

# **Housing Requirement Topic Paper**

## **Local Plan Evidence Base**

**September 2017**

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# 1 Introduction

- 1.1 National planning policy advocates a genuinely plan led approach to the delivery of the homes, business and industrial units, infrastructure and thriving local places that the country needs.
- 1.2 Paragraph 47 and 159 of the National Planning Policy Framework (NPPF) requires local planning authorities to 'boost significantly the supply of housing'. This should be carried out by:
- Understanding the housing needs of the area through the production of a Strategic Housing Market Assessment (SHMA) to assess their full housing needs. This involves:
    - working with neighbouring authorities where housing market areas cross administrative boundaries;
    - identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period;
    - meets household and population projections, taking account of migration and demographic change;
    - addresses the need for all types of housing, including affordable housing and the needs of different groups in the community<sup>1</sup>;
    - Caters for housing demand and the scale of housing supply necessary to meet this demand.
  - Ensuring that the Local Plan meets the full objectively assessed needs for market and affordable housing in the housing market area, as far is consistent with the policies set out in the NPPF...'. Identify sufficient sites for:
    - a five year supply of housing to meet housing requirements, including a 5% buffer or, where necessary, a 20% buffer.
    - a supply of sites or broad locations for years 6-10 and where possible years 11-15.
- 1.3 The Council has undertaken a SHMA and published this as part of the draft Local Plan consultation. This report sets out how the information in the SHMA and other policy considerations have been considered in the round to identify a final housing requirement. This report is split up in to the following sections:
- **Context** which can affect future policy choices that influence the housing requirement. The key policy consideration is the Objectively Assessed Need (OAN) which sets out the 'policy-off' demographic modelling information as set out in the SHMA, alongside duty to co-operate implications and the OAN Standardised methodology.
  - The final **Policy Approach** recommendation.

<sup>1</sup> Paragraph 159 suggests that this could include but is not limited to families with children, older people, people with disabilities, service families and people wishing to build their own homes

## 2 Policy Background

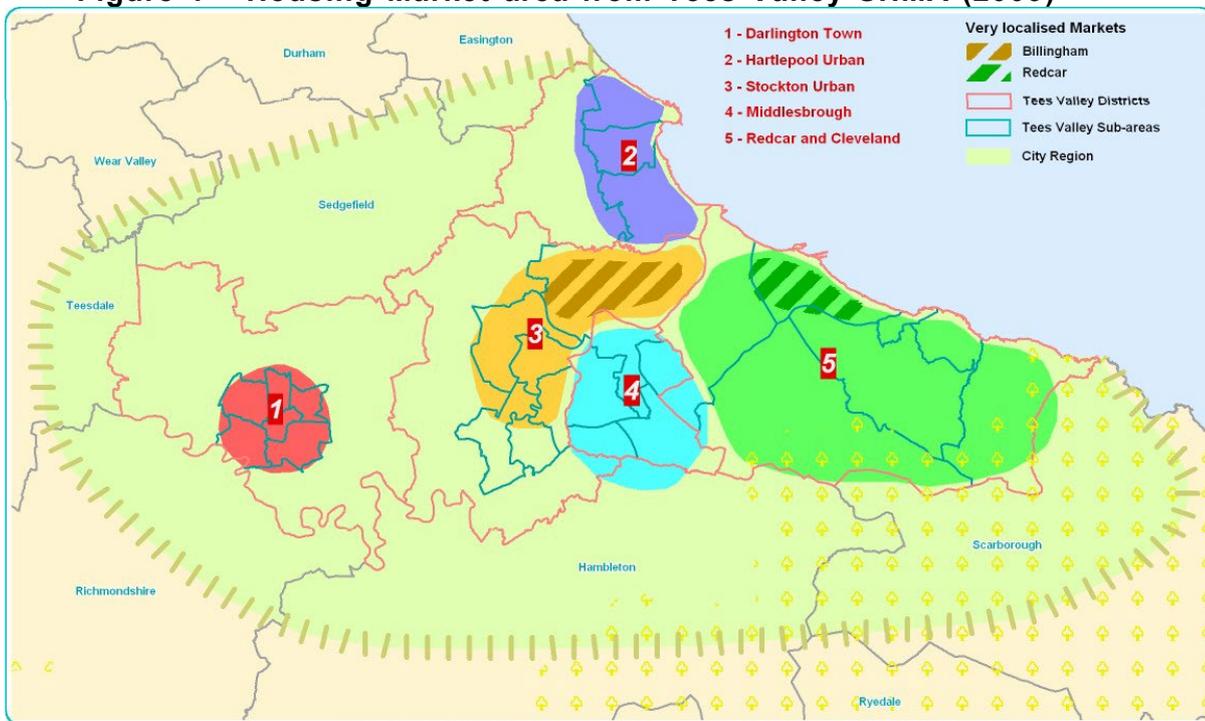
### The Housing Market Area

2.1 The first Tees Valley SHMA (2009) concluded that *'the pattern of housing markets in Tees Valley is complex'* and that the market included *'several layers of the market overlaying each other'* which can be summarised as:

- Tees Valley City Regional Market comprising the sub-region plus parts of North Yorkshire and County Durham. Rural areas, Ingleby Barwick and Yarm operate across the housing market of the city region;
- Largely self-contained local markets for all of Redcar and Cleveland, all of Middlesbrough, the main urban area of Stockton and Thornaby, the urban area of Hartlepool and most of Darlington town;
- Very localised markets in Billingham and Redcar.

2.2 Figure 1 below summarises the housing market evidence included in the SHMA, which was also reaffirmed in a 2012 SHMA update.

**Figure 1 – Housing Market area from Tees Valley SHMA (2009)**



2.3 Given the evidence that the authority was a largely self-contained housing market area the Council commissioned it's own SHMA in 2016 to understand the Objectively Assessed Housing Need (OAN) of the Borough. The evidence in this study:

- Corroborated the view that the Housing Market Area (HMA) can be considered at a number of levels;
- Concluded that it would still be appropriate to conduct an OAN for Stockton on Tees Borough.

- 2.4 In the run up to the Publication Local Plan Consultation, the Council has held a number of meetings to discuss the duty-to-cooperate requirement with other Tees Valley authorities. These concluded that Darlington and Hartlepool Borough Councils agree that their areas are different housing market areas. Meetings with Middlesbrough Council and Redcar and Cleveland Council reinforced the established approach, but also identified a need for a Statement of Common Ground, which will address this issue, this will be produced for the Examination in Public of the Stockton on Tees Local Plan.

### **Objectively Assessed Need**

- 2.5 The Strategic Housing Market Assessment (SHMA) provided the Objectively Assessed Need (OAN) for the Borough based on Opinion Research Services' (ORS) projection model and the NPPF and National Planning Practice Guidance in force at the time.
- 2.6 ORS reviewed the available demographic information to correct any errors in the available trend data. Rather than using an approach of using trends recorded between the two censuses, ORS based its core projection on migration trends from 2004 – 2014. This was due to an underestimate in the 2001 census, which if not corrected would skew the OAN projection. Further analysis of overcrowding statistics identified a need to uplift the OAN by a further 273 dwellings to account for concealed families not counted in the household projections.
- 2.7 Due to the timing of the study, the 2012 population and household projections formed the basis of the assessment. As the 2013 and 2014 mid-year population estimates were available, these were factored in to the projection to ensure that the projection did not over/under-estimate the requirement for these years.
- 2.8 The OAN also considered whether the projected population could meet economic growth aspirations across the area concluding that the Employment Land Review (2016) identifies a growth in workers which is 2,100 higher than the number of economically active persons projected in Stockton. The SHMA concludes that these jobs will be filled by falls in unemployment, double jobbing and in-commuting from Middlesbrough and Redcar & Cleveland. The Middlesbrough SHMA noted a surplus of workers and that these workers could help to fill jobs projected in Stockton on Tees Borough through changes in net commuting. This could mean fewer workers leaving Stockton Borough to work in Middlesbrough Borough. This issue is discussed in more detail in below.
- 2.9 Following an allowance for vacant homes, the final OAN requirement was summarised (SHMA paragraphs 6.1 & 6.4) at 11,190 dwellings, with 9,130 of these projected to be built in the plan period (2017-2032) and 2,060 of these as a backlog required between 2014 and 2017.
- 2.10 Paragraph 3.46 of the SHMA had regard to more up-to-date information relating to the 2014 based household projections. This suggested that using the 2014 figures resulted in household growth figures, which are around 1.5% lower than the 2012 figures, about 9 households a year, or 135 households over the 15 year plan period.
- 2.11 The draft Local Plan consultation document (November 2016) was therefore produced on the basis of a housing need of 11,060 dwellings.
- 2.12 In addition to the OAN, the SHMA also advised on a number of factors discussed in further detail below:
- Affordable Housing: A need for 3,500 new affordable homes, 40% of the OAN.

