other evidence from the SEP and subsequent Strategic Housing Market Assessments for Bedfordshire and Milton Keynes and concludes that the Luton and Milton Keynes Strategic Housing Market as identified by the CLG research is the relevant housing market area for strategic planning purposes in accordance with paragraphs 47 and 159 of the Framework.

5.26 The results of this work are summarised in table 50 which is replicated below:

**Table 9 Projected Housing requirement from Strategic Market Assessment Validation Study (GL Hearn February 2013)**

	Total	Annual
Aylesbury Vale	13,819	691
Luton	21,577	1,079
Central Bedfordshire	28,932	1,447
Milton Keynes	29,295	1,465
Bedford	16,388	819
HMA	110,011	5,501

Source: Figure 50: Housing Requirements (2011 to 2031) GLH & JGC Modelling

5.27 This evidence together with other evidence produced by the consultants was considered at the examination Vale of Aylesbury Plan in December 2013. In his letter of 7 January 2014 the Inspector reports that following this Examination of the core issues of Duty to Cooperate and housing provision he considered the plan to be unsound for the following reasons:

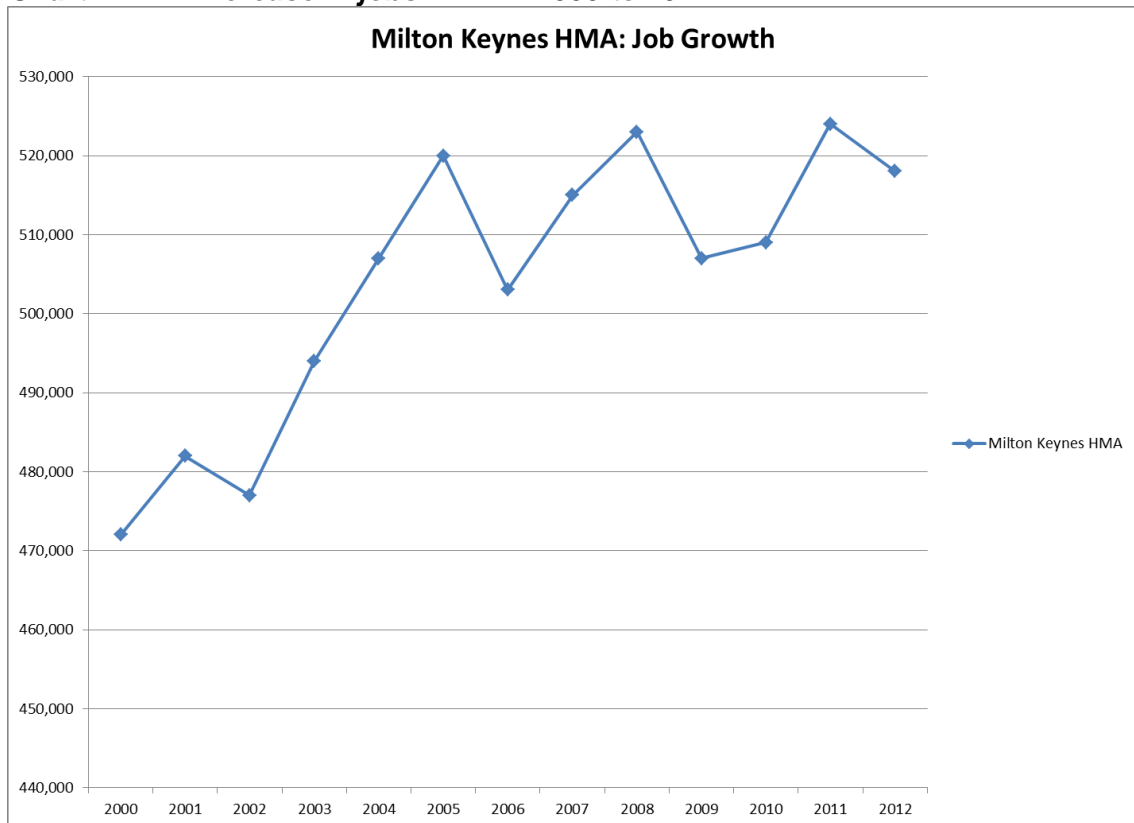
- a. The Council had failed to discharge their Duty to Cooperate on strategic issues most notably housing (Inspector's Letter paragraph 27);
  - b. The Council had failed to positively prepare the plan in terms of the policies for employment and housing as it was not effective, justified or consistent with national policy (Inspector's Letter paragraph 42).
- 5.28 The Inspector criticised some of the assumptions made in the evidence base and explicitly did not accept the Council's proposition that the 961 dwellings a year that the Local Planning Authority (LPA) considered resulted from the 2011 interim household projections was unsound as it claimed (Inspector's letter paragraph 35).
- 5.29 In paragraph 36 the Inspector noted that all of the economic led projections required significantly more houses to be provided, ranging from approximately 16,600 to 21,500, and that this requirement would be higher still if existing patterns of out-commuting were to remain.
- 5.30 It is considered that little weight can now be placed upon this previous assessment of housing need in the HMA.

## 6.0 INDICATORS OF MARKET DEMAND

### Employment growth

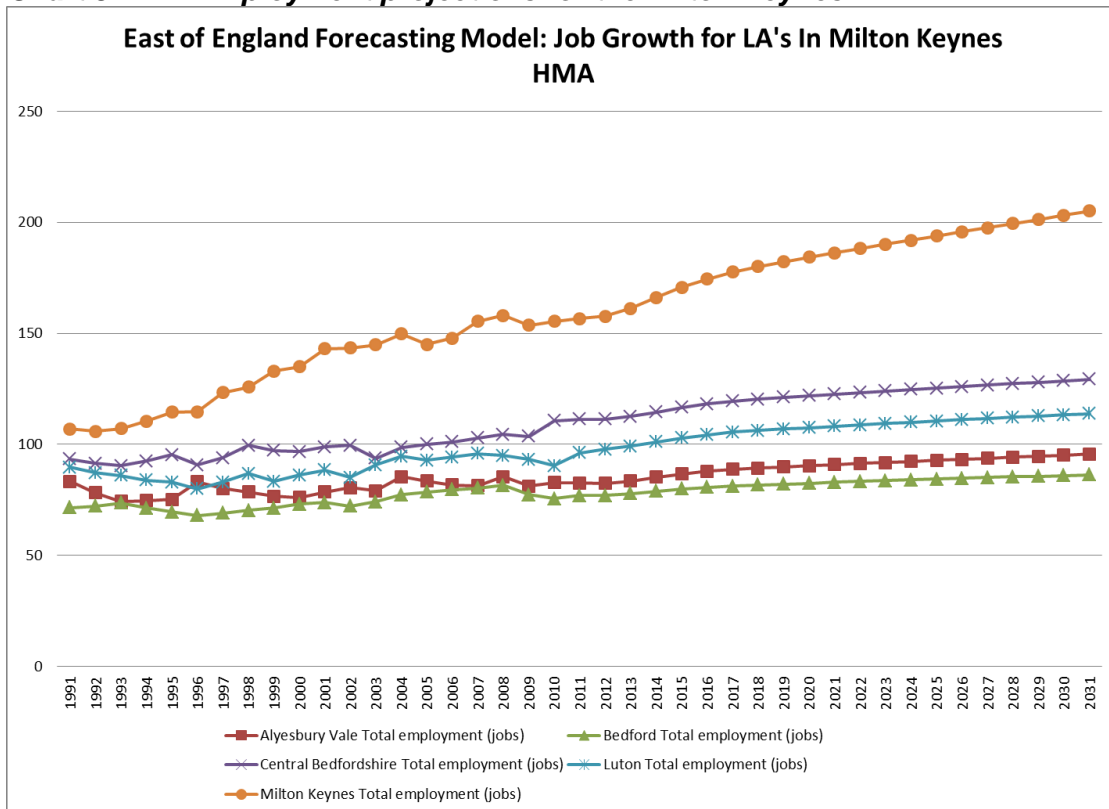
- 6.1 The Milton Keynes HMA has experienced strong employment growth compared to some other locations within England. The chart below shows that the HMA has experienced job growth of 46,000 between 2000 and 2012. This is an average of 3,538 jobs a year including the impact of the recession.
- 6.2 The fastest growing district is Milton Keynes which has experienced an average growth of 2,000 jobs since 2000 and has been least impacted by the effects of the recession.

**Chart 7: Increase in jobs in HMA 2000 to 2011**



- 6.3 In respect of future employment growth there have been a number of projections undertaken with the HMA as well as a number of “policy led” employment levels being proposed in the emerging strategies. The Chart below shows the projections in the East of England Forecasting Model produced by Oxford Economics in 2012. These do not therefore model the most recent changes in terms of the economic recovery. It should also be noted that these are population constrained projections as such growth might be limited if the model projects that there will not be the workers to fill the jobs. Lastly the projections do not take into account the impact of future policy.
- 6.4 The results for the period 2011 to 2031 are in the table on the next page to provide further information.

**Chart 8: Employment projections for the Milton Keynes HMA**



Source EEFM baseline forecasts

**Table 10 Summary of Employment projections for the Milton Keynes HMA from the East of England Forecasting Model**

	Total Job Growth	Annual Rate of Job Growth
Aylesbury Vale	13,068	653
Bedford	9,383	469
Central Bedfordshire	18,036	902
Luton	17,610	881
Milton Keynes	48,507	2,425
Milton Keynes HMA	106,604	5,330

Source EEFM baseline forecasts

- 6.5 This table and chart highlights the continued growth of Milton Keynes as the economic driver of the HMA but also suggests growth in all locations over the next two decades.
- 6.6 This suggests that the objectively assessed housing need should consider carefully the future needs of the local economy as the NPPG suggests that further divergence of employment growth and labour force change may result in unsustainable patterns of commuting.
- 6.7 The table below highlights the employment projections that have been utilised in this report and this includes up dated projections were there are available. Further explanation of the incorporation of these projections into the Chelmer model is set out in section 7.

**Table 11 Summary of Employment projections for the Milton Keynes HMA used in the Chelmer Modelling**

	Total Job Growth	Annual Rate of Job Growth
Aylesbury Vale	18,750	Experian 2013
Bedford	9,400	EEFM (rounded)
Central Bedfordshire	27,000	Strategic Objective in emerging plan (Table 3.1)
Luton	17,600	EEFM (rounded)
Milton Keynes	48,500	EEFM (rounded)
Milton Keynes HMA	96,950	

### House prices and affordability

- 6.8 The HMA and Aylesbury Vale have seen a greater increase in the housing stock than the wider South East (paragraph 4.16 Validation Study). While this is an indication of demand it is also potentially an indication of the restrictions on supply more generally in the South East.
- 6.9 The Validation Study suggests (paragraph 4.34) that despite a strong growth in house prices, households' ability to buy a home has improved. This conclusion is contrary to the published evidence on affordability which suggests the situation has significantly worsened in all the authorities that make up the HMA as is demonstrated by table below showing the ratio of lower quartile house price to lower quartile earnings increasing substantially from 1997 to 2011 for all parts of the HMA.

**Table 12 Ratio of lower quartile house price to lower quartile earnings by district, from 1997-07**

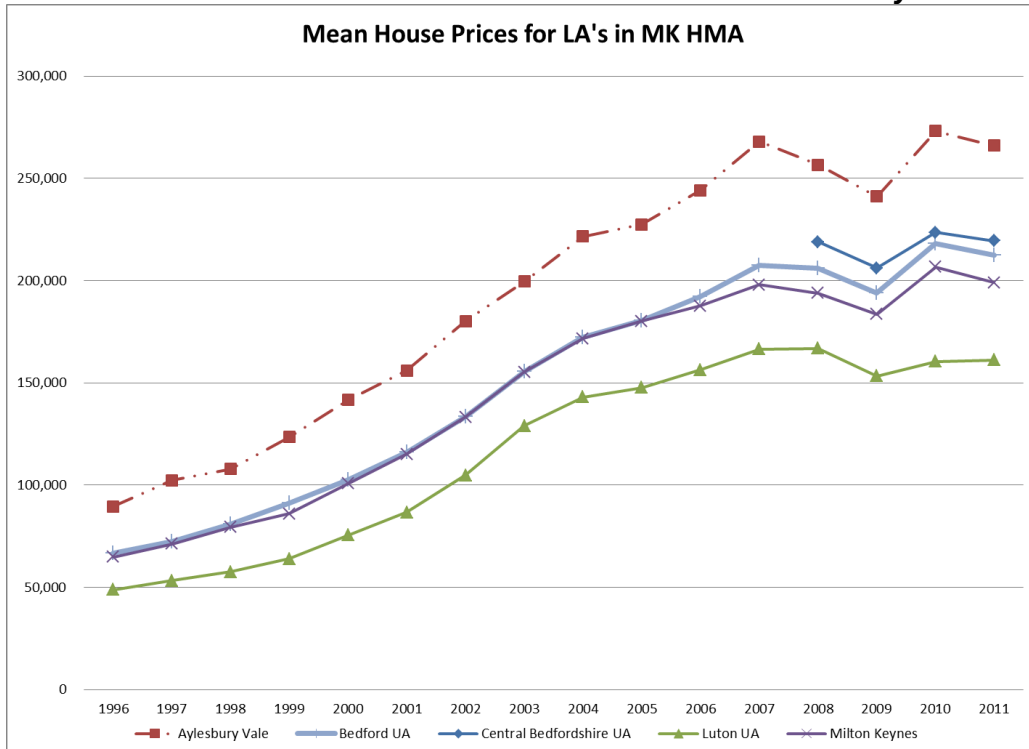
Local authority	1997	2001	2006	2007	2008	2009	2010	2011
Milton Keynes UA	3.2	4.8	7.2	7.6	7.3	6.2	7.2	6.6
Aylesbury Vale	4.4	5.9	8.4	9.7	9.6	7.5	8.1	8.4
Bedford UA	3.6	4.8	7.6	7.7	8.1	7.2	7.4	7.2
Central Bedfordshire UA	..	..	..	..	..	8.2	9.0	8.3
Luton UA	2.6	4.5	7.5	7.5	7.8	6.5	7.5	7.5