- Older People: A growth of 940 people aged 75+ in the institutional population.
- Students: No need for uplift to accommodate students at Durham University and a likelihood that properties rented by students will be returned to the open market, which could be counted as part of the housing supply in the future.

2.13 The SHMA does not recommend what policy adjustments the Council should make to address these issues, as it translates the OAN in to a housing requirement. This paper provides further discussion and reasoning for the policy approach adopted in the Local Plan housing requirement.

## **Strategic Economic Plan**

2.14 Planning Practice Guidance states:

*'Strategic Economic Plans are not part of, or a substitute for, the local plan for an area which guides development decisions, and it is important that they are not treated as such. However, the commitment of local planning authorities to work collaboratively with Local Enterprise Partnerships across their area will be vital for the successful delivery of policies for strategic growth in their Local Plans. An effective policy framework for strategic planning matters, including joint or aligned planning policies, will be a fundamental requirement for this.'*

2.15 The Stockton on Tees SHMA considered the aspirations of the Tees Valley Local Enterprise (LEP) to create 25,000 jobs. This noted that as the number of workers will grow by less than 10,000 people there is evidence that over the next 10 years there will be a shortfall of 15,000 workers against the Strategic Economic Plan (SEP) aspirations.

2.16 The SHMA notes that the SEP is aspirational and based on a reduction of hidden unemployment in the Tees Valley related to people who wish to work but do not qualify for unemployment benefit and are not considered economically active. Increases in economic activity from those not currently in the workforce will therefore help to fill the jobs aspirations of the SEP without requiring further population growth.

2.17 However, the SHMA concludes that no changes to the number of people who would like a job and are not currently registered as unemployed have been assumed, but any changes which do occur would further fill the SEP jobs growth without the need for additional population.

2.18 Since the SHMA was published, the SEP has been refreshed. The refreshed SEP (2016) retains the ambition to create 25,000 jobs between 2016 and 2026 and £2.8 billion of increased GVA. The SEP highlights 6 priorities: Business Growth; Research, Development, Innovation & Energy; Education, Employment & Skills; Place; Culture; Transport & Infrastructure. The revised SEP includes a number of points which are of relevance to plan making including aspirations to:

- Create 25,000 jobs across a variety of key sectors and add £2.8 billion of additional Gross Value Add (GVA) (at 2016 prices) between 2016 and 2026 (p.4, 18 and 39).
- Population growth of 40,000 new residents 6% between 2016 and 2026 (p.18, 39).

2.19 The 6% increase in population growth aspiration is also set out in the Tees Valley Economic Assessment (2016). This uses ONS sub-national population projections, which have a base date of 2014, and sets the target using the 2016 figure. The Council has

considered the OAN performs well against the SEP aspiration projecting a growth of 5.8% in the Borough's population.

- 2.20 The refreshed approach includes the 25,000 jobs target in the original SEP, but differs from it as the aspirations for jobs growth in the original document are influenced by increasing the employment rate of the Tees Valley from 64.5% to 71.1%, a 6.6% increase. In contrast, the revised SEP sets out targets for significant population growth in the Tees Valley through in-migration. The Place section of the refreshed SEP also states:

*'Whilst we have a good track record of building new homes we are not building enough to meet demand. In the next ten years we require in excess of 22,000 new homes to be built, which is around 25% more than in the last ten.*

*In addition, we need greater diversity and choice in the types of homes being built, from good quality affordable homes right through to high-end luxury homes. At present, the supply of new homes is dominated by family housing for the owner occupier market, whilst we have a need for a wider variety of types and tenures of homes. As an example, owner occupation accounts for around 60% of the existing housing market, with almost 40% of homes on Tees Valley rented, which compares to new supply in which almost 90% of new build is for home ownership.*

*Our aim is to address this and ensure that we have the right quality and mix of housing offer to enable our continued economic growth. A key priority will be that where people choose to rent, we aim to ensure there is a quality rental market offer, however where people aspire to own their own home we will seek to support that aspiration, with a particular emphasis on helping first-time buyers acquire a home.'*

- 2.21 Whilst the Council does not consider the SEP to be an objective assessment of housing and economic needs, the Council has progressed on the basis that in order to meet the aspirational SEP, Local Plans would cumulatively need to make provision for 22,000 homes by 2026.

## **Local Plan Consultation**

- 2.22 The Council consulted on the Draft Local Plan between November 2016 and January 2017. The consultation included a question on how far respondents agreed/disagreed with using the OAN as the starting point for considering the housing requirement for the Borough.
- 2.23 The consultation included an online survey which identified that 27 responses out of 39 (70%) agreed that the OAN was the appropriate starting point for considering the housing requirement. However, a number of responses challenged the Council's approach to the OAN.
- 2.24 A number of responses from developers challenged the HMA, which was used to calculate the OAN. Respondents suggested that the study should consider a wider geography as some responses stated that Middlesbrough Borough cannot be justified as a HMA in its own right, and that the HMA is contradicted by the analysis requiring an economic adjustment on the basis that populations in neighbouring areas will help to meet jobs targets.
- 2.25 This issue was considered in the SHMA and there was sufficient evidence to justify the Borough as its own HMA. Nevertheless, the Council continues to discuss cross-boundary issues like the HMA with neighbouring authorities to ensure Local Plans are based on a

robust evidence base and housing needs have been met. Issues relating to job targets and commuting are discussed below.

2.26 Other reasons for questioning the SHMA methodology include:

- The need to make demographic adjustments to the OAN including longer term migration trends, and use of alternative household representative (HRRs) rates to reflect changes in home ownership.
- Market Signals, Employment trends and Economic Adjustment, in particular, assumptions in the SHMA about jobs projections being filled by 'double jobbing', falls in unemployment, and in-commuting from within the travel to work area.
- Affordable Housing should be used to uplift the OAN, rather than being used as a policy choice.

2.27 In order to answer the remaining issues, further advice was procured from ORS, which has been used to inform the Council's response. This advice involved a review of two detailed responses on behalf of the Home Builders Federation and EGL Planning / Regeneris on behalf of Taylor Wimpey, as well as other relevant responses received. The advice note is included as Appendix A to this paper. The main conclusions of the paper are that:

- Demographic adjustments are not necessary as the OAN methodology is based on ORS normal approach, which reviews demographic trends over the preceding 10-years. To deviate from this would raise consistency issues with other SHMAs. The household representative rates used in the OAN are also consistent with the CLG methodology for the 2012 and 2014 based projections. ORS disagree with the arbitrary assumption to return to HRRs for younger households to 2001 levels. However, a more general uplift to the OAN has been included to explicitly count the growth in concealed families.
- Support from the detailed Regeneris review of the OAN concluded that there is no demographic or market signals issue in the Borough, which would necessitate an increase in the OAN. This support is welcomed.
- With regard to other comments on this issue, Stockton on Tees performance against comparator areas is acceptable and the area is one of the best performing North East authorities for housing delivery.
- The employment forecast for Stockton on Tees is able to be higher than the growth in the projected workforce because the original Experian forecast projects falls in unemployment consistent with the original SEP policy aspiration, an increase in the number of workers who hold more than one job and most importantly changes in commuting patterns within the HMA.
- ORS have undertaken a SHMA for Middlesbrough Council and found that their balance between jobs and workforce growth shows a surplus of workers. This is a consistent picture with Stockton on Tees Borough showing that a small movement in net commuting patterns between the two authorities is likely in the future.