Source: ONS Extract from Table 576

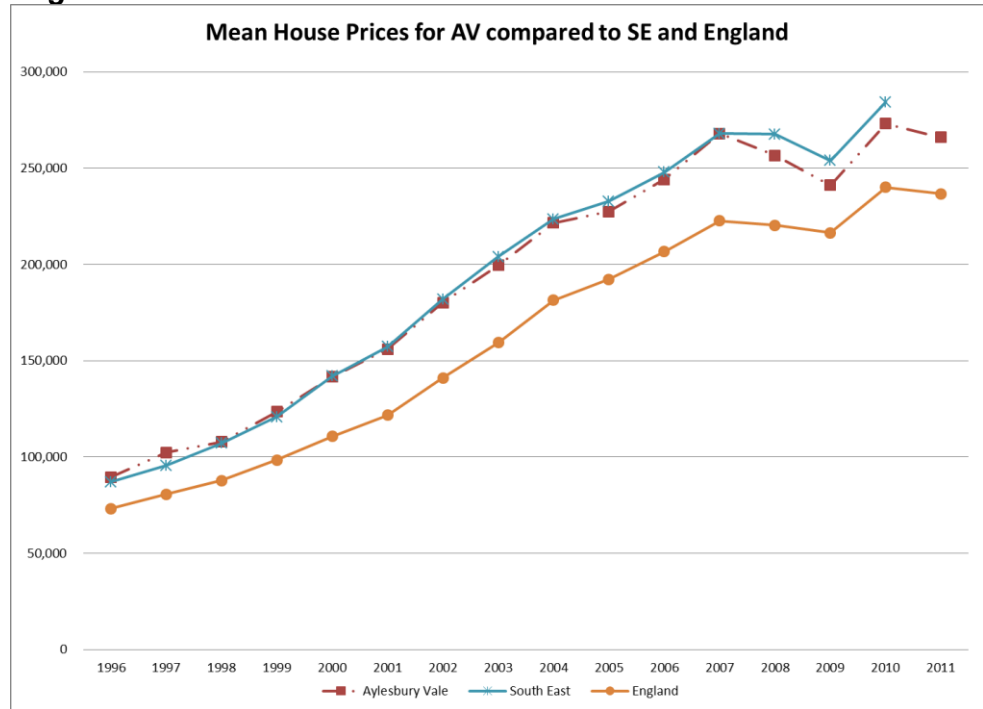
- 6.10 The Validation Study (paragraph 4.34) states that this rise in house prices in real terms occurred as supply lagged behind the growth in effective demand during this period.
- 6.11 In terms of the HMA the evidence in the Validation Study is that Aylesbury Vale has house prices that are some 26% above the average price of the South East (Validation Study paragraph 4.44) and that these prices have been relatively strong compared to other parts of the HMA (paragraph 4.51). The strength of the market in Aylesbury Vale has continued even in the post 2008 period with prices continuing to rise (by 7%) compared to falls in Central Bedfordshire and Luton (paragraph 4.54).

- 6.12 The strength of demand in the Aylesbury Vale part of the HMA is again emphasised by the consideration of delivery rates (Validation Study figure 28 net housing completions). These completion rates show an increase on the annual rate of completions since 2001. At 755 completions for the period 2010/11 the level is a little short of the peak level of completions experienced in 2007/8, are these levels are nevertheless signs of continuing demand.
- 6.13 For the HMA as a whole, completions were greater in 2010/11 than they were in 2001/2 with Bedford being the only location to record fewer completions in 2010/11 than 2001/2. Again this indicates strong effective demand within the HMA.
- 6.14 In paragraph 4.63 the Validation Update states that as Aylesbury Vale has experienced a high percentage increase in its net stock this has influenced past demographic trends and that this will in turn influence the projections of housing requirements. It is also a strong reflection of need and demand within the area and the Framework requires that such indicators should be taken into consideration when setting the required level of housing.
- 6.15 The following charts illustrate that Aylesbury Vale has the highest prices and the highest affordability ratios in the HMA. This is considered to be a clear indication of unmet demand.
- 6.16 The comparisons of both mean house price and affordability for Aylesbury Vale to England as a whole demonstrate that both are higher than the average and are comparable to the average for the South East. This further confirms that this is a district in which there is a high demand for housing.

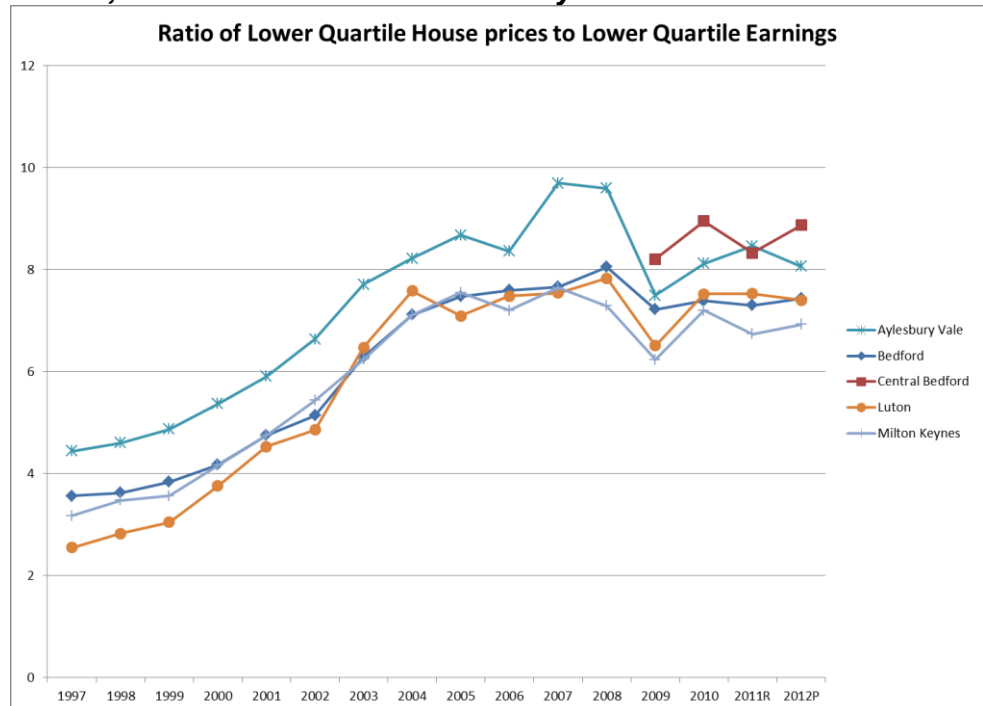
**Chart 9: Mean House Prices for districts with the Milton Keynes HMA**



**Chart 10: Mean House prices Aylesbury Vale compared to South East and England**

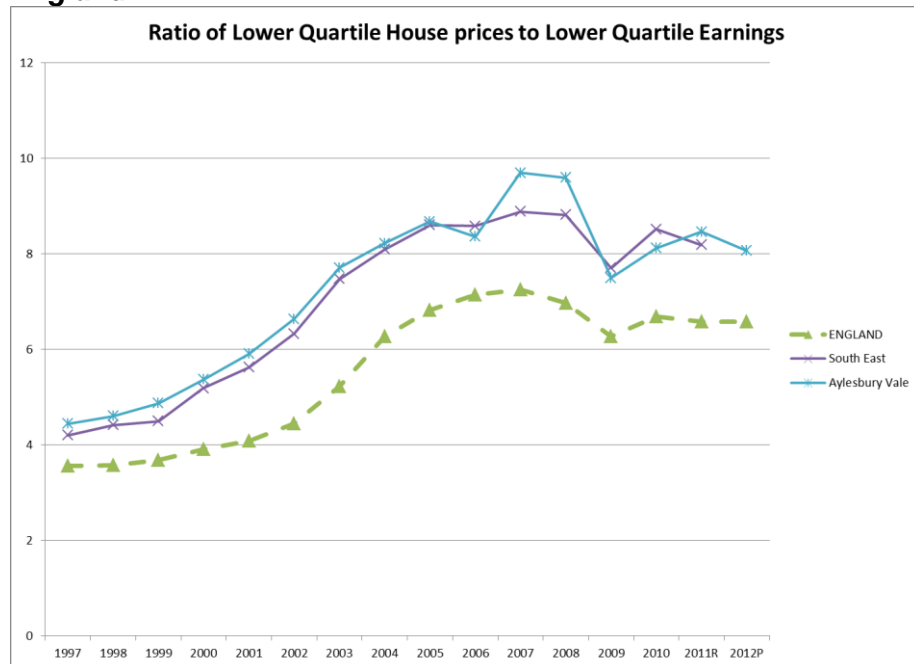


**Chart 11: Ratio of lower quartile house price to lower quartile earnings by district, from 1997 for LA's in Milton Keynes HMA**



Source: ONS Table 576 Ratio of lower quartile house price to lower quartile earnings by district, from 1997

**Chart 12: Ratio of lower quartile house price to lower quartile earnings by district, from 1997 Aylesbury Vale Compared to South East and England**



Source: ONS Table 576 Ratio of lower quartile house price to lower quartile earnings by district, from 1997

### The influence of London

- 6.17 It is important to also consider the underlying reasons for the previous distribution in the RSS. This was driven by capacity issues partly in the rest of the South East but predominantly by the inability of London to house its future population.
- 6.18 It is of note that the mayor of London has been writing to local authorities highlighting the potential undersupply of housing delivery in London.
- 6.19 The 2011 Interim Household Projections suggests the Capital will need to accommodate some 54,148 households a year 2011 to 2021 (allowing for vacancies).
- 6.20 The London Strategic Housing Market Assessment (2014) suggests that based upon different assumptions (including backlog), the objectively assessed need is 48,841 dwellings a year (Table 1).
- 6.21 The London Plan (2011) Total Annual Housing Provision Target (Source: London Plan 2011 Table 3.1) was 32,210.
- 6.22 The Further Alterations London Plan Total Annual Housing Provision Target, which is presently out for consultation, suggests that this may be increased to 42,389 a year (2015-2025) (Source: Further Alterations London Plan 2014 Table 3.1).

- 6.23 Both these levels of proposed provision in the extant and emerging plans are substantially short of the 2011 interim projections and the lower SHMA 2014 figure. The NPPG makes it clear that the London Council should be engaging with the surrounding authorities to ensure that these housing needs are met elsewhere.
- 6.24 The proposed figure of 42,389 dwellings a year is also below the low growth scenario in the SHMA which has the estimated annual requirement for 43,300 new homes a year. The high growth scenario required some 54,600 dwellings.
- 6.25 This increase is not surprising as the “low variant” household projection which most closely relates to the selected dwelling requirement in the capital is based upon net migration from London increasing from 40,363 persons to 107,107 persons by 2031. This is an increase of 165% of the expected level of out migration from the Capital. This calculation presupposes that the levels of housing provision can be delivered.
- 6.26 The level of dwelling provision proposed in the emerging plan is higher than that suggested as being deliverable in the London Councils Discussion Paper; “The London Housing Challenge” 2013 it highlighted that:
- A new analysis by London Councils of figures from the Department for Communities and Local Government and the Greater London Authority shows that between 2011 and 2021, 526,000 new homes will need to be built in London just to keep pace with London's booming population. A further 283,000 homes will need to be built to meet the unmet backlog of housing. On current projections only 250,000 homes will be built, and London will be faced with a 559,000 deficit of homes by 2021. Even on a conservative definition of housing need (excluding for example overcrowding criteria) the deficit remains 329,000 homes.*
- 6.27 This suggests that the level of future completions is likely to be just 25,500 dwellings a year. Figure 1 of the SHMA suggests that between 1981 and 2001 completions were running at under 20,000 a year and that post 2001 completions did not surpass 30,000 dwellings a year.
- 6.28 The London Housing Market Report (Table 19) confirms that since 2007 the Capital has not exceeded 24,000 completions a year and that at the second quarter of 2013 there were only 18,000 completions.
- 6.29 Therefore in order to achieve this significant change in the rate of delivery there will need to be significant changes in policy. No such changes are being proposed so it appears unlikely that the housing requirement being suggested in the plan will be found sound.
- 6.30 The Further Alterations London Plan is therefore unrealistic and little weight may be given to the increased level of provision suggested.
- 6.31 In terms of the assumed migration flows in the 2011 interim SNPP, these projections assume that the Capital will make provision for an average of 54,148 households per year. As the capacity of London is substantially short of this figure it would be correct to adjust the migration flows from London to reflect this.