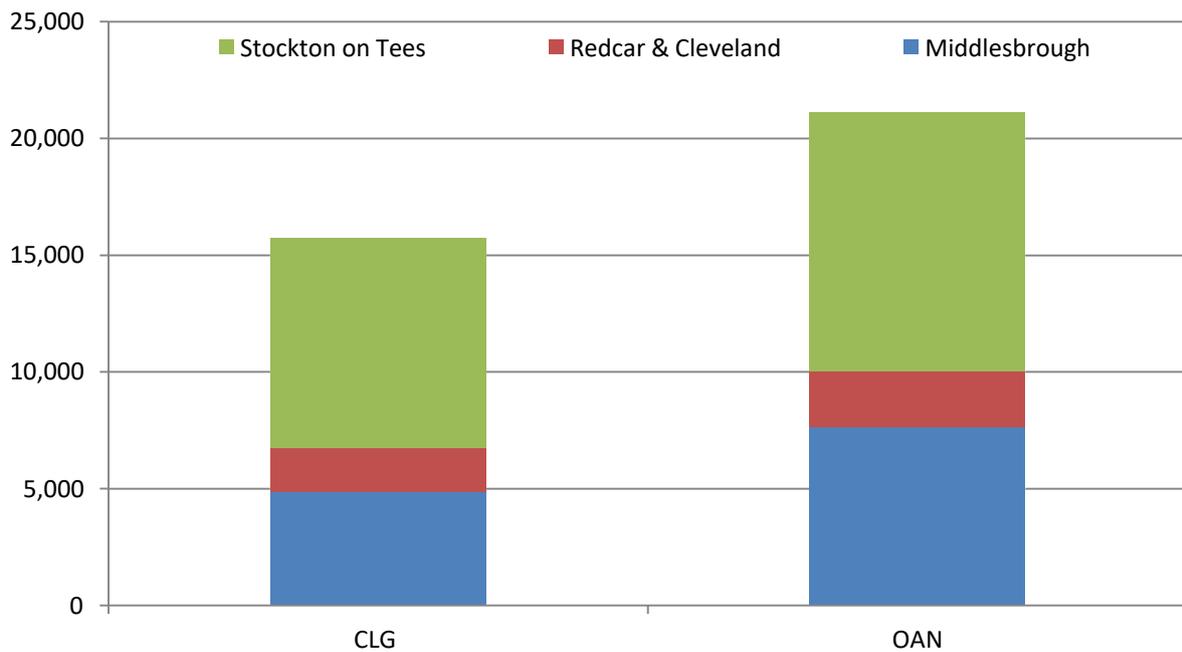
### **OAN of adjoining authorities**

2.28 The Council recognises its legal duty to co-operate with other stakeholders. As noted above the SHMA suggests that future studies could consider a wider HMA, which include Middlesbrough Borough and Redcar and Cleveland Borough. In the meantime, the Council

has engaged with both local authorities to understand the objectively assessed needs which have been identified for these areas.

- 2.29 Redcar & Cleveland Borough Council’s OAN was prepared by Peter Brett Associates and was published in February 2016. This used a base date of 2012 and covered the plan period 2015 – 32. The study identified a need for 2,256 net additional dwellings (132 dwellings per annum) based on CLG projections plus a 10% uplift for market signals.
- 2.30 Like Stockton on Tees Borough Council, Middlesbrough Borough Council also appointed ORS to undertake their SHMA / OAN, using a similar methodology to the work produced for Stockton on Tees Council. This work covered the period 2016 to 2034 and was based on 2014 based CLG projections. ORS identified a requirement of 7,600 dwellings, an average of 422 dwellings per year, which has been rounded to 425 dwellings per year.
- 2.31 Figure 2 below presents the OAN information for the three local authorities against the CLG projections<sup>2</sup> with a base date of 2014. Due to the different time periods for Local Plans, the OAN information has been shown from 2014 to be consistent with the CLG projections and only extends to 2032, the end point of Stockton on Tees and Redcar and Cleveland Local Plans.

**Figure 2 – Objectively Assessed Needs for Stockton on Tees Borough, Redcar & Cleveland Borough, and Middlesbrough Borough.**



Source: DCLG / Stockton on Tees Borough Council / Middlesbrough Borough Council / Redcar and Cleveland Borough Council.

- 2.32 The CLG projections for the period (2014 – 2032) totalled 15,725 dwellings, with Stockton on Tees Borough accounting for most of this delivery, a total of 8,984 dwellings. In contrast, the OANs for the Boroughs totalled about 21,100 dwellings, an increase of about

<sup>2</sup> The CLG household projections have been translated to dwelling projections by including an allowance for vacant properties across the three authorities so that the household figure can be converted to dwellings. This is based on 2011 Census Vacancy figures. (Stockton on Tees 3.8%) (Middlesbrough 4.92%) (Redcar & Cleveland 3.81%)

5,400 dwellings across the area. This equals a 34% increase above the CLG starting point across the whole area. In Stockton on Tees Borough, the increase equates to 2,075 dwellings, a 23% increase.

2.33 As noted above, whilst the Council and neighbouring authorities consider the SEP to be an aspirational document, it is recognised that it identifies a housing figure of 22,000 new dwellings across the Tees Valley between 2016 and 2026. Over this time period, Communities and Local Government and OAN figures for the three authorities are:

- CLG – 9,200 dwellings
- Objectively Assessed Need – 11,677 dwellings

2.34 When the OANs of Darlington Borough (446 dwellings per annum) and Hartlepool Borough (290 dwellings per annum) are taken in to account, the OANs of the Local Authorities when added together provide about 19,000 homes.

### **Housing White Paper**

2.35 The Housing White Paper published in February 2017 set out how the Government intended to fix the 'broken housing market'. One of the measures included in the paper involved the introduction of a standardised approach to housing requirements. Government are clear that they expect Councils to use the new standardised approach to produce Local Plans and will incentivise Councils. Government will also consult on what constitutes a reasonable justification for deviating from the standard methodology.

2.36 Regardless of the final methodology, the Government intends to strengthen the NPPF to make it clear that Local Authorities are expected to have clear policies for addressing the housing requirements of groups with particular needs, such as older and disabled people.

2.37 The absence of the Standardised Methodology during the preparation of the Local Plan has led the Council to proceed on the basis of a robust SHMA and the evidence in this paper. On the 31<sup>st</sup> July 2017, the Government wrote to Local Authorities explaining that the Housing Standardised Methodology would not be published until September 2017. The letter also stated:

*'We recognise that a number of areas have already made significant steps in preparing their plan. In order to give you greater certainty we want to make it clear that if you submit your plan for examination on or before 31 March 2018 you will be able to progress with your plan, using the existing methodology for calculating local housing need, as set out in current guidance.'*

*'If a plan is withdrawn from examination or found unsound, depending on the outcome of the forthcoming consultation, you would prepare a new plan based on the new standardised method. We also intend to consult on what constitutes a reasonable justification for deviating from the standard methodology, and make this explicit in the National Planning Policy Framework.'*

2.38 As a result, the Council has progressed on the basis of the existing methodology and the Local Development Scheme, which identifies submission before the 31<sup>st</sup> March 2018. Notwithstanding the above, the Council will monitor this issue as the plan progresses towards examination, and will work with duty to co-operate partners where appropriate.

## Economic Forecasts

2.39 The Stockton on Tees Borough SHMA was developed in tandem with the Employment Land Review and the Town Centre Uses Study. Crucially, the evidence used Office of Budget Responsibility (OBR) Economic Activity Rates, which have been considered the most credible source in a number of Section 78 Housing Appeals. The SHMA states that:

*'...the economically active population of Stockton on Tees is likely to increase by 2,600 persons over the 15-year period 2017-32. In parallel to this study the Council commissioned an Employment Land Study which produced a jobs forecast for Stockton on Tees of 4,700 additional jobs over the period 2017-32.*

*The model used to underwrite the Employment Land Supply Study utilised the population projections and economic activity rates from this SHMA and therefore there was consistency between the assumptions. Therefore on the same set of assumptions, the Employment Land Supply Study is forecasting a growth in workers which is 2,100 higher than the number of economically active persons in Stockton on Tees. This raises the question of, how will the additional jobs be filled if there are insufficient workers?'*

2.40 The figures and tables related to the above quote are included in Appendix C. Objectors to the Draft Local Plan highlighted these comments, stating that they were evidence that there was a need to boost the housing requirement and also that the original HMA for the OAN should have been wider.

2.41 However, the Middlesbrough SHMA states that:

*'...the economically active population of Middlesbrough is likely to increase by 6,246 persons over the 18-year period 2016-34. In parallel to this study, the Council commissioned an Employment Land Supply Study which produced a jobs forecast for Middlesbrough. A forecast produced by Oxford Economics indicates that they project that the number of jobs in Middlesbrough will rise by 500 over the period 2016-34, hence there will be a surplus of workers in Middlesbrough.'*

2.42 The 6,246 growth in economically active people in Middlesbrough, results in a surplus of about 5,700 people, which is sufficient to meet the needs of Stockton on Tees Borough and other parts of the Tees Valley. The Middlesbrough SHMA goes on to note that it's findings are *'consistent with evidence produced by Stockton on Tees, who forecasted a growth in jobs in their area which was higher than their projected growth in workers. However, these jobs were projected to be filled by a small increase in commuting from Middlesbrough. Given that both areas are in the same HMA this still allows for balance at the HMA level.'*

2.43 Given the close proximity of the two areas, the commuting patterns between the two are generally sustainable. The projections in the OAN assumed that 64.77% of economically active residents will work in the Borough with 35.32% commuting to work elsewhere; and that 65.35% of jobs will be fulfilled by workers resident in the area with 34.65% taken by workers commuting to other areas. These figures were based on the 2011 Census and were held constant throughout the projection period.

2.44 In addition, Tees Valley Combined Authority has summarised the 2001 and 2011 census travel to work information at a local authority level. The relationship between Stockton on Tees Borough and Middlesbrough is summarised in the table below.

**Figure 4 – Commuting between Stockton on Tees Borough and Middlesbrough Borough**

Type	2001	2011
Stockton Residents Work in Middlesbrough	9,850	10,779
Middlesbrough residents Work in Stockton	8,800	8,889
Net Commuting out of Stockton to Middlesbrough	1,050	1,890

- 2.45 As can be seen there is an historic flow of workers from the Borough in to Middlesbrough Borough, with growth in the flow of workers between the two census periods. It should be noted that this information is a snapshot and travel to work patterns may have slightly adjusted since 2011.
- 2.46 In summary, the Experian model projects a higher rate of growth for jobs in Stockton than the SHMA projects will be the growth in economically active workers. However, changes in unemployment numbers and also the impact of double jobbing, with some workers holding more than one job, will see some of this gap filled from the existing workforce. The model assumes that the remaining 1,400 additional jobs not covered by workers in Stockton will be met through changes in the commuting patterns in the HMA. This provides the opportunity to re-balance commuting levels for Stockton on Tees, which currently exports workers to Middlesbrough. This would not adversely affect the economically active population in Middlesbrough which, as discussed above, will have a significant surplus of workers.
- 2.47 Issues related to the economic implications of the SEP have previously been discussed within this paper.

### **Affordable Housing**

- 2.48 The SHMA identified the affordable housing requirement for the Borough for the period 2017 to 2032. This identified a need for 3,502 affordable dwellings over the period, a total of 233 households per year, equating to 39.9% of the OAN (2017 to 2032). However, the Council's evidence has established that the Local Plan cannot fully meet affordable housing needs as it is only viable to deliver affordable housing on 20% of the units on each site. In order to consider whether this situation required an uplift to the housing requirement, during the draft Local Plan consultation, the Council asked how the OAN should be translated in to a housing requirement. One of the options included an uplift to boost affordable housing supply.
- 2.49 A number of responses to the Draft Local Plan Consultation suggested that the OAN should be uplifted as a result of the shortfall in affordable housing. NPPF paragraph 47 is clear that local planning authorities should 'use their evidence base to ensure that their Local Plan meets the full, objectively assessed need for market and affordable housing in the housing market area, as far is consistent with the policies set out in...' the NPPF. In contrast, paragraph 159 of the NPPF requires LPAs to prepare a Strategic Housing Market Assessment to assess their full housing needs which 'meets household and population projections', 'addresses the need for all types of housing, including affordable housing...' and 'caters for housing demand and the scale of housing supply necessary to meet this demand'.

2.50 The wording in the NPPF has been extensively debated in the courts, notably at decisions in Warrington and Kings Lynn<sup>3</sup>. The latter decision provides a number of clear statements, that the NPPF is clear that affordable needs should be addressed in determining the Full Objectively Assessed Need, but neither the NPPF or PPG suggest that they have to be met in full when determining the housing requirement. The decision highlights that ‘... very often the calculation of unmet affordable housing need will produce a figure which the planning authority has little or no prospect of delivering in practice.’

2.51 The SHMA and the Kings Lynn decision reference Planning Practice Guidance, which provides further advice stating<sup>4</sup>

*‘An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes.’*

2.52 When considering this matter, the High Court concluded that the consideration of an increase to help deliver the required number of affordable homes, rather than an instruction that the requirement be met in total, is consistent with the policy in paragraph 159 of the NPPF requiring that the SHMA “addresses” these needs in determining the Full Objectively Assessed Needs. Therefore, the argument that the total need for affordable housing being met in the housing requirement is not warranted by the NPPF or PPG.

2.53 The Council has also noted that this issue was discussed at the North Tyneside Examination in Public and referenced in the Inspectors’ Report which stated:

*‘I have also given consideration as to whether or not a further uplift to the housing requirement to meet the need, arising from the household survey for the SHMA, for 490 affordable dwellings each year as a proportion of total housing development would be reasonable.*

*On the basis of the whole plan viability evidence of 25% affordable housing on qualifying sites, the overall housing requirement would need to increase to some 2,000dpa to proportionally meet the need. In light of the evidence on market delivery and environmental capacity, any requirement approaching this magnitude is neither sustainable nor practical. In any event the Plan’s housing requirement will significantly boost housing supply, including affordable housing. The identified requirement would also meet the full OAN for market and affordable housing. Consequently, no further adjustment is necessary to the housing requirement.’*

### **Affordable Housing Supply**

2.54 Figure 5 provides an estimate of affordable housing supply to be delivered during the plan period. This is based on the number of affordable homes with planning permission and estimates of the delivery from site allocations. The figures are based on sites achieving either the Government’s 10% minimum affordable housing target, as proposed in the Housing White Paper, or the 20% target considered viable in the Affordable Housing Viability Assessment.