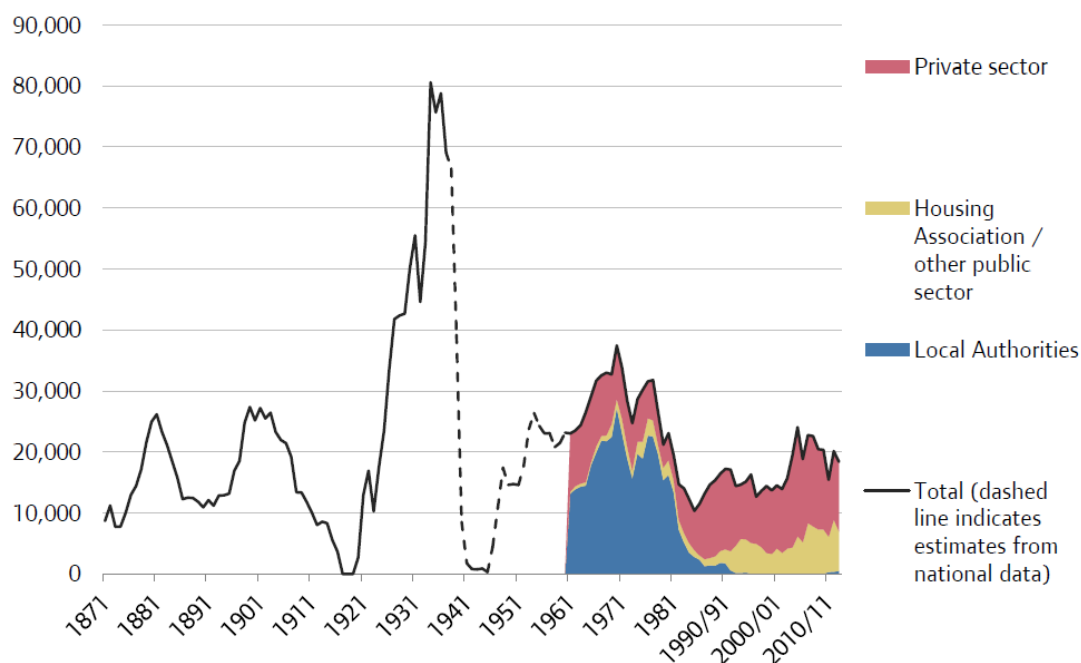
- 6.32 The Low variant projection which is the closest projection to the level of housing that is being proposed in the FALP projects a population for London of some 9.6 million persons by 2031. This compares with a projected population of 10.2 million in the 2012 SNPP. The implication is that not only is London not planning to meet the housing needs of the whole of the 9.6 million in its low variant projection but this projection is actually too low. The implication is that the already high rates of out migration being projected from the capital are not realistic and that these flows are likely to be higher.
- 6.33 The continued under provision of housing within the capital means that the net migration flows in the 2012 SNPP are likely to be too low and that higher levels of out migration from the capital will occur and these will have a ripple effect throughout all the housing markets within the South East and beyond, especially in locations such as the Milton Keynes HMA which has strong links to London.

***The implications of the Further Alterations to the London Plan (FALP)***

- 6.34 In Paragraph 3.16b requires a minimum of 49,000 dwellings in accordance with the SHMA evidence base with the top of the range being some 62,000 dwellings.
- 6.35 The approach set out in paragraphs 3.17 to 3.17b of the plan is not based on the consideration of alternatives, or any potential for mitigation or compensation of any negative impacts. As such, the setting of the overall level of housing at 42,000 (below the objectively assessed housing need) is not in accordance with the Framework or the Guidance.
- 6.36 It is understood that the mayor has written to local authorities in the South East and East of England raising the issue of unmet need in London, this however does not amount to fulfilling the duty to cooperate on this matter as effective action is required to tackle this issue.
- 6.37 According to the evidence base the lowest level of undersupply is 7,000 dwellings a year if the low variant projection is correct and the capital can deliver 42,000 dwellings a year as set out in the draft FALP.
- 6.38 The importance of demonstrating the deliverability of the 42,000 dwelling target
- 6.39 The proposal to increase housing delivery from 33,400 to 42,000 homes is a significant increase but as yet it is not been supported by strong evidence that such a level can be achieved (Framework paragraphs 173 and 182).
- 6.40 The realism of the delivery of this substantial increase is especially important given the very negative impact that undersupply will have on the Capital, the surrounding regions including all the sites in this HMA.
- 6.41 When compared against previous rates of housing delivery in the Capital it would appear that 42,000 dwellings a year would be undeliverable without significant policy. There are no such policies proposed in the FALP.
- 6.42 The Chart below highlights that the proposed annual target has not been exceeded since the Second World War.

**Table 13 New Homes in Greater London 1871 - 2013**

**Figure 1: New homes built in Greater London, 1871-2013<sup>13</sup>**



6.43 At present the shortfall over the last five years compared to the requirement in the extant plan is some 70,550 dwellings and this represents an cumulative undersupply of over 40%. While the reduction may in part be due to the impact of the recession we would have expected this to be counterbalanced by the impact of those policies which are meant to increase delivery from the previous plan.

**Table 14 Completions compared to extant dwelling requirement**

	Completions (gross)	Requirement	Percentage of target	Cumulative undersupply	Cumulative undersupply (%)
2007/8	22,600	33,400	68%	10,800	32%
2008/9	20,450	33,400	61%	23,750	36%
2009/10	20,370	33,400	61%	36,780	37%
2010/11	15,450	33,400	46%	54,730	41%
2011/12	17,580	33,400	53%	70,550	42%

DCLG Table 253 Housebuilding: permanent dwellings started and completed, by tenure and district, 2007/08

- 6.44 The previous policies were ineffective in securing any increase in the delivery of new homes in the Capital. This is unsurprising as the plan did not introduce any policies that were significantly different to the approach that had been previously applied. As such it was unwise to expect that such a significant change from about 20,000 dwellings a year to 34,400 would occur simply because the headline figure in the policy had been changed.
- 6.45 This lack of improvement is particularly unsurprising as the approach in the extant plan is that the final level of provision to be made in any location is to be determined by present constraints.
- 6.46 This leaves an issue as to what level of provision should be assumed for London when considering the level of unmet need. The options are to either make a leap of faith that completions will quickly double in the Capital (without any significant policy change) of that past levels of completions will continue.
- 6.47 The chart above illustrates that since 1991 achieving a rate of 20,000 a year on a sustained basis might in itself be challenging. The tables below consider the potential impact of the FALP level of provision against the continued rate of 20,000 a year and the extant policy figure of 33,400 dwellings a year.
- 6.48 There is a further issue in terms of how this unmet need might be accommodated – it may be assumed that it will follow the present pattern of out migration to the capital and disperse widely across England and Wales on a pro rata basis. The alternative is that the majority of these additional migrants which will be generated by the undersupply of housing rather than other motives and as such they are likely to relocate within the hinterland of the capital. For the purpose of this report this has been assumed to be the South East and East of England regions.
- 6.49 For the purposes of this report it has been assumed that all unmet housing need from the capital in excess of the 2012 migration patterns) will need to be met with the South East and East of England regions. The table below show the pro rata distribution of different levels of unmet housing need in London. These suggest the different levels of additional dwellings that might be expected to be accommodated in addition to the 2012 SNPP led projections.

**Table 15 Impact of the planned under provision of housing in London pro rata for South East and England of England**

	Migration out of London	Percentage of London out migration	Additional annual dwellings from London Shortfall of 7000 a year	Additional annual dwellings from London Shortfall of 15,600 dwellings a year London Plan	Additional annual dwellings from London Shortfall of 29,000 dwellings a year Past Completions	Total impact of shortfall in London at 7000 dwellings a year FALP	Total impact of shortfall in London at 15,600 dwellings a year London Plan	Total impact of shortfall in London at 29,000 dwellings a year Past Completions
Aylesbury Vale	1,110	0.79%	55	123	229	1,104	2,461	4,576
Bedford UA	1,020	0.72%	51	113	210	1,015	2,262	4,205
Central Bedfordshire UA	990	0.70%	49	110	204	985	2,195	4,081
Luton UA	2,170	1.54%	108	241	447	2,159	4,812	8,945
Milton Keynes UA	1,710	1.22%	85	190	352	1,701	3,792	7,049
Total for MKHMA	7,000	4.98%	348	776	1,443	6,965	15,522	28,856
Total out migration out of London to SE & EoE	140,700							
London out migration to South East	85,800							
London out migration to East of England	54,900							
Total additional out migration out of London to SE & EoE			7,000	15,600	29,000			
Level of future completions			42,000	33,400	20,000			
Minimum requirement in London SHMA			49,000	49,000	49,000			

6.50 This suggests that for the HMA the impact of under provision in London will be at least an additional 6,965 dwellings to be accommodated over the next 20 years (table 19). This of course is dependent on the following:

- London increasing completions from under 20,000 dwellings a year to 42,000 dwellings a year for the whole of the next 20 years.
- The additional migrants dispersing on the basis of all migration out of the city to other parts of England and Wales.

6.51 If the only the delivery rates present set out in the extant plan area achieved then the likely level of additional housing requirement based upon London's unmet need will be some 15,522 dwellings.

- 6.52 The worst case scenario of 28,856 dwellings would be the result of the capital continuing past rates of delivery at 20,000 dwellings a year and all the additional migrants seeking dwellings with the South East and East of England. This is not considered to be an unduly pessimistic scenario and without the adoption of the FALP and effective cooperation could be considered to be the most likely at present.
- 6.53 This report is based upon the reasonable assumption that those moving out of the capital due to housing shortages will meet their Housing Requirements within the neighbouring two regions. Given that the FALP is not yet been found sound and there are a number of objections to the level of proposed housing and its likely impact on the surrounding regions it would be inappropriate at this time to plan on the higher levels of housing being achievable.
- 6.54 In these circumstances the precautionary approach would be to assume the extant Plan level of housing provision might be achieved over the longer term and plan for the subsequent level of unmet need.

**Implications of capacity constraints in Milton Keynes and Luton on the objectively assessed need for Aylesbury Vale**

- 6.55 From our participation in the Milton Keynes Local Plan examination and the later Core Strategy examination it is noted that the options for further growth at Milton Keynes to achieve the higher levels of provision are limited and as the City is constrained to the East and South by administrative boundaries and by landscape to the north and west.
- 6.56 In her report on the Core Strategy the inspector noted:
- 84. Based on the evidence for the hearings, the overall land supply position indicated that there are identified sites for about 24,300 dwellings in the borough. There were 2,875 net completions in the first two years of the plan period. Measured against the Plan's target of at least 28,000 dwellings this indicates a shortfall in the land supply of at least 825 dwellings.*
- 6.57 Given this review of deliverable sites it is difficult to see how the city might provide for higher rates of development above the 1750 a year within the adopted Core Strategy should they be required without engaging the duty to cooperate.
- 6.58 Luton has a similar issue with regard to its restricted level of supply and evidence of past build rates suggest that only some 372 dwellings a year might be delivered from within its own administrative area. The recently published Draft Luton Local Plan for Public Consultation (2011-2031) June 2014 suggests that even this rate of delivery maybe regarded as being too high as Policy LP 15 Housing Provision makes provision will be made for around 5,700 dwellings (2011 to 2031) which is just 285 dwellings a year.
- 6.59 The table below is an extract from the ONS migration tables which provides a basis for considering the redistribution of any unmet need within the HMA. This highlights that Aylesbury Vale and Central Bedfordshire are the main destinations for migrants moving out Milton Keynes. Central Bedfordshire rather than Aylesbury Vale is the main focus for migrants leaving Luton.

**Table 16 Migration flows between LA's in HMA**

Moves within HMA Destination/Origin	Aylesbury Vale	Bedford UA	Central Bedfordshire UA	Luton UA	Milton Keynes UA
Aylesbury Vale	-	30	310	70	450
Bedford UA	40	-	1100	470	320
Central Bedfordshire UA	350	770	-	2110	530
Luton UA	30	170	950	-	140
Milton Keynes UA	460	310	760	340	-
Total moves within HMA	880	1280	3120	2990	1440
Percentage of HMA out migration	Aylesbury Vale	Bedford UA	Central Bedfordshire UA	Luton UA	Milton Keynes UA
Aylesbury Vale		2%	10%	2%	31%
Bedford UA	5%		35%	16%	22%
Central Bedfordshire UA	40%	60%		71%	37%
Luton UA	3%	13%	30%		10%
Milton Keynes UA	52%	24%	24%	11%	
	100%	100%	100%	100%	100%

Source: ONS Table 2a Moves within England and Wales

- 6.60 In light of the above it must be considered likely that any under provision in either Luton or Milton Keynes due to capacity issues is most likely to be met in Aylesbury and Central Bedfordshire in the case of Milton Keynes and predominantly Central Bedfordshire in the case of under provision at Luton.
- 6.61 If this redistribution takes place in accordance with the past pattern of migration within the HMA then the impact will be as set out in the table below:

**Table 17 Proposed pattern for the Distribution of unmet need in Milton Keynes and Luton**

Percentage of HMA out migration	Distribution of unmet needs from Luton based on capacity constraints at Milton Keynes and Luton	Distribution of unmet needs from Milton Keynes based on capacity constraints at Milton Keynes and Luton
Aylesbury Vale	3%	35%
Bedford UA	18%	25%
Central Bedfordshire UA	80%	41%
Luton UA		
Milton Keynes UA		
Milton Keynes HMA	100%	100%

**Conclusion on other evidence of demand**

- 6.62 The indicators of demand considered above suggest that there has remained a strong market demand for housing within the HMA and in Aylesbury Vale in particular. The developing situation in London and capacity issues with Luton and Milton Keynes also suggest that unmet need in these locations will to a greater or lesser extent impact on future levels of demand within the Vale.
- 6.63 Evidence that completions are running at a higher rate than in the early part of the last decade and that house prices have continued to increase would further suggest that despite the level of recent completions, demand in the area is not being met.
- 6.64 Evidence of employment growth within the HMA is a further factor which strongly suggest there will continue to be high levels of demand with Aylesbury Vale and the wider HMA.