<sup>3</sup> CO/4055/2014 – Satnam Millenium Limited V Warrington Borough Council (19<sup>th</sup> February 2015)  
CO/914/2015 - Borough Council of Kings Lynn and West Norfolk v Secretary of State for Communities and Local Government and Elm Park Holdings (9<sup>th</sup> July 2015)

<sup>4</sup> Planning Practice Guidance Website - Paragraph: 029 Reference ID: 2a-029-20140306

**Figure 5 – Affordable Housing Supply Estimate**

Total Dwellings	Potential Affordable Dwellings	Affordable Supply (2017-32)
Planning Permissions with Affordable Housing <sup>5</sup>	1,006	1,006
Allocations (Affordable @ 10%)	6,475	648
Allocations (Affordable @20%)	6,475	1295
		900

Source: Stockton on Tees Borough Council

- 2.55 The level of deliverable affordable housing is unlikely to meet the need identified in the SHMA. The affordable supply 2017-2032 identifies the number of potential affordable units to be delivered within the plan period based on information within the SHLAA 2017 acknowledging that not all sites are anticipated to deliver within the plan period. On this basis, it is possible that there will be a shortfall of supply which equates to between circa 1,500 to 2,000 affordable dwellings against the modelled affordable need.
- 2.56 The Council remains committed to addressing affordable housing needs by including a 20% affordable housing requirement in the Local Plan. However, given the expectation in the Housing White Paper that the Government intends *'to make it clear in national planning policy that local authorities should seek to ensure that a minimum of 10% of all homes on individual sites are affordable home ownership products'*. This would therefore require a significant proportion of the Council's affordable housing supply to be affordable home ownership products.
- 2.57 Crucially, these products would not meet a significant area of the Council's identified affordable needs, which were identified in the 2012 SHMA and reconfirmed by the 2016 SHMA. This was a mix of 30% intermediate housing and 70% affordable rent. Whilst the Council is supportive of all types of affordable housing products, this expectation will further impact on the Council's ability to meet the identified needs through private sector development.
- 2.58 As a result, the Council has amended the emerging Local Plan policy to state:

*The Council require 20% of new homes to be affordable on schemes of more than 10 dwellings or with a combined gross floorspace of above 1000sqm. A mix of affordable housing for ownership, rent and intermediate housing, based on the most up-to-date evidence of local need, as well as the Governments expectation that 10% of new homes will be affordable home ownership products. Where the delivery of affordable housing is not in accordance with the above, robust justification is required and the proposal will be considered in accordance with policy SD7.*

### **Needs of Older People and Other Groups Implications for the OAN**

- 2.59 OAN projections excluded a growth of 940 older people (aged 75+) that were considered to be part of the 'institutional population' (people aged 75+ that reside in residential institutions). The SHMA references current Government policy on adult social care, which aims to support people to continue to live in their own home. The emerging Stockton on Tees Borough Adult Strategy is consistent with this approach setting out a vision:

<sup>5</sup> Calculated at February 2017

*‘that people can get the right level and type of personalised support at the right time in order to help, prevent, reduce or delay the need for ongoing support and maximise their independence.’*

- 2.60 The SHMA is clear that not all of these people’s needs will be met in institutional accommodation and two methods of planning for these people are identified:
- Plan for a growth in bed-spaces in residential institutions.
  - Support this population to continue to live in their own homes for longer. This means that these people need to be considered as part of the household population and added to the OAN.
- 2.61 The Council anticipates that over the plan period, older people will be encouraged to live in their own homes rather than moving in to residential institutions. A consequence of this action is that whilst these people are not included in the OAN, an allowance has been made in the OAN projection that dwellings would be vacated by many of these people. If these people continue to occupy these properties additional housing is required.
- 2.62 Given this emerging context, ORS were commissioned to understand the implications of this future policy approach, a short note is included as Appendix B of this report. This concluded that:
- If the 940 people growth of over 75 years olds in residential accommodation is accommodated in the household population, a further 793 dwellings are required. This figure is lower than the total number of people (940) as some individuals will have a partner or other family member already remaining at home.
  - If the 793 dwellings are added to the housing requirement, it may be appropriate for additional bedspaces in residential institutions (C2 units) to be counted towards the housing requirement on the basis of 1 dwelling for every 1.34 bedspaces.
- 2.63 This issue is considered further in section 3.

### **Housing Mix**

- 2.64 The NPPF also asks Local Plans to ‘address’ the needs of older people, which as has been established with regard to affordable housing (see below) is different to ‘meeting’ needs, which is a requirement for total net new housing.
- 2.65 With regard to the overall mix of housing required, part 2 of the SHMA uses two models to identify the future housing needs of older people in the Borough based on the outputs of the OAN. These were:
- The Opinion Research Services (ORS) older people housing model identifies a need for 2,100 homes, all of which are counted as part of the overall housing need. However, a large proportion of this need (950 homes) related to ‘Extra-Care provision’, which could also accommodate some of the 940 people identified above to have their accommodation needs met in extra care provision.
  - The Housing Learning and Improvement Network (LIN) Toolkit which forecasts future population and applies a benchmark need for particular housing types per thousand people aged 75+. The SHMA suggests that 939 Extra-Care homes could divert around 313 persons from residential care, reducing the need for bed-spaces in residential institutions to about 625, whilst increasing the OAN by 210 dwellings from 1,430 to 1,640 dwellings to accommodate older people in owner occupied housing. It should be

noted that if the 793 dwellings referred to above are added to the housing requirement, this will have already displaced the growth in residential institutions in to the housing supply, there would be no need to add a further 210 dwellings to the requirement.

- 2.66 This issue has implications for the mix of dwellings, which make up the housing supply as there is a modelled requirement for the housing supply to include 2,300 specialist homes including:
- 950 Extra-Care Dwellings for older people and 1,200 Sheltered Homes for older people, including a need for 558 wheelchair accessible properties.
  - 133 Wheelchair accessible homes for households aged under 75.
- 2.67 The Council is assessing options for future intervention but It is likely that the modelled need for this type of property will not be met in full by new build housing supply. However, older people's needs will be addressed through:
- Recognising the planning commitment, which exists at Mount Leven in Yarm, this has planning permission for 350 bungalows purpose built for older people.
  - The potential delivery of residential care schemes including planning permissions at Mount Leven and Allens West.
  - Site allocations requiring 60% of new dwellings to be adaptable, in accordance with the emerging Local Plan policy, as evidenced in the SHMA.
  - Site allocations will also require 7% of the affordable dwellings to be accessible and adaptable for wheelchair users, as evidenced in the SHMA.
- 2.68 It should be noted that the Publication Draft Local Plan identifies that it is the intention that the optional building regulations regarding adaptable and accessible homes will come into effect 1<sup>st</sup> April 2019. Therefore, any proposal approved after this date will be required to incorporate this policy requirement.
- 2.69 This new build provision will also be augmented by housing adaptations facilitated by the Disabled Facilities Grants (DFG), which assists people to continue living in their own home. The Government has increased the national DFG budget to £394m in 2016-17; a 79% increase over the previous year. In the 2015 Autumn Spending Review, there was a commitment to raise the DFG budget still further to more than £500m by 2019/20 as part of an improved Better Care Fund. The aim is to national fund around 85,000 home adaptations by 2019/20, which is expected to prevent 8,500 people from needing to go into care.
- 2.70 During 2016/17, the Council implemented 210 adaptations for 183 people<sup>6</sup> in the Borough. Of these 132 out of 183 (72%) were for people aged over 55, whilst 179 out of the 210 adaptations (85%) were for ramps, stair-lifts and level entry showers. A continuation of this support along with the measures discussed above will assist in addressing older peoples' housing needs over the plan period.

<sup>6</sup> More adaptations were recorded than people as in a number of instances one individual benefitted from 2 or more adaptations.

## Students

- 2.71 In the 2016/17 academic year, Durham University Queens campus was the home to about 2,450 students. Of these students about 270 lived in their own home and had no additional accommodation needs in the Borough. The remaining students were housed in university controlled or private sector accommodation with a proportion of these students commuting to the campus from Durham.
- 2.72 The SHMA recognises that Queens Campus will be relocated to Durham and that the accommodation within Stockton on Tees Borough will become an International Study Centre (ISC) servicing the university. The ISC will result in a reduction in teaching accommodation as well as the number of students on the site, and a change in the nature of the students attending the college. In the future it is anticipated that
- There will be an initial reduction in students at September 2017.
  - Post 2018 there will be growth in the number of students as the ISC is established and the centre will be 'at scale by 2022'. However, given the change in the profile of students at the facility it is likely that any growth would be accommodated in purpose built provision, rather than reoccupation of traditional student houses in terraced properties or large dwellings.
  - Growth at the ISC will not result in the student population returning to the level at Queens Campus in the 2016/17 academic year.
  - There will be a preference for independent accommodation in purpose built student housing, rather than students living together as a household in existing housing stock.
- 2.73 It is therefore likely that the reduction in students will increase the provision of terraced properties and apartments in north Thornaby and central Stockton part of the Borough. Whilst an accurate figure cannot be included in the housing requirement, it is possible that this will be no more than 200 dwellings and would be a modest boost to housing supply.
- 2.74 Given the location of dwellings already occupied by student households, it is possible that these premises could be available to those who require affordable housing in the private rented sector. However, due to the uncertainty around the future growth of the ISC, it is not possible to assume that these households will have their needs met in these dwellings.

## Delivery and Backlog

- 2.75 Figure 3 below identifies total housing delivery prior to the establishment of the OAN for the period April 2009, when the Core Strategy was submitted for examination, to April 2014, the base date for the OAN, which superseded the out-of-date housing requirement. The housing requirement for the period was the Core Strategy, which was based on Regional Strategy figures, which are not considered to be Objectively Assessed Housing Need.

**Figure 3 – Housing delivery between 2009/10 and 2013/14**

	2009/10	2010/11	2011/12	2012/13	2013/14	TOTAL
Core Strategy requirement	600	600	530	530	530	<b>2790</b>
Delivery	542	459	471	616	358	<b>2446</b>

- 2.76 The above figure also provides an indication of past commercial demand in the Borough. Over the period, the delivery of housing was 87.6% of the total Core Strategy housing requirement, and was only exceeded in one year. However, during this period, the Tees Valley and the UK as a whole experienced difficult economic circumstances. When past delivery is considered against the OAN average of 600 dwellings per annum, alongside recent completions (see below), the number of planning permissions identified in the SHMA and allocations in the emerging Local Plan, it is clear that there is potentially sufficient demand in the area to meet the OAN.
- 2.77 The OAN base date is 2014, whilst the plan start date is 2017. In this period, the OAN identified a need for 2,061 new homes, an average of 647 a year. However, delivery in the period, as shown in figure 4 totalled 1,729 new homes, a shortfall of 332 homes. In order to continue to align the housing requirement with the OAN, there is a requirement to add this under-delivery on to the OAN for 2017 to 2032 and to ensure this is dealt with inside the first five-years of the plan.

**Figure 4 – OAN Backlog and Housing Delivery**

Item	Dwellings
OAN 2014 - 2017	2,061
2014/15	441
2015/16	364
2016/17	924
Total Delivery	1,729
<b>Under-Delivery</b>	<b>-332</b>

- 2.78 Further under-delivery from the period prior to 2014 has not been added to the housing requirement, as the OAN has provided a new starting point for calculating housing delivery and has also made an adjustment to account for concealed households. Government guidance is quite clear that the starting point for the OAN is the housing projections and the Council is of the opinion that the under-delivery of 344 dwellings identified in the above table should not be added to the housing requirement.

2.792.79

## **Vacant Properties**

- 2.80 Various respondents to the Local Plan consultation suggested that a reduction of the number of vacant premises in the Borough could make a significant contribution to meeting housing needs. Whilst the Council will, where possible, continue to support reoccupation of vacant properties to boost the supply of housing it is not possible to rely on this as a major supply of new homes.
- 2.81 The Council's Housing Strategy (2012 – 2015) identified a target to refurbish 99 empty properties over the period, with the funding recycled to bring a further 100 properties back into use. The Council actively work with tenants and landlords in the private rented sector to improve housing standards, and support owners of empty homes with a view to bringing them back into use and 107 homes have been brought back in to use between 2013/14 and 2016/17.
- 2.82 However, available housing vacancy figures indicate that no more than 3,500 homes have been vacant since 2000, with 2011 census and 2016 Council tax information identifying 3,149 and 3,027 properties respectively. Whilst impractical, if all of these premises were

occupied, this would still leave a need to accommodate at least another 8,000 properties in the Borough based on the OAN between 2014 and 2032. Therefore, occupying all vacant premises would in reality prove impractical and there will always be a supply of vacant homes in the Borough.

### 3 Policy Approach

3.1 The following sets out how the Council considered the above information and has taken it forward in to a housing requirement. Given the Government’s focus on boosting housing supply, the requirement is not a ceiling / maximum figure. This allows scope for further housing to come forward, where it is sustainable development, in accordance with policies in the Local Plan, national policy, and other material considerations.

#### The Housing Requirement

- 3.2 The NPPF is quite clear that Local Plans ‘should boost significantly the supply of housing’ and that in order to do this Council’s should use an evidence base to ‘ensure that their Local Plan meets the full objectively assessed needs in the HMA and to be ‘aspirational but realistic’.
- 3.3 Therefore, unless there are reasons why the OAN cannot be met, the housing requirement must at the very least seek to achieve the figure set out in the SHMA. At the time of writing, the Government has not published an OAN standardised methodology and the Council has produced a SHMA, which identifies the future needs of the household population. This identifies a requirement to build on average 600 homes per annum.
- 3.4 As noted above, Part 2 of the SHMA identified that the OAN methodology was influenced by the CLG approach to projecting household requirements, which resulted in a significant growth in older people in residential care accommodation. Given the changing policy environment surrounding social care, older people may continue to live in their own homes, rather than move in to residential care. This means that older people could occupy their homes for longer reducing the supply of homes for younger households.
- 3.5 In order to address this, the Council has taken a policy decision to add a further 793 dwellings to the housing requirement, boosting supply above the OAN and backlog housing need by 8.5%.
- 3.6 No uplift has been included for any policy aspirations to reduce vacant properties or to reflect the changes in student numbers. However, the context above clearly implies that a boost in housing supply is quite possible from these sources.
- 3.7 The housing requirement to be included in the publication version of the Local Plan is set out in figure 5 below alongside the OAN included in the Draft Local Plan consultation (November 2016), which presented the housing need in two ways:
- OAN (Average) - An average projection over the plan period, which would deliver a flat 600 dwellings per annum; and
  - OAN (Phased) - A figure based directly on the under-lying projections within the OAN which would front-load the requirement to the first 5-years of the plan period, with lower delivery in the final 5-years.

**Figure 5 – Objectively Assessed Need and the Housing Requirement**

Period	OAN (Average)	OAN (Phased)	Draft Housing Requirement
Backlog (OAN backlog – delivery)	332 (2,061 – 1,729)		
2017/18 – 2021/22	3,000 (600)	3,236 (647)	3,600 (720)