## **7.0 THE OBJECTIVELY ASSESSED NEED FOR HOUSING**

### **The approach to the objectively assessed need for housing**

- 7.1 The Framework provides the background against which to approach the choice of assumptions as part of the objective assessment of needs for housing. The following summarises the framework in which to approach these assumptions and make these choices:
- a. The objective is to provide a supply of housing to meet needs of both this and future generations (paragraph 7);
  - b. There is also the requirement to increase the opportunity for home ownership based upon not just current but also future demographic trends, market trends and the needs of different groups in the community (paragraph 50);
  - c. The planning system does everything it can to support sustainable economic growth. Planning should operate to encourage, and not act as an impediment, to sustainable growth. Therefore significant weight should be placed on the need to support economic growth through the planning system (paragraph 19); and
  - d. Finally the general approach is for plans to be positively prepared.
- 7.2 These principles should not be applied to the outcome of the projections but should inform the choices of assumptions made as part of the process of modelling the objectively assessed need. The consequence of applying these principles to the modelling process are as follows:
- a. Where there is a choice of reasonable alternatives regarding the future propensity of persons to form households then the requirement to increase the opportunity for home ownership and plan positively requires one to choose the more favourable assumption that would allow more, rather than less, people to form their own households and achieve greater home ownership;
  - b. Where there are a number of reasonable projections of future employment growth then one should plan to accommodate the highest of these projections as to fail to do so might actually contribute to these higher levels of growth not being achieved);
  - c. As confirmed in the Hunston decisions, once an objectively assessed need has been arrived at following these principles, then the housing requirement maybe set at less than the need if:
    - i. Any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in the Framework taken as a whole; or specific policies in this Framework indicate development should be restricted; and
    - ii. The Council has engaged the Duty to Cooperate (Framework paragraphs 178 to 181) so that these needs are met elsewhere so as to fulfil the core principle of the delivering the homes the country needs (paragraph 17).

- 7.3 In light of the evidence on demand in the earlier section it is considered that not only is effective demand returning to the housing market but that those who have been excluded from the market by past conditions, as well as those entering into the age of potential home ownership, are all wishing to enter the housing market. This means that the low level of Household Representation Rates included in the 2011 interim household projections are inappropriate for modelling the objectively assessed need for housing.

**The two stages to determining the objectively assessed need for housing**

- 7.4 In determining the Objectively Assessed Need for housing the Framework requires that a two stage approach is taken. This may be summarised as follows:
- a. Consideration of demographic projections and trends (para 159 of Framework);
  - b. Consideration of the needs of the economy (para 158 of Framework). This has been described as the “final step” in the assessment in the South Worcestershire Development Plan Inspectors letter (Appendix 15) and the balance between employment growth and housing provision also featured strongly in the Inspector’s letter finding the Vale of Aylesbury Plan unsound (Appendix 16).

**The Chelmer model**

- 7.5 This is a version of the DCLG model. It is a five year model and is a recognised tool for testing scenarios as highlighted by the former SHMA practice guide and various appeal decisions.
- 7.6 The model takes a given population and “ages” this population between 2011 and 2036 by applying the death rates which are appropriate to each age group.
- 7.7 It also adds births to the population according to the level of fertility recorded for each age group for females
- 7.8 The likely level of out migration and in migration for each age sex cohort is also applied which will add or remove persons from the area
- 7.9 The likelihood of people to be economically active at each age is calculated taking into account the propensity of these persons to work depending on their age and sex.
- 7.10 The likelihood of a person at each age to become a head of household (Household Representation Rates) is also applied to each age/sex group giving the likely level of housing requirement.

**The Evidence base**

***The starting point – the 2012 SNPP***

- 7.11 The 2012 Sub National Population Projections take into account 2011 census results in terms of population age and sex as well as recent migration patterns.
- 7.12 These have been used as an input to the Chelmer Model to provide a population led forecast providing a demographic forecasts for future housing needs in each of the districts in the HMA.

### **Changes made to the DCLG assumptions**

- 7.13 **Household representation rates** – the 2011 Interim Household Projections contain the most recent Household Representation Rates produced by the government on a sun national level. These projected rates however have two issues:
- a. They only extend to 2021; and
  - b. They model forward the negative impact of undersupply and recession – for example the inability of under 35's to enter the housing market so these assumptions model forward the present situation of more under 35's staying at home and a greater number of unrelated adults living together (shared housing).
- 7.14 These have been extended to 2031 and amended to reflect that the Framework requires plans to increase the supply of housing and choice (paragraph 50). Therefore, rather than to continue recent short term trends, the Household Representation Rates used in the model have been based on the 2011 interim CLG projections to 2016, and then they are amended to track the earlier 2008-based projections from 2016 onwards. This approach does not therefore catch up with the long term trends by 2031 and as such could still represent a level of unmet demand.
- 7.15 It is recognised that using such an assumption, while a reasonable option in terms of a statistical approach, could be argued does not fulfil the requirements of the Framework, in particular paragraph 17, of meeting the housing needs of the country, or increasing the opportunity for home ownership.
- 7.16 **Activity Rates** – The context for this is that the Chelmer Model holds Economic Activity Rates at a constant level from 2011. It is therefore reasonable to consider if this adequately reflects future changes such as the impact of equalising the pension age to 65 and then the rising of the age to 66.
- 7.17 The most recent research on activity rates is contained in the UK Commission for Employment and Skills Working Futures 2012-2022 Evidence Report (March 2014) table 2 page 17 which is based upon the analysis of changes across age/sex concludes that activity rates for males (16+) will decrease by one percentage point while activity rates for females (16+) will increase by one percentage point. The report comments:
- “Both population and working age population are forecast to rise faster for males than for females, but the labour force for females is expected to increase faster than the male labour force (continuing recent trends). This reflects the increasing participation of women in the labour force and, over the period 2012-22, the gradually increasing pension age for women from 59 to 64. Overall participation rates are expected to increase slightly over 2012-17 but then see little change, such that the rate in 2022 will be about the same as in 2012.”*
- 7.18 This suggests that changes that occur due to the state pension age are limited in terms of overall activity rates.

7.19 The approach we have adopted is based upon the ONS assessment of the changes of the state pension age as set out in Edge Analytics report of January 2014 which stated:

*“ONS published its last set of economic activity rate forecasts from a 2006 base (ONS January 2006, Projections of the UK labour force, 2006 to 2020). These incorporated an increase in SPA for women to 65 by 2020 but this has since been altered to an accelerated transition by 2018 plus a further extension to 66 by 2020. Over the 2011–2020 period, the ONS forecasts suggested that male economic activity rates would rise by 5.6% and 11.9% in the 60-64 and 65-69 age groups respectively. Corresponding female rates would rise by 33.4% and 16.3% (Figure 14). Given the accelerated pace of change in the female SPA and the clear trends for increased female labour force participation across all age-groups in the last decade, these 2011–2020 rate increases would appear to be relatively conservative assumptions.”*

**Chart 13: ONS Labour Force Projections**

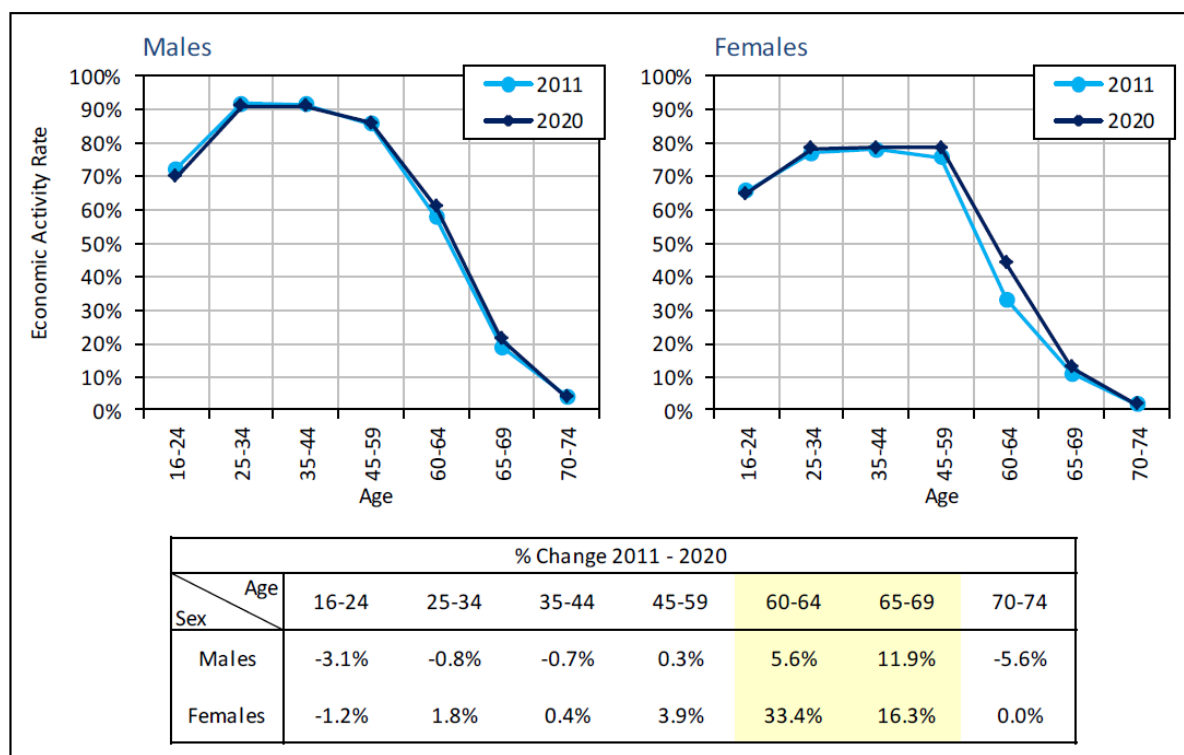


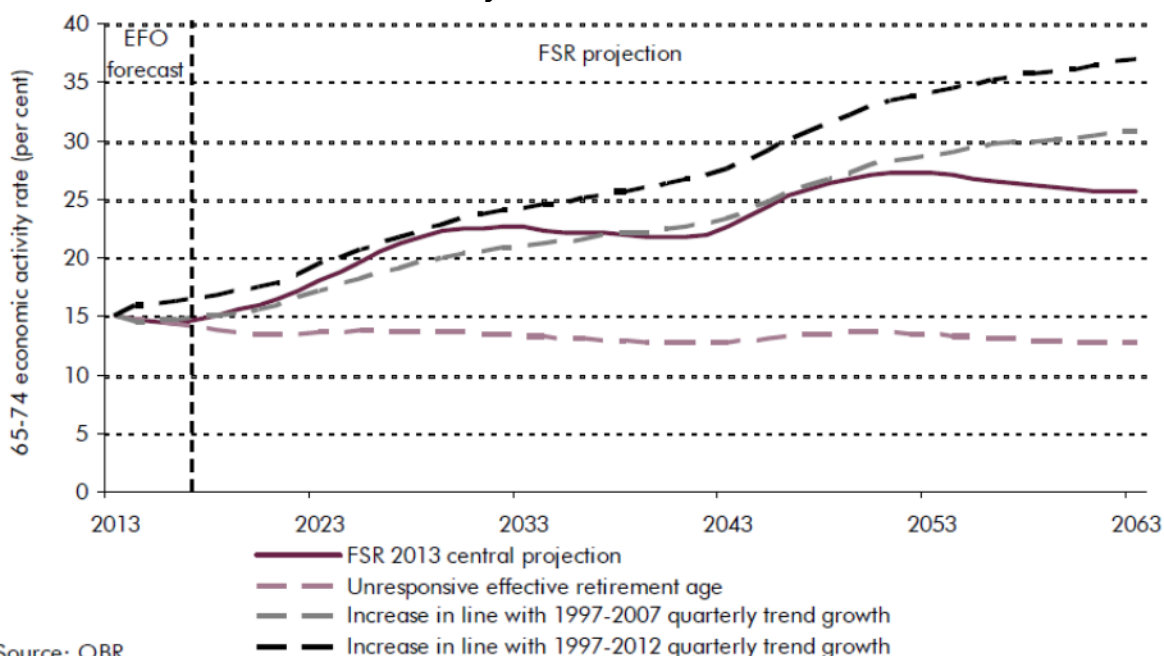
Figure 14: ONS Labour Force Projection 2006 – Economic Activity Rates 2011–2020. Data source: ONS  
Source Edge Analytics (December 2013)

7.20 In considering the adjustments to make to reflect the impact of the changes to the pension age we have also taken into account the findings of the Institute of Fiscal Studies “Incentives, shocks or signals: labour supply effects of increasing the female state pension age in the UK” (IFS Working Paper W13/03):

- a. This tested for an impact of the change of pension age on activity rates of those below 60 and found that there was no impact (appendix B and footnote 21 page 16/17);

- b. This found the impact of raising the state pension age was to increase employment rates by 7.3 percentage points for women and unemployment rates by 1.3 percentage points (page 8); and
  - c. There was a corresponding increase of 4.2 percentage points in their male partner's employment rates (page 28). This suggests that an increase in the activity rates for males in the 60 to 64 age group is appropriate but that as this increase only related to male partners not all males. As only 52.8% of all households are formed of couples (2011 interim Household projections table 420 England) then at best this increase in activity can only be applied to this percentage of the male population. This would suggest an increase of 2.2 percentage points.
- 7.21 We have also considered further evidence produced by the government concerning the impact of the changes as published in the Department of Work and Pensions report "When the State pension Age will increase to 66" Equality Assessment January 2011. Table 4 in the appendix of the report suggests the bringing forward of the state pension age to 66 will an additional impact of increasing the numbers in employment by just over 4% at 2020, but that this impact will reduce to under 1% by 2026 (table 4).
- 7.22 Lastly, we have considered the Office for Budget Responsibility and in particular the Charts and Tables from the Fiscal Sustainability Report (FSR) July 2013. Chart 4.9: 65-74 economic activity rate scenarios and the accompanying tables suggest that economic activity rates amongst this age group will increase by over 42% as compared to a forecast which retains the previous age of retirement.

**Chart 14: 65-74 economic activity rate scenarios**



Source: Office for Budget Responsibility Chart 4.9 from the Fiscal Sustainability Report (FSR) July 2013

- 7.23 In light of the above we have modelled the impact of the combined effect of these assumptions on the employment led scenario. To summarise this set of assumptions are as follows:

**Table 18 Summary of changes to activity rates as a result of changes to the pension age**

Source	Age group	Sex	2011 2016	2016 2021	2021 2026	2026 2031
Impact of equalisation of pension age - IFS working Paper W13/03 percentage point increase	60-65	men	2.2%	2.2%	2.2%	2.2%
	60-65	women	8.6%	8.6%	8.6%	8.6%
Increase to 66 DWP Equality impact Assessment 2011 (percentage change)	55- 65	men	1.5%	4.2%	0.8%	
	55- 65	women	4.8%	4.7%	0.8%	
Post 65 economic Activity OBR RFS 2013 (percentage change from baseline forecast)	65 - 74	increase above baseline both sexes	13.3%	27.6%	42.5%	47.9%

- 7.24 The impact of combining these assumptions as inputs to the model is shown the tables in appendix 4 for each of the councils within the HMA.
- 7.25 In this context it can be noted that the following assumptions were considered to be realistic by the Inspector at the South Worcestershire Development Plan (paragraph 34 page 7 Inspectors interim conclusions on the stage 1 matters & paragraph 4.3.3 page 15 NLP Miller Strategic land “Updated Assessment of Housing Requirements to inform Examination matter 1”). In that case the following assumptions were considered to represent a reasonable response to the changes to the pension age:
- e. Males 60 to 64: No change;
  - f. Males 65 to 69: 2 percentage points between 2012 and 2018;
  - g. Females 60 to 64: 8 percentage points between 2012 and 2018; and
  - h. Females 65 to 69: 2 percentage points between 2012 and 2018.
- 7.26 As the rates used are higher than those previously found to be sound there is the possibility that if they are not achieved then a higher level of housing will be required to meet the same level of employment growth as additional migration will be required to supply the workers.
- 7.27 **Unemployment** – For employment led projections an allowance has been made for the number of unemployed in each of the districts to reduce from the 2011 level (the start of the projection period) to the lowest recorded level in the last decade as recorded by the Nomis data base. The tables below sets out this approach together with the adjustments made to reduce unemployment.

- 7.28 **Commuting** - For employment led projections the increase in the Labour Force has amended to take into account the present pattern of commuting in each of the districts as determined by the Nomis data base. This approach is set out in the table below. In brief terms this means in locations where there is net out commuting then more dwellings are likely be needed to provide for a certain level of job growth (i.e. as is the case with Aylesbury Vale) whereas locations which experience net in commuting fewer dwellings will be required as these areas will rely on some of the additional workers to travel in from neighbouring districts (i.e. as is the case with Milton Keynes).

**Table 19 Calculation of additions to labour force required to support employment growth**

	Projection	Job Growth	reduction in unemployment	Worker/Job Ratio	Required change to Labour Force
Aylesbury Vale	Experian 2013	18,750	1,790	1.24	21,030
Bedford	EEFM	9,383	3,300	1.08	6,539
Central Bedfordshire	Strategic Objective in emerging plan (Table 3.1)	27,000	1,500	1.24	31,583
Luton	EEFM	17,610	3,640	0.99	13,852
Milton Keynes	EEFM	48,507	2,640	0.81	37,121

**Summary of projections and associated assumptions:**

- 7.29 This report contains two projections for each district these are summarised as follows:
- 2012 SNPP** - this projection is a population led projection in which the 2012 Sub National Population projections with their implicitly migration assumptions are used to drive the model and return the dwelling requirement and changes to the economically active.
  - Employment led projections:** – in this projection the future levels of migration have been amended so that the future labour force will expand to meet the projected levels of employment growth as set out in table 19. As explained above the increase to the labour force is modified to reflect both the present patterns of commuting and a reduction in unemployment.
- 7.30 The summary of these projections, undertaken with the Chelmer Model, are set out in the tables on the following pages.

**Table 20 Summary of Dwelling and Labour Force changes from the 2011 SNPP projections resulting from the Chelmer Projections for Milton Keynes Housing Market Area**

Dwelling change	2011-2016	2016-2021	2021-2026	2026-2031	2011-2031	Annual Average
AVDC 2012 SNPP HRR Tracking PA	981	1,121	1,002	880	19,918	996
BCC 2012 SNPP HRR tracking PA	862	948	896	886	17,959	898
CBC 2012 SNPP HRR tracking PA	1,634	2,024	1,853	1,807	36,590	1830
LBC 2012 SNPP HRR tracking PA	1,054	1,299	1,149	1,108	23,051	1153
MK 2012SNPP HRR tracking PA	1,531	1,880	1,823	1,842	35,375	1769
<b>Total for Housing Market Area Demographic</b>	<b>6,062</b>	<b>7,272</b>	<b>6,723</b>	<b>6,522</b>	<b>132,893</b>	<b>6,645</b>
Labour force change	2011-2016	2016-2021	2021-2026	2026-2031	2011-2031	Annual Average
AVDC 2012 SNPP HRR Tracking PA	971	622	393	433	12,092	605
BCC 2012 SNPP HRR tracking PA	814	592	412	476	11,474	574
CBC 2012 SNPP HRR tracking PA	1,871	1,314	941	978	25,521	1,276
LBC 2012 SNPP HRR tracking PA	1,312	1,026	766	770	19,368	968
MK 2012SNPP HRR tracking PA	1,180	1,122	1,046	866	21,069	1,053
<b>Total for Housing Market Area Demographic</b>	<b>6,148</b>	<b>4,677</b>	<b>3,558</b>	<b>3,522</b>	<b>89,524</b>	<b>4,476</b>

**Table 21 Summary of Population and Migration changes from the 2011 SNPP projections resulting from the Chelmer Projections for Milton Keynes Housing Market Area**

Population change	2011-2016	2016-2021	2021-2026	2026-2031	2011-2031	Annual Average
AVDC 2012 SNPP HRR Tracking PA	2,144	2,020	1,820	1,560	37,720	1,886
BCC 2012 SNPP HRR tracking PA	1,672	1,700	1,600	1,560	32,660	1,633
CBC 2012 SNPP HRR tracking PA	3,491	3,320	3,080	2,740	63,156	3,158
LBC 2012 SNPP HRR tracking PA	2,592	2,420	2,120	1,920	45,259	2,263
MK 2012SNPP HRR tracking PA	3,361	3,540	2,960	2,480	61,705	3,085
<b>Total for Housing Market Area Demographic</b>	<b>13,260</b>	<b>13,000</b>	<b>11,580</b>	<b>10,260</b>	<b>240,500</b>	<b>12,025</b>
Migration	2011-2016	2016-2021	2021-2026	2026-2031	2011-2031	Annual Average
AVDC 2012 SNPP HRR Tracking PA	1,293	1,191	1,206	1,090	23,897	1,195
BCC 2012 SNPP HRR tracking PA	728	749	842	778	15,481	774
CBC 2012 SNPP HRR tracking PA	2,029	1,875	1,898	1,695	37,487	1,874
LBC 2012 SNPP HRR tracking PA	-206	-367	-546	-656	-8,874	-444
MK 2012SNPP HRR tracking PA	1,025	1,257	908	674	19,320	966
<b>Total for Housing Market Area Demographic</b>	<b>4,869</b>	<b>4,705</b>	<b>4,308</b>	<b>3,581</b>	<b>87,311</b>	<b>4,366</b>

**Table 22 Summary of Dwelling and Labour Force changes from the Employment led Chelmer Projections for Milton Keynes Housing Market Area**

Dwelling change	2011-2016	2016-2021	2021-2026	2026-2031	2011-2031	Annual Average
AVDC 18750 jobs HRR tracking PA	1,007	1,259	1,313	1,348	24,633	1232
BCC 9400 jobs HRR tracking PA	595	789	712	643	13,692	685
CBC 27000 jobs HRR tracking PA	1,634	2,033	2,159	2,116	39,711	1986
LBC 17,600 jobs tracking PA	657	745	780	941	15,610	781
MK 2012 SNPP 48500 jobs HRR tracking PA	1,877	2,484	2,559	2,517	47,188	2359
<b>Total for Housing Market Area Employment lead</b>	<b>5,770</b>	<b>7,309</b>	<b>7,523</b>	<b>7,565</b>	<b>140,834</b>	<b>7,042</b>
Labour force change	2011-2016	2016-2021	2021-2026	2026-2031	2011-2031	Annual Average
AVDC 18750 jobs HRR tracking PA	971	1,115	1,037	1,083	21,029	1,051
BCC 9400 jobs HRR tracking PA	493	382	214	219	6,540	327
CBC 27000 jobs HRR tracking PA	1,871	1,761	1,281	1,403	31,583	1,579
LBC 17,600 jobs tracking PA	882	626	486	777	13,853	693
MK 2012 SNPP 48500 jobs HRR tracking PA	1,892	1,809	2,003	1,721	37,121	1,856
<b>Total for Housing Market Area Employment lead</b>	<b>6,109</b>	<b>5,691</b>	<b>5,021</b>	<b>5,203</b>	<b>110,126</b>	<b>5,506</b>

**Table 23 Summary of Population and Migration changes from the  
Employment led Chelmer Projections for Milton Keynes Housing  
Market Area**

Population change	2011- 2016	2016- 2021	2021- 2026	2026- 2031	2011 2031	Annual Average
AVDC 18750 jobs HRR tracking PA	2,144	2,629	2,782	2,702	51,288	2,564
BCC 9400 jobs HRR tracking PA	1,144	1,166	979	994	21,410	1,071
CBC 27000 jobs HRR tracking PA	3,491	3,659	3,628	3,604	71,908	3,595
LBC 17,600 jobs tracking PA	1,998	1,576	1,411	1,481	32,332	1,617
MK 2012 SNPP 48500 jobs HRR tracking PA	4,336	4,790	4,811	4,216	90,764	4,538
<b>Total for Housing Market Area Employment lead</b>	<b>13,113</b>	<b>13,819</b>	<b>13,611</b>	<b>12,997</b>	<b>267,702</b>	<b>13,385</b>
Migration	2011- 2016	2016- 2021	2021- 2026	2026- 2031	2011 2031	Annual Average
AVDC 18750 jobs HRR tracking PA	1,293	1,800	2,100	2,017	36,049	1,802
BCC 9400 jobs HRR tracking PA	200	245	260	240	4,725	236
CBC 27000 jobs HRR tracking PA	2,029	2,214	2,400	2,400	45,216	2,261
LBC 17,600 jobs tracking PA	-800	-1,100	-1,100	-1,000	-20,000	-1,000
MK 2012 SNPP 48500 jobs HRR tracking PA	2,000	2,400	2,521	2,000	44,607	2,230
<b>Total for Housing Market Area Employment lead</b>	<b>4,722</b>	<b>5,559</b>	<b>6,181</b>	<b>5,657</b>	<b>110,597</b>	<b>5,530</b>

### **Commentary on output of modelled scenarios**

- 7.31 The employment led housing requirement is higher than the trend based dwelling requirement from the 2012 SNPP (7,042 dwellings a year compared 6,645 dwellings a year). This is perhaps unsurprising given the apparently strong local economy and high levels of both past and projected employment growth in the case of Milton Keynes.
- 7.32 As the objectively assessed housing need has to take into account the needs of the local economy the employment led projection maybe regarded as the objectively assessed housing need for the district.
- 7.33 It is recognised that employment projections are subject to greater fluctuation than the demographic forecasts and can be influenced in part by the future availability and cost of labour. In this case the projections utilised are 2012 based and as such are likely to be more modest than the later projections which will factor in more of the effects of the economic recovery. In these circumstances it may be appropriate to consider these employment led projections as representing the lower end of any range of objectively assessed need.
- 7.34 The employment led projections do not produce a higher dwelling requirement for all districts – the projections are lower than the demographically led projections for Bedford and Luton as these are locations with lower projected levels of economic growth.
- 7.35 The dwelling requirement for Milton Keynes to meet the projected economic growth would require a significant increase above that required by the demographic projection of almost an addition 500 dwellings a year (2,359 dwellings a year). This requirement is based upon the City continuing to bring in 19% of its total labour force from the surrounding districts. This means that even if the 2,359 dwellings a year are delivered in MK there will still be over 11,000 additional commuters traveling into the city to work by 2031.
- 7.36 The employment led projection for Aylesbury Vale requires 1,232 dwellings a year. This would provide some additional workers (about 2,200) which could assist the shortfall in Milton Keynes. The reality is that given the draw of Milton Keynes in terms of the nature and choice of employment and the continued shortfall of labour within the city then the current pattern of commuting as assumed in these projections is likely to continue.

### **Comparison of new levels of housing requirement to previous strategic policy**

- 7.37 The table below illustrates that in line with the significant changes in the population projections since the last strategic polices were drafted the dwelling requirements resulting from both the 2012 SNPP and the employment led projections are both significantly higher than the previous policy requirements when considered across the HMA as a whole.
- 7.38 There is some irony in the fact that had development plans been delivered quickly and the levels in the previous strategic plans been proactively planned for then the increase required by these new projections would have been less of a step change.