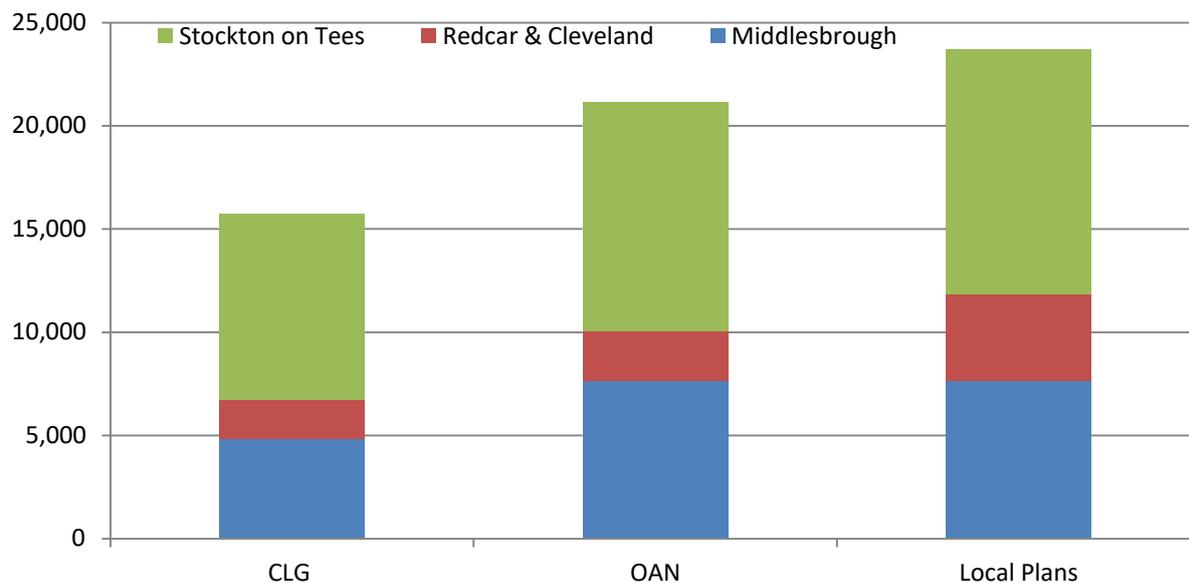
2022/23 – 2027/27	3,000 (600)	2,970 (647)	3,275	(655)
2027/28 – 2031/32	3,000 (600)	2,788 (558)	3,275	(655)
Total	9,332	9,326	<b>10,150</b>	<b>(675)</b>
<b>Rounded Total (Average)</b>	<b>9,350 (625)</b>			

- 3.8 Responses to the Local Plan consultation were critical of the use of the word phasing in the draft Local Plan, whilst one response suggested including a 20% buffer for additional flexibility. Whilst the draft housing requirement exceeds the figures in the demographically phased OAN, it is important to note that the housing requirement is based on an average housing requirement over the plan period, including a requirement for older people.
- 3.9 The housing requirement also takes into account backlog for the 2014 to 2017 period (332 dwellings) and ensures that this is accounted for in the first five years of the draft housing requirement. This explains why the requirement in the first five years is greater than years 6 – 10 and 11 – 15.
- 3.10 Nevertheless, this approach will ensure that housing needs will be met in full over the plan period, whilst further phasing of development will take place through:
- The five-year-supply bringing forward an additional buffer (currently 20%) from later in the plan period. This will front load development from the back-end of the plan period in line with established NPPF practice.
  - The housing requirement will not be used as a ceiling and housing trajectory work identifies an over-allocation of sites above the housing requirement figure, which already have planning permission or accord with the emerging Spatial Strategy.
  - Unconstrained build out of allocations and permissions boosting supply above the housing requirement. As noted below, the housing trajectory identifies a supply of dwellings which significantly exceeds the above phasing.
- 3.11 Finally, when this Local Plan Housing Requirement is considered in combination with the requirements in Middlesbrough Borough Council's OAN and Redcar and Cleveland Borough's draft Local Plan housing requirement<sup>7</sup>, this results in a further boost in housing supply across the wider area (see figure 6).
- 3.12 The Council is also aware that the emerging Hartlepool Local Plan<sup>8</sup> also boosts the housing requirement above the OAN by about 119 dwellings. This increase in combination with the above figures and the Darlington Borough OAN means the total housing requirements in the Tees Valley over the SEP Period (2016-2026) is about 21,900 homes.
- 3.13 Furthermore, the Redcar and Cleveland Local Plan also includes a 20% buffer of additional housing supply above its housing requirement and housing trajectory work in Stockton on Tees Borough (see figure 7 below) indicates that the supply of housing in Stockton Borough will further exceed the housing requirements set out above. When these factors are combined, this results in a further boost to housing supply, which will also address the SEP aspirations.

<sup>7</sup> The Submission Redcar and Cleveland Local Plan includes a requirement for 234 dwellings per annum in comparison to the OAN of 132 dwellings per annum.

<sup>8</sup> The Submission Hartlepool Local Plan includes a requirement for 409 dwellings per annum in comparison to the OAN of 290 dwellings per annum.

**Figure 6 – Comparison of Local Plan Requirements against CLG 2014 and OAN requirements**



### **Uplifting for Affordable Housing?**

- 3.14 In accordance with national policy and case law, the Council has also considered whether it is appropriate to include an uplift to the housing requirement to address the need for affordable housing. A number of comments on the Local Plan suggested that the Council consider increasing the housing requirement to help deliver the required number of affordable homes.
- 3.15 Given the scale of the affordable housing need, boosting the requirement to meet the modelled need would more than double the housing requirement of the Borough. This would be impractical and would have a significant impact on site viability and undermine the Local Plans of adjoining local authorities. This would also have potential cross boundary issues, which would require the Council to demonstrate where in-migration would come from to meet the vastly increased need. In addition, case law also advises against this.
- 3.16 The Council considers that boosting the requirement to address the needs of older people, as set out above, also has the benefit of providing a modest boost to the potential affordable housing supply. However, the increase of 793 dwellings will only deliver a modest 160 dwellings if the supply to meet this delivers affordable homes at a rate of 20%.
- 3.17 Any additional increase to the requirement above this 8.5% boost, for example to 15% or 20% above the OAN, may increase the supply of housing by about 500 to 1,000 homes between 2017 and 2032, but will have little real impact on affordable housing supply, as this would at most generate only a further 100 to 200 further affordable homes.
- 3.18 Whilst this approach would have a modest benefit of increasing the supply of affordable homes, a further increase to the housing requirement could eat in to and possibly exceed the over-allocation against the housing requirement (explained below in figure 7) which is the basis for the affordable housing supply estimate in figure 5. This could require revisions to the Spatial Strategy to include, amongst other areas, expansion at village locations, which is the least sustainable strategic option identified in the Sustainability Appraisal.

Therefore the modest benefits of an uplift for affordable housing would be outweighed by the negative impacts relating to the sustainability of these new homes.

- 3.19 It is also possible that site specific viability considerations may reduce the number of affordable homes currently with planning permission. These considerations may also result in the number of affordable homes expected from allocations being reduced, which would further exacerbate the shortfall in affordable housing provision.
- 3.20 Further increases above the housing requirement set out above are not considered appropriate. However, the Council has not set the 10,150 dwelling housing requirement as a ceiling and will continue to encourage affordable housing supply as part of appropriate development schemes.
- 3.21 As set out below, the Local Plan identifies commitments and allocations, which deliver a significant over-allocation above the housing requirement. Whilst it is acknowledged that there are circa 900 dwellings that could be delivered from developable SHLAA sites, which have not been allocated this would only lead to a further increase of an additional 180 affordable homes if the supply to meet this delivers affordable homes at a rate of 20%.
- 3.22 The Council is aware of the emerging investment plans of registered providers and will work with them to boost affordable housing provision across the area. This approach provides a more deliverable, realistic and sustainable opportunity to meet affordable housing needs, than a simple uplift in market housing supply.