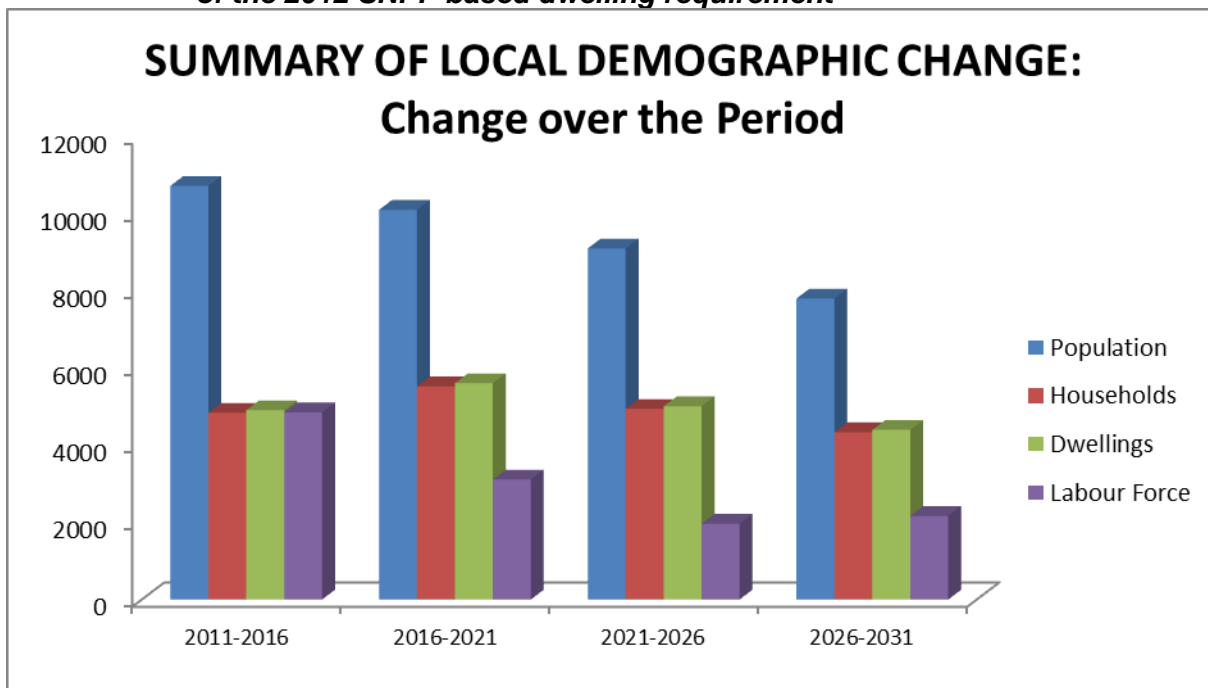
**Table 24 Comparison of up to date projections with previous policy requirements**

Dwelling change	Employment led Dwellings requirement	2012 SNPP Annual Average	RSS Annual Average	RSS Policy
Aylesbury Vale	1,232	996	840	South East Plan MKAV3
Bedford	685	898	834	East of England Policy H1 rest f area 20 dwellings a year and MKSM Sub Regional Strategy 16270 (2001 to 2021) or 814 a year
Central Bedfordshire	1,986	1,830	692	East of England Policy H1 rest of Mid Beds 530 dwellings a year and MKSM Sub Regional Strategy 3230 (2001 to 2021) or 162 a year
Luton	781	1,153	1,315	MKSM Sub Regional Strategy 26300 (2001 to 2021) or 1315 a year
Milton Keynes	2,359	1,769	2,218	South East Plan MKAV2
Total for Housing Market Area	7,042	6,645	5,899	

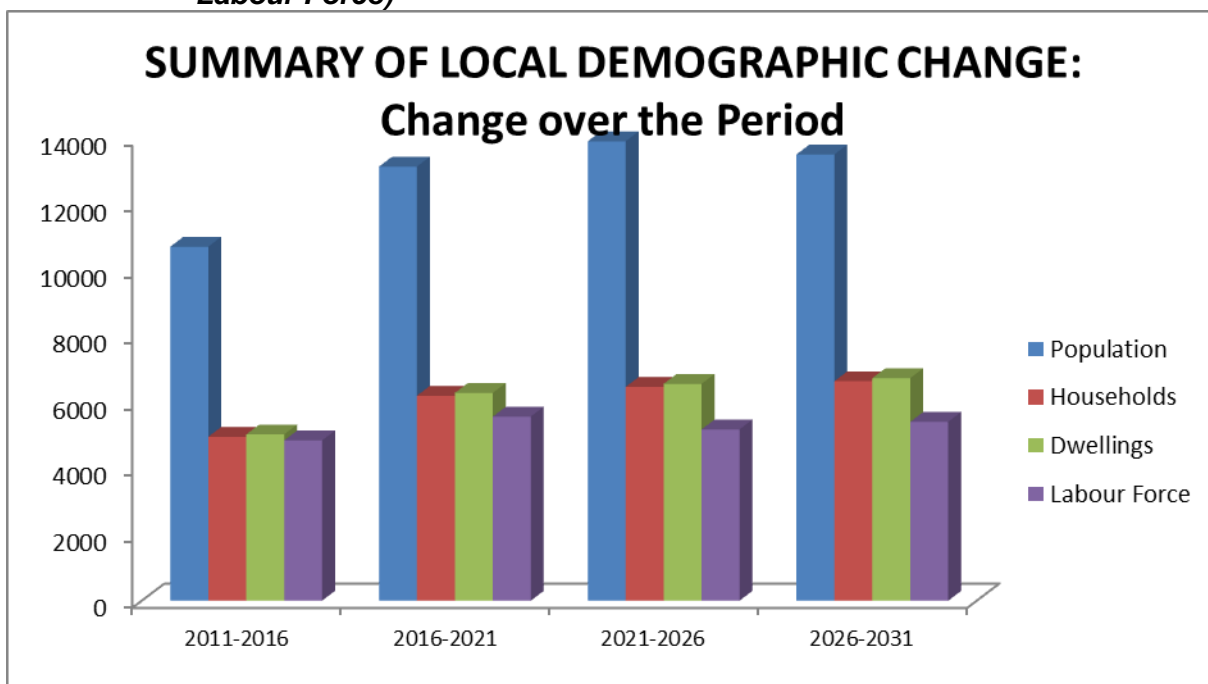
**The objectively assessed need for housing for Aylesbury Vale**

- 7.39 In considering the difference between the demographic and employment led projections the two charts below illustrate that the additional migration and dwelling provision will provide for the level of additional labour required to support the most recent (2013) Experian projections.
- 7.40 The first chart on the next page shows the results of the 2012 based projection and illustrates that this will result in only a modest increase in the labour force.
- 7.41 The second chart on the next page illustrates how an increase in the dwelling supply will assist in increasing the labour force so that the district will not be impeded in meeting the projected economic growth of 18,750 jobs.
- 7.42 As stated earlier all these projections retain the existing patterns of travel to work for all residents.

**Chart 15:** *Summary of demographic change For Aylesbury Vale as a result of the 2012 SNPP based dwelling requirement*



**Chart 16:** *Summary of demographic change for Aylesbury Vale as a result of the migration to meet the 18,700 jobs (21,030 additional persons in Labour Force)*



### Potential impact of unmet need

7.43 In section 6 the implications of likely levels of unmet need in London were highlighted. This analysis suggest that the HMA may be required to accommodate between 6,965 and 28,856 additional dwellings as a result of the unresolved issues of housing delivery in London. This analysis suggests that the most robust approach would be to rely on the capital increasing its recent rates of delivery by 50% to meet the extant plan level of provision. This would result in an annual level of additional demand for dwellings in the HMA due to increased pressures from migration of 776 dwellings a year or 15,522 dwellings for the period 2011 to 2031.

7.44 The table below gives the pro rata distribution of this additional level of requirement.

**Table 25 Potential levels of additional annual requirement from the planned level of under provision in London**

	2012 SNPP dwelling requirement	Employment led projection	Annual rates of unmet need from London Plan (Extant) 15,600 dwgs/year	Demographic requirement including unmet need from London Plan (extant)	Employment led requirement including unmet need from London Plan (extant)
Aylesbury Vale	996	1,232	123	1,119	1,355
Bedford UA	898	685	113	1,011	798
Central Bedfordshire UA	1,830	1,986	110	1,939	2,095
Luton UA	1,153	781	241	1,393	1,021
Milton Keynes UA	1,769	2,359	190	1,958	2,549
Milton Keynes HMA	6,645	7,042	776	7,421	7,818

7.45 The range of requirement from this analysis are annual completion rates between 7,421 and 7,818 while higher than the basic 2012 SNPP based projection it is noted that the employment led projection also falls below within this range which provides confidence that should the employment projection be determined as the basis for the housing requirement then it is likely to be supported by the future patterns of migration generated by the undersupply of housing in London. This of course is dependent upon those migrants not retaining their jobs in London if this is the case then the additional migration will not assist the labour supply situation in the local economy.

7.46 In respect of the likely direct impact on Aylesbury Vale this additional demand would increase the dwelling requirement to between 1,119 dwellings (demographic based) and 1,355 dwellings (employment based).

- 7.47 As well as meeting under provision in London the earlier section also highlighted potential capacity issues at Milton Keynes and Luton. The table below uses the patterns of migration within the HMA to redistribute this potential unmet need.

**Table 26      Redistribution of Demographic and Employment based projections taking into account potential constraints at Milton Keynes and Luton.**

Impact of constraints within HMA on distribution	capacity constraint	Distribution of unmet needs from Luton based on capacity constraints at Milton Keynes and Luton	Distribution of unmet needs from Milton Keynes based on capacity constraints at Milton Keynes and Luton	Demographic requirement including unmet need from London Plan (extant)	Redistribution of Demographic projection(London Plan) taking into account potential constraints at Milton Keynes and Luton	Employment led projection	Redistribution of employment led projection taking into account potential constraints at Milton Keynes and Luton
Aylesbury Vale		3%	35%	1,119	1,218	1,355	1,648
Bedford UA		18%	25%	1,011	1,243	798	1,109
Central Bedfordshire UA		80%	41%	1,939	2,837	2,095	2,938
Luton UA	372	0%	0%	1,393	372	1,021	372
Milton Keynes UA	1,750	0%	0%	1,958	1,750	2,549	1,750
Milton Keynes HMA		100%	100%	7,421	7,421	7,818	7,818

- 7.48 It is recognised that the actual level of constraint that may occur will be determined though further in depth work in Luton and Milton Keynes while the final distribution will be delivered though the effective engagement of the duty to cooperate.
- 7.49 The implication of this level of displaced need in terms of its impact on Aylesbury Vale is to increase in the level of housing need to between 1,218 and 1,648 dwellings a year.

#### **Conclusion on objectively assessed need for housing**

- 7.50 That the starting point of deriving the objectively assessed need for housing according to the NPPG (Paragraph: 030 Reference ID: 3-030-20140306) are the government's own Subnational Population Projections (SNPP). These projections provide consistency across the country and as such are a valuable tool in determining future housing needs. These projections are tested so that they are consistent with the national projections; they do not however take into account future policy decisions.

- 7.51 In particular recent decisions on development plans by Inspectors have emphasised the requirement for the objectively assessed need to reflect the future needs of the local economy and that local planning authorities should ensure that their strategies for housing and employment are integrated, taking full account of relevant market and economic signals (Framework paragraph 158).
- 7.52 This dwelling requirement for Aylesbury Vale from the 2012 SNPP of 996 dwellings a year cannot be considered to meet the objectively assessed need as it models in the negative impact of the previous undersupply and the recession in terms of both migration and Household Representation Rates. It also performs poorly when compared to future projections of job growth. It only provides for an average growth in the labour force of 605 persons a year. If the latest Experian projection (2013) is to be planned for then this would require over 1,000 persons each year to be added to the labour force. This would require 1,232 dwellings a year to support this population growth.
- 7.53 What is clear from more recent work and Inspectors' decisions at development plan examinations is that this simple "demographic" approach which takes no account of the likely economic needs of the area will not be found to be "soundly based".
- 7.54 For the purposes of this application, and in light of the approach required to consider other factors relating to the economy, market demand and the overriding requirement to plan positively and prevent planning from being an impediment to economic growth then the figure of **1,232 dwellings a year should be regarded as a minimum** for the purposes of calculating the five year land supply for the district.
- 7.55 This level of dwelling provision will support employment growth of 18,700 jobs in line with the most recent Experian projection.
- 7.56 The reason that the 1,232 dwellings a year must be regarded as a minimum is that this level of provision fails to take into account the capacity of either Milton Keynes to deliver the 2,359 dwellings required to meet its own objectively assessed need. Given the strong relationship between the two districts and the shared administrative boundary this potential unmet need may require a higher level of provision to be made in Aylesbury Vale.
- 7.57 There is a similar issue in terms of the capacity of Luton to accommodate either the 781 dwellings required to meet its lower employment led projection or the higher 1,153 dwellings a year required by the demographic led projections.
- 7.58 Given that the higher level of dwelling requirement is based upon meeting employment growth in Milton Keynes and that if it is not met in Milton Keynes the consequences will be even higher levels of commuting then meeting any shortfall on the edge of the City could be considered to be a sustainable option in general terms.
- 7.59 A further consideration is the impact of the undersupply that is going to result in London while the scale is not yet known an assessment of the demographic based projections taking into account the capital increasing this rate of delivery to that in the extant plan would require Aylesbury Vale to deliver 1,218 and 1,648 dwellings a year.

- 7.60 The importance of the issue of addressing unmet needs in the wider HMA has already been highlighted by the inspector at the Vale of Aylesbury Plan examination and the approach taken by the council of simply meeting its own needs was not considered to be sound.

## 8.0 CONCLUSION

- 8.1 It is concluded that the dwelling requirement in the Local Plan is out of date as it does not cover the period of time that this application is concerned with and it is not based on relevant up to date evidence as required by the Framework. All recent evidence clearly points to a much higher level of Objectively Assessed Housing Need.
- 8.2 This initial finding leads to the conclusion that the presumption in favour of sustainable development as set out in part 2 of paragraph 14 of the Framework applies to the consideration of this application.
- 8.3 In these circumstances the 5 year land supply calculation should be measured against an up to date Objectively Assessed Need for housing. Any other approach would simply undermine the government's objective of achieving a step change in housing supply based upon up to date development plans and be contrary to policy and the Guidance.
- 8.4 The evidence base for the revoked RSS is also out of date and of little assistance in determining the five year housing requirement.
- 8.5 The recent Vale of Aylesbury Local Plan has been subject to an examination at which the Inspector concluded that the plan was unsound as the Inspector did not consider that the level of dwellings being proposed (674 dwellings a year) represented the full objectively assessed need and, secondly, the failure to discharge the Duty to Cooperate.
- 8.6 The most up to date evidence is the 2012 SNPP which take account of the 2011 census. The housing requirement resulting from these projections has been calculated using the Chelmer Model and would suggest a dwellings requirement of **996 dwellings a year** for the period 2011 to 2031. This would be a new starting point from which to consider the appropriate level of housing requirement in the context of the Framework, including the need to accommodate development to support the local economy and job growth.
- 8.7 In this context the NPPG is clear that Council are required to consider increasing housing provision in light of evidence which suggests an imbalance of job growth and changes to the working age population, as well as responding to other market indicators such as price and affordability. This approach has also been endorsed by the findings of Inspectors at various development Plan Examinations. It is clear that the demographic approach has to be augmented by reference to the needs of the local economy.
- 8.8 The impact of increasing the level of dwelling provision to meet the recent Experian employment projections of 18,700 jobs would require some **1,232 dwellings a year**.

- 8.9 This level of provision does nothing to address the other concern of the Inspector - that being assisting to meet the requirements of neighbouring authorities such as Milton Keynes and Luton. Milton Keynes is of a particular concern as this is the economic driver of the HMA and indeed the sub region. The employment led forecast for the city is 2,359 is substantially higher than the adopted plan requirement and from our earlier participation in the Milton Keynes Local Plan Examination and the more recent Core Strategy it is difficult to see how this higher level of provision can be delivered within the administrative confines of the city.
- 8.10 The 1,232 dwellings a year produced by the employment lead projection is also lower than a number of demographic based scenarios which consider the potential implications of the undersupply resulting from the extant London Plan and the emerging Further Alternation's to the London Plan (FALP). Making provision for unmet need with the HMA and London would require between **1,218 and 1,648 dwellings a year**.
- 8.11 On consideration of all of the above evidence it is suggested that in these circumstances the objectively assessed need for housing in Aylesbury Vale cannot be fully determined until the duty to cooperate has been effectively discharged. In these circumstances however the employment led projection utilising the 2012 SNPP and the Experian 2013 employment projection for Aylesbury Vale would provide a robust minimum requirement against which to assess the five year land supply. **This figure is 1,232 dwellings a year from 2011 to 2031.**

## APPENDIX 1: GLOSSARY

AVDC	Aylesbury Vale District Council
ave	Average
DCLG	Department of Communities and Local Government
EoEP	East of England Plan
HEGA	Housing & Economic Growth Assessment (GL Hearn 2012)
HMA	Housing Market Area
MKC	Milton Keynes Council
MKSM	Milton Keynes South Midlands Sub Regional Strategy
NHPAU	National Housing and Planning Advice Unit
ONS	Office for National Statistics
RSS	Regional Spatial Strategy
SEP	South East Local Plan
SHMA	Strategic Housing Market Assessment
SNPP	Sub National Population Projections produced by the ONS
VAP	Vale of Aylesbury Plan

## APPENDIX 2: THE APPROACH TO BE TAKEN TO DEFINE A HOUSING REQUIREMENT IN DETERMINING A PLANNING APPLICATION IN THE ABSENCE OF AN UP TO DATE DEVELOPMENT PLAN

- A2.1 This appendix summarises the Hunston case and the appeal decisions since that judgement in respect of the calculation of a five year land supply and secondly in terms of considering the Objectively Assessed Need in the development plan context.

### ***Hunston Properties Ltd vs Secretary Of State for Communities and Local Government & St Albans City and District Council***

- A2.2 The first decision in this case (High Court of Justice Queen's Bench Division 5<sup>th</sup> September 2013 **Appendix** 9) concerned the refusal of planning permission for a housing development in the Green Belt the Judge is very clear on the approach that should be taken to the objective assessment of housing needs, which is of relevance in the interpretation of the Framework, both for development management decisions and development plans.
- A2.3 In paragraph 20 of the decision the Judge finds that the reasoning of the Inspector in Planning Appeal X1165/A/11/2165846 to be entirely convincing. The Inspector in that appeal is quoted in paragraph 47 of the decision:
- "... constraints do not bear upon the actual need for dwellings ... the stage at which growth constraints should be taken into account is when assessing how the identified need can be addressed ... they cannot reasonably be used ... simply to reduce the number of dwellings calculated as necessary to meet housing need".*
- A2.4 In paragraph 30 the Judge states that the proper course in determining a housing requirement would be;
- e. assessing need;
  - f. then identifying the unfulfilled need having regard to the supply of specific deliverable sites over the relevant period; and
  - g. then to decide on the policy implications of meeting this need.
- A2.5 In the second decision in the Court Of Appeal (Civil Division) on Appeal from The Queen's Bench Division Administrative Court (**Appendix** 15) his Honour Judge Pelling QC found that:
- a. An Inspector is not required to undertake some sort of local plan process as part of determining the appeal, so as to arrive at a constrained housing requirement figure (paragraph 26).
  - b. The Inspector had been mistaken to use a figure for housing requirements below the full objectively assessed needs figure until such time as the Local Plan process came up with a constrained figure (paragraph 26).
  - c. Self-evidently, one of the considerations to be reflected in the decision on "very special circumstances" is likely to be the scale of the shortfall (paragraph 28).
  - d. There are other factors including planning policies such as Green Belt, Areas of outstanding Natural Beauty and National Parks that could provide a context

for a shortfall and that these may well affect the weight to be attached to the shortfall.

A2.6 There are of course no such constraints in relation to this appeal.

***Post Hunston Appeal decisions***

- A2.7 In the decision on Land between Leasowes Road and Laurels Road, Offenham, Worcestershire, WR11 8RE (Appeal Ref: APP/H1840/A/13/2203924 (**Appendix 12**)) the Inspector continued this trend of referencing the most up to date evidence of objectively assessed need.
- A2.8 The Inspector highlights, in paragraph 24, that the former West Midlands RS targeted areas with significant amounts of previously developed land in need of regeneration, such as parts of Birmingham, and the other conurbations in the Region were no longer material to the appeal following the revocation of the RS.
- A2.9 Paragraph 25 highlights that the Hunston Judgments, the Draft NPPG and the revocation of RS all change the strategic planning backdrop to this appeal and bring to the fore the need for local planning authorities to have a full understanding of housing needs in their area, as required in paragraph 159 of the Framework, and to meet it fully, as required in paragraph 47.
- A2.10 In paragraph 32 of the decision letter the Inspector makes reference to the evidence that was also presented to the Inquiry, which used a combination of data appearing to follow the South Worcestershire Development Plan (SWDP) Inspector's advice, including the use of the latest population and household projections, employment forecasts based on pre-recessions levels of growth, and building in 40% for affordable housing.
- A2.11 The Inspector noted that the Council's housing supply witness, Fred Davies, in cross examination, accepted that the Council had not sought to criticise any part of this analysis. The Inspector noted that whilst these conclusions are yet to be tested at the SWDP Examination, which clearly limits the weight he could give to them, they appeared to confirm the SWDP Inspector's comment that, as a general guide, the objectively assessed housing need for the plan period is likely to be substantially higher than the 23,200 figure (for the entire South Worcestershire area) which was identified in the submitted plan.
- A2.12 In paragraph 34 the Inspector considered the Appellant's evidence which shows conclusively that the recent significant increase in Wychavon's average house prices and relatively small proportion of rented properties and low delivery of affordable housing have resulted in an increasingly unaffordable local housing market. These market signals, which were not robustly challenged during the Inquiry, are in line with the Draft NPPG, which states: "The more significant constraints (as reflected in rising prices and rents, and worsening affordability ratio)...the larger the improvement in affordability needed and, therefore, the larger the additional supply response should be".

A2.13 The conclusion of the Inspector was:

*36. Taking into account all the above considerations, it is my view that the Council's case, that it has just over 5 years' housing land, is unconvincing in the light of: (i) the revocation of the RS as a basis for assessing housing need; (ii) the likelihood of an increased housing requirement for Wychavon to emerge during the SWDP Examination; (iii) the over optimism of some of the Council's assumptions of deliverable housing supply over the next 5 years; (iv) the Council's ambitious housing targets in relation to its track record; and (v) the evidence of current market signals in relation to housing under provision and inaffordability.*

A2.14 In summary the Inspector appears to have accepted there may be a justification for a reduced level of housing requirement below the objectively assessed needs but that in a situation where the site itself doesn't negatively impact upon those constraints that justify a lower requirement then the higher level of need can be given great weight.

A2.15 A further recent appeal decision (23 January 2014) relating to four appeals at Broom Hill, Swanley, Kent (Appeal Decisions APP/G2245/A/13/2195874, APP/G2245/A/13/2195875, APP/G2245/A/13/2197478 & APP/G2245/A/13/2197479) also reflect the weight to be attached to up to date evidence of the objectively assessed housing need even in areas of accepted constraint.

A2.16 In this decision the Inspector found in paragraph 13 that the Core Strategy was formulated prior to The Framework which indicates that local planning 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. The Inspector highlighted that the emphasis in The Framework has changed from previous policy and, in their view, this was an important material consideration. In this case the Inspector highlights that there had been no objectively assessed need assessment since the CS.

A2.17 In paragraph 82 the Inspector acknowledged there is a recent current development plan that does not include allocation of this land for housing and which has identified an achievable 5 year housing supply. He noted however that the identification of that supply is not in accordance with the latest advice in The Framework, and in that any case, the limited supply of housing identified was for specific reasons, and development here would not conflict with those reasons, because it would be in the confines of the settlement (Swanley) and not Green Belt land. The Inspector considered that because of the great need for housing and affordable housing in the area, substantial weight should be proportionally attached to the provision of the housing and this justified a deviation from, and addition to, the housing identified in the adopted plan, for all four schemes.

A2.18 These two decisions confirm that substantial weight maybe placed upon the most recent evidence of the objectively assessed need for housing and the ability to address that need in the determination of planning applications.

### **APPENDIX 3: THE APPROACH TO OBJECTIVELY ASSESSED NEED FOR HOUSING BEING ADOPTED IN DEVELOPMENT PLAN EXAMINATIONS**

- A3.1 The importance of the matters highlighted above have been confirmed by Inspectors' decisions in the following cases:

#### ***East Hampshire***

- A3.2 The requirement for local planning authorities is to ensure that their plans are based on adequate and up to date evidence and that they should have a clear understanding of the housing needs in their area and how this is to be met. However, the last SHMA was produced in January 2008 and later assessments of need do not provide an update on the full housing needs of the District (Inspector's letter paragraph 6).
- A3.3 As the plan period extended to 2028 the Inspector stated that it was to be hoped that pre-recession projected levels of economic growth would be achieved well before the end of the plan period. However, the Inspector was concerned that the level of housing proposed in the Joint Core Strategy (added to an aging population) would limit the supply of local workers, prejudicing existing businesses and making the District less attractive to new employers, which could also lead to increased levels of in commuting (Inspector's letter paragraph 8).
- A3.4 Again, this emphasises the need for the SHMA to be both up to date and to consider implications beyond the boundary of the district.

#### ***South Worcester Development Plan***

- A3.5 This provides a detailed explanation of the approach that was considered to be required in assessing the objectively assessed housing needs. This included, in Paragraph 44 of his letter, the suggestion that the analysis required in terms of the demographic stage be:
- a. carried out using the latest available official population projections,
  - b. translated into future household numbers using HRR drawn from the 2011-based household projections for the period 2011-2021, the HRR drawn from the 2008-based household projections for the rest of the Plan period.
- A3.6 In paragraph 37 the Inspector makes it clear that the demographic assessment of need is the first step in the process, commenting as follows:

*However, each of these scenarios is essentially trend-based and does not include the necessary additional step of factoring in the effect of future employment growth on in-migration.*

A3.7 In paragraph 45 of his letter the Inspector states that:

*As a first step in this stage, therefore, the Councils will need to satisfy themselves that they have up-to-date and realistic employment forecasts to inform the analysis. This is likely to mean examining and comparing forecasts from more than one source to ensure as far as possible that any they rely on are representative of the likely economic situation over the Plan period.*

A3.8 The importance of the economic prospects of the area are highlighted in paragraph 46 of the Inspector's letter:

*Once representative employment forecasts have been obtained, the Councils will need to assess their implications in terms of in-migration. For the purposes of this assessment I would endorse, in principle, NLP's assumptions about both future falls in local unemployment rates and increases in economic activity among older age-groups in the period to 2020. A similarly realistic assessment will need to be made of any further increases in older people's economic activity in the following decade.*

A3.9 In terms of the evidence that employment growth could be met by assumption including changing the pattern of commuting the Inspector stated in paragraph 49:

*Clearly I cannot predict the outcome of this additional work. However, the 2009 CE employment forecasts on which SHMA CS4 was based show levels of employment growth well below any of the more recent employment forecasts provided to the examination. Added to this, the unsupported assumptions used to derive SS2 had the effect of substantially reducing the projected growth in households derived from CS4. As a general guide, therefore, it appears from the evidence before me so far that the objectively-assessed housing need figure for the Plan period is likely to be substantially higher than the 23,200 figure identified in the submitted Plan.*

#### **Vale of Aylesbury Plan**

A3.10 The Inspector, in finding the duty to co-operate had not been discharged, noted the strong relationship with the neighbouring urban area of Milton Keynes which will continue to be a focus of housing and employment growth, and that the district formed part of the wider housing market Area (paragraph 9). The Inspector also highlighted that:

*11. The duty to co-operate is not a duty to agree. ... The lack of jointly produced evidence and the fact that a number of other local authorities continue to have concerns in respect of the level of housing provision set out in the Plan are not in themselves reasons to conclude that the Council has failed to comply with the duty. It is the actions of the Council in terms of co-operating to maximise the effectiveness of the preparation of the Plan which are critical to my consideration of the matter.*

- A3.11 The Inspector highlighted the lack of consideration of other areas' needs or consultation with other authorities in the preparation of the original evidence base that lead to the decision on the overall level of housing provision (paragraph 19) and concluded that the extent to which engagement, particularly of the limited form undertaken, could have genuinely influenced the overall level of housing provision appears to have been minimal. The Inspector suggested that the very brief responses of other authorities to the later work, undertaken to rectify the inadequacy of the evidence base, needed to be seen in the context of their understanding of their role in the process. The Inspector noted that there is no record of any substantive engagement with other authorities in relation to the preparation of the evidence base of the objectively assessed need for the district or indeed on the work that considered the wider Housing Market Area (paragraph 20).
- A3.12 The Inspector raised the issue of concerns expressed by other councils and in particularly Milton Keynes, with regard to the balance of jobs and housing and the need to plan for the growth of the urban area as an issue that had not been adequately addressed (paragraph 21).
- A3.13 In conclusion the Inspector stated:
- 27. As it stands there are significant issues in terms of potential unmet needs from other authorities and how they will be accommodated. There are particular issues concerning the relationship of Aylesbury Vale to Milton Keynes and its future growth. These issues have been left unresolved. The Council has been aware of these issues from early in the plan preparation process, if not before. There has been a substantial period of time since the duty to co-operate came into force and the NPPF was published. Whilst noting the lack of specific evidence on potential unmet needs from other authorities and accepting that collaboration and joint working is a two way process, it is the Council's duty, as the authority submitting the Plan for examination, to have sought to address these issues through constructive, active and ongoing engagement.*
- A3.14 Turning the Inspector's comments regarding the soundness of the plan in terms of housing and jobs, the Inspector again emphasised the need for the strategy to be the most appropriate when considered against all reasonable alternatives and be based on effective cross boundary working (paragraph 30).
- A3.15 The Inspector noted that the Council selected a level of housing provision close to the bottom of what had been identified as the range of "objectively assessed need" while the evidence base was still being prepared, and in the context of there being no fundamental environmental or infrastructure constraints to the higher levels of growth (paragraphs 32 and 33). This decision was taken at a time when there was no evidence regarding the potential needs of other authorities (paragraph 39).
- A3.16 In terms of detail the Inspector considered that there was insufficient evidence to reduce migration based on the ONS revised Mid-Year Estimates. He also noted that recent migration figures suggested a return to pre-recession levels (paragraph 35).

A3.17 The Inspector also considered the range of employment projections and assumptions regarding commuting and concluded:

*Notwithstanding the difficulties associated with economic forecasting, it is clear that the Council is planning for a level of housing well below that indicated by its own evidence in terms of potential economic growth (paragraph 36)*

A3.18 The Inspector highlighted that the Council's own evidence indicated that significantly more housing than that planned would be required to support the level of jobs growth in the plan and that:

- a. There was no substantive evidence that the jobs density are likely to change to the extent required to support the planned level of employment growth without the need for significantly more housing.
- b. There was no substantive evidence that patterns of out-commuting are likely to change to the extent required to support the planned level of employment growth without the need for significantly more housing (paragraph 37)

A3.19 The Inspector concluded on the employment housing balance that:

*In simple terms there is a clear and substantial mismatch between the level of housing and jobs planned (paragraph 37)*

A3.20 In noting that a number of key strategic issues remained unresolved, the Inspector states (paragraph 40) that the:

*The contingency approach included in the Plan is not an effective or appropriate way to deal with the issue of potential unmet housing needs from other authorities.*

A3.21 The Inspector notes that on a practical level, the only effective response given that the issue would be the overall level of housing provision would be a plan review which would take some time.

A3.22 In paragraph 41 the Inspector states that putting off the resolution of the significant strategic housing issues which need to be effectively resolved as soon as possible through the plan making process, following genuine co-operation and collaboration with other authorities, would be inappropriate.

A3.23 The Inspector goes on to state that, whilst there are clearly benefits in having an adopted plan as soon as possible, these would not in themselves outweigh the need for that plan to be effective in respect of housing issues.

A3.24 The Inspector concludes:

*Taking all of the above into account, I consider that in relation to the overall provision for housing and jobs, the Plan has not been positively prepared, it is not justified or effective and it is not consistent with national policy. It is therefore not sound (paragraph 42).*

### **Slaugham Parish Neighbourhood Plan 2013 - 2031**

A3.25 The Independent Examiner's Report of the Slaugham Parish Neighbourhood Plan states clearly in paragraph 9.10:

*Given the rural nature of the Parish and in particular its location within the AON Band the lack of an up-to-date district level local plan and the stage the emerging local plan is at, it would be useful for the Parish to make an objective assessment of the level of residential development it needs as part of the neighbourhood planning process.*

- A3.26 In paragraph 9.11 the Inspector's claims that the justification as to the level of housing provision selected is unclear to her. In paragraph 9.18 the Inspector stated that she was not in a position to provide alternative wording for this policy as the evidence required (on the local level of housing required was lacking).
- A3.27 In respect of the level of housing, the Inspector concluded at paragraph 10.2 that the target set for housing was not based on sufficiently robust evidence, resulting in the "allocation" of potential undeliverable sites. The Inspector concluded that the plan should not proceed to a referendum.

**High Court decision: Gallagher Homes Limited - And - Solihull Metropolitan Borough Council**

- A3.28 This decision confirms the importance of undertaking an up to date assessment of housing need. This high court decision of the Solihull Local Plan (SLP) upheld the challenge that the plan was not supported by an Objectively Assessed Need figure for housing needs for the district as it relied primarily upon the housing target and policy context of the Draft West Midlands Regional Spatial Strategy to justify the requirement.
- A3.29 Hickinbottom (Judge) identified the "substantive error" in the Inspector's decision as "a failure to grapple with the issue of full objectively assessed housing need, with which the Framework required him, in some way, to deal." He concluded that the plan was not sound because it is not based on a strategy which sought to meet objectively assessed development requirements and was not consistent with the Framework.
- A3.30 It is also noted that the requirement to meet objectively assessed need and to integrate employment and housing strategies is not limited to Core Strategies but applies to all development plans.

***Conclusion from development plan examinations***

- A3.31 It is clear that post Hunston appeal Inspectors need to take into account of objectively assessed need for housing. It is also clear that this assessment has to take into account and give weight to up to date information in terms of the needs of both the population and the economy, and to consider the wider evidence of need in the housing market area in terms of other market indicators.

## APPENDIX 4: CHANGES TO ECONOMIC ACTIVITY RATES

### Aylesbury Vale

#### Activity Rates

Males	2006-11	2011-16	2016-21	2021-26	2026-31	Percentage Change
60-64	72.8%	76.1%	78.1%	75.6%	75.0%	3.02%
65-69	55.4%	62.8%	72.1%	80.5%	83.6%	50.82%
70-74	23.2%	26.3%	29.6%	33.1%	34.3%	47.89%
Females	2006-11	2011-16	2016-21	2021-26	2026-31	Percentage Change
60-64	38.8%	51.4%	53.0%	51.0%	50.6%	30.41%
65-69	7.0%	7.9%	9.1%	10.1%	10.5%	50.00%
70-74	10.3%	11.7%	13.1%	14.7%	15.2%	47.89%

#### Percentage points increase from 2011

Males	2011-16	2016-21	2021-26	2026-31
60-64	3.3%	5.3%	2.8%	2.2%
65-69	7.4%	16.7%	25.1%	28.2%
70-74	3.1%	6.4%	9.9%	11.1%
Females	2011-16	2016-21	2021-26	2026-31
60-64	12.6%	14.2%	12.2%	11.8%
65-69	0.9%	2.1%	3.1%	3.5%
70-74	1.4%	2.8%	4.4%	4.9%

### Bedford Borough Council

#### Activity Rates

Males	2006-11	2011-16	2016-21	2021-26	2026-31	Percentage Change
60-64	57.9%	61.0%	62.6%	60.6%	60.1%	3.80%
65-69	42.4%	48.1%	54.1%	60.4%	62.7%	47.89%
70-74	16.9%	19.2%	21.6%	24.1%	25.0%	47.89%
Females	2006-11	2011-16	2016-21	2021-26	2026-31	Percentage Change
60-64	34.3%	45.0%	44.9%	43.2%	42.9%	25.07%
65-69	8.7%	9.9%	11.1%	12.4%	12.9%	47.89%
70-74	4.0%	4.5%	5.1%	5.7%	5.9%	47.89%

#### Percentage points increase from 2011

Males	2011-16	2016-21	2021-26	2026-31
60-64	3.1%	4.7%	2.7%	2.2%
65-69	5.7%	11.7%	18.0%	20.3%
70-74	2.3%	4.7%	7.2%	8.1%
Females	2011-16	2016-21	2021-26	2026-31
60-64	10.7%	10.6%	8.9%	8.6%
65-69	1.2%	2.4%	3.7%	4.2%
70-74	0.5%	1.1%	1.7%	1.9%

## Central Bedfordshire

### Activity Rates

Males	2006-11	2011-16	2016-21	2021-26	2026-31	Percentage Change
60-64	64.2%	69.2%	72.9%	70.5%	70.0%	9.03%
65-69	43.2%	51.8%	61.8%	68.9%	71.6%	65.69%
70-74	19.8%	22.4%	25.3%	28.2%	29.3%	47.89%
Females	2006-11	2011-16	2016-21	2021-26	2026-31	Percentage Change
60-64	30.2%	45.6%	51.2%	49.3%	48.9%	61.92%
65-69	16.2%	19.8%	24.0%	26.8%	27.8%	71.62%
70-74	6.7%	7.6%	8.5%	9.5%	9.9%	47.89%

### Percentage points increase from 2011

Males	2011-16	2016-21	2021-26	2026-31
60-64	5.0%	8.7%	6.3%	5.8%
65-69	8.6%	18.6%	25.7%	28.4%
70-74	2.6%	5.5%	8.4%	9.5%
Females	2011-16	2016-21	2021-26	2026-31
60-64	15.4%	21.0%	19.1%	18.7%
65-69	3.6%	7.8%	10.6%	11.6%
70-74	0.9%	1.8%	2.8%	3.2%

## Luton

### Activity Rates

Males	2006-11	2011-16	2016-21	2021-26	2026-31	Percentage Change
60-64	55.5%	58.5%	60.1%	58.1%	57.7%	3.96%
65-69	3.7%	4.2%	4.7%	5.3%	5.5%	47.89%
70-74	1.6%	1.8%	2.0%	2.3%	2.4%	47.89%
Females	2006-11	2011-16	2016-21	2021-26	2026-31	Percentage Change
60-64	29.8%	40.3%	40.2%	38.7%	38.4%	28.86%
65-69	11.8%	13.4%	15.1%	16.8%	17.5%	47.89%
70-74	4.7%	5.3%	6.0%	6.7%	7.0%	47.89%

### Percentage points increase from 2011

Males	2011-16	2016-21	2021-26	2026-31
60-64	3.0%	4.6%	2.6%	2.2%
65-69	0.5%	1.0%	1.6%	1.8%
70-74	0.2%	0.4%	0.7%	0.8%
Females	2011-16	2016-21	2021-26	2026-31
60-64	10.5%	10.4%	8.9%	8.6%
65-69	1.6%	3.3%	5.0%	5.7%
70-74	0.6%	1.3%	2.0%	2.3%

## Milton Keynes

### Activity Rates

Males	2006-11	2011-16	2016-21	2021-26	2026-31	Percentage Change
60-64	58.2%	61.3%	62.9%	60.9%	60.4%	3.78%
65-69	34.9%	39.6%	44.5%	49.7%	51.6%	47.89%
70-74	14.3%	16.2%	18.2%	20.4%	21.1%	47.89%
Females	2006-11	2011-16	2016-21	2021-26	2026-31	Percentage Change
60-64	32.6%	43.2%	43.1%	41.5%	41.2%	26.38%
65-69	17.9%	20.3%	22.8%	25.5%	26.5%	47.89%
70-74	8.9%	10.1%	11.4%	12.7%	13.2%	47.89%

### Percentage points increase from 2011

Males	2011-16	2016-21	2021-26	2026-31
60-64	3.1%	4.7%	2.7%	2.2%
65-69	4.7%	9.6%	14.8%	16.7%
70-74	1.9%	3.9%	6.1%	6.8%
Females	2011-16	2016-21	2021-26	2026-31
60-64	10.6%	10.5%	8.9%	8.6%
65-69	2.4%	4.9%	7.6%	8.6%
70-74	1.2%	2.5%	3.8%	4.3%