### **Delivery & Development Capacity**

- 3.23 The NPPF includes a Presumption in Favour of Sustainable Development, which requires Local Plans to positively seek opportunities to meet objectively assessed development needs with sufficient flexibility to adapt to rapid change, unless:
- The adverse impacts of doing so would significantly and demonstrably outweigh the benefits when assessed against the NPPF.
  - Specific policies in the framework indicate development should be restricted, including sites protected under the Birds and habitats directive, SSSI, Green Belt, Local Green Space, Areas of Outstanding Natural Beauty, designated heritage assets, and locations at risk of flooding.
- 3.24 The proposed Local Plan housing requirement will be the OAN, the additional allowance for older people, and undersupply from 2014 to 2017. However, in order to build in the necessary flexibility to provide the opportunities to meet the OAN, the housing requirement will not act as a ceiling and the Council is able to identify sufficient allocations and planning permissions to deliver an over-allocation against the housing requirement. This is summarised in figure 7 below and is sufficient to identify:
- A significant boost / over-allocation in the supply of housing for the first 5 years of the plan.
  - A significant boost / over-allocation of specific, developable sites / broad locations for growth for years 6 – 10.
  - A significant cumulative boost / over-allocation of specific, developable sites / broad locations for the plan period. Anticipated over-delivery in the first 10 years of the plan provides an adequate buffer to ensure the lower delivery beyond year 10 does not impact on total supply over the plan period. It should also be noted that:

- the NPPF requires that the supply of land for year 10 and beyond should be identified only 'where possible',
- envisaged changes to the Local Planning regulations will require an update to the plan well in advance of 2026 providing sufficient opportunity to review housing requirements and identify sufficient sites, if additional sites are required at that time.

3.25 In addition to the above, the housing trajectory does not include an allowance for bed-spaces in residential care, which will provide a further supply of accommodation that will be factored in to future delivery figures on the basis of 1 dwelling equals 1.35 bedspaces.

**Figure 7 – Comparison of Local Plan Requirement against Supply of new homes from commitments and allocations**

Period	Requirement	Supply	Phase		Cumulative	
			Over/Under Delivery	%	Over/Under Delivery	%
<b>2017/18 – 2021/22</b>	3,600	4,615	1,015	28%	1,015	28%
<b>2022/23 – 2027/27</b>	3,275	4,312	1,037	32%	2,052	30%
<b>2027/28 – 2031/32</b>	3,275	2,848	-427	-13%	1,625	16%
<b>2017 - 2032</b>	10,150	11,775	1,625	16%		

- 3.26 Whilst the requirement does not meet affordable housing needs, the Council remains committed to working with providers to deliver new provision in the near future and is also considering alternative methods of delivery, which are not able to influence this plan.
- 3.27 As noted above, there are sufficient sites to over-allocate against the housing requirement. However, it should also be noted that beyond the sites identified in the emerging Local Plan additional supply is limited by:
- Viability constraints, which will principally affect the commencement and rate of delivery of brownfield sites like Tees Marshalling Yard.
  - Environmental constraints where the protection of green wedges, SSSIs and Special Protection Areas, and flood risk issues reduce the land available for housing.
  - Highway capacity on key parts of the local network and junctions on the A19 and the A66, which constrain growth at parts of Wynyard, Yarm, West Stockton and Eaglescliffe.
  - Site specific noise issues which limit development at Urray Nook adjacent to the Police Tactical Training Centre and Billingham, which is currently adjacent to a concrete surfaced section of the A19.
- 3.28 Theoretically, village locations in the Borough could also offer a supply of housing over the plan period. However, the villages in the Borough are not the most sustainable locations for large scale new housing and any new development in villages would be limited to small-scale extensions through emerging Local Plan policies.
- 3.29 Taking an alternative approach and building in villages could deliver a modest amount of housing (about 400 homes), but this would not significantly boost housing supply over the plan period, and would have limited impact on the number of affordable homes delivered (circa 80 dwellings). As these modest benefits do not outweigh conflicts with sustainability objectives, the Council has not sought to identify further allocations in the villages, beyond

recognising existing commitments, which have been permitted while the plan is under preparation. The Council's response to village development is set out in the Sustainability Appraisal.

## 4 Appendix A – ORS response to Home Builders Federation and EGL Planning / Regeneris on behalf of Taylor Wimpey

### Introduction

<sup>1.1</sup> This document represents a response to issues raised by Home Builders Federation (HBF) and Taylor Wimpey during the consultation on the Stockton on Tees Local Plan. This document seeks to offer clarification to the HBF and Taylor Wimpey on the issues they raise and to confirm that the Stockton on Tees SHMA 2016 is compliant with both the NPPF and Planning Practice Guidance.

### Demographic Assumptions

<sup>1.2</sup> A major issue raised by the HBF relates to household representative rates and also the findings of the Local Plan Expert Group (LPEG) in relation to OAN. From paragraph 17 onwards of their submission, the HBF state that:

*17. The HBF agrees that in the case of Stockton-on-Tees it is appropriate to utilise long-term migration trends. The HBF is, however, concerned that no adjustment has been made in respect of household representative rates (HRRs). The HRRs within the 2012 and 2014 based household projections are reliant upon recent trends from the last 10 years rather than those experienced over the longer term. The implication of this bias is that the latest projections continue to be affected by suppressed trends in HRRs associated with the impacts of the economic downturn, constrained mortgage finance, past housing undersupply and the preceding period of increasing unaffordability which particularly affected younger households (25 to 44). There is also evidence to show that HRRs for these groups are likely to recover as the economy improves (see Town & Country Planning Tomorrow Series Paper 16, “New estimates of housing demand and need in England, 2001 to 2031” by Alan Holmans).*

*18. The HBF notes that this group were particularly hard-hit by the recession and as such the HRRs are likely to have been significantly depressed. Indeed by 2014 the proportion of 25 to 34 year olds who were home-owners had dropped to 35%, from 59% a decade earlier. The HBF considers it would be prudent to consider an uplift in HRRs amongst this group, to reverse this negative trend. It is also notable that the Government is actively trying to boost home ownership, particularly amongst younger age groups through initiatives such as ‘Help to Buy’ and ‘Starter Homes’. Help to Buy is already having an impact with 81% of purchasers using the product being first time buyers. The PPG notes that the household projections do not take account of such policy interventions by Government (PPG ID 2a-015).*

*19. An increase in HRRs for the 25 to 44 age group is supported not only by the NPPF requirements to boost housing supply but also the advice contained within the Local Plan Expert Group (LPEG) recommendations to Government<sup>3</sup>.*

<sup>1.3</sup> For this element ELG and Taylor Wimpey have commissioned Regeneris Consulting to review the SHMA and they have concluded at paragraph 3.5 that:

*“Stockton-on-Tees Borough Council is asking for views on how the OAN of 609 dpa is translated in to a housing requirement. The figure is based on evidence in the 2016 SHMA. The figure has been derived using data on ten year trends in migration, which are likely to better reflect long term demographic trends than the CLG household projections. The only*

*adjustment made to the demographic forecasts have been to add concealed and homeless households.*

- 1.4 ORS welcome that Regeneris appear to agree with the demographic analysis for Stockton on Tees, but clearly we do need to respond to the HBF
- 1.5 For the HBF, ORS note that it is widely accepted that housing supply and economic factors such as housing affordability have also contributed to recent trends in household representative rates; and PPG identifies that the household projections may require adjustment to reflect the consequences of past under-delivery of housing

*The household projection-based estimate of housing need may require adjustment to reflect ... household formation rates which are not captured in past trends.*

- 1.6 Nevertheless, it is important to recognise that these are not the only issues influencing household formation. We do not consider that the HBF are correct in their assertion that the future household representative rates are reliant only on the last 10 years of data. The CLG Household Projections 2014-based Methodology Report does confirm that additional weight is given to Labour Force Survey in latter years, but this only relates to estimates for the period that post-date the most recent Census and have no impact on the future projection (page 17, emphasis added):

*The LFS is a sample survey and as such subject to a margin of error but the data are far more up-to-date than the Census and some allowance for recent movements in the LFS are considered necessary. The LFS data has been incorporated into the England level projections for the 2012 period. The LFS data is seasonally adjusted and smoother as presented in the previous section. The smoothed LFS household representative rates are spliced onto the 2011 census data points.*

*Adjustments are then made to all age and relationship status groups so that they move towards the smoothed LFS value with:*

- a. ***The maximum weight of 50%*** to reflect uncertainty over accuracy and
- b. *the LFS weight is linked to the time since the last census (the longer the time elapsed since the last census, the less time there is for household representative rates to get back on to trend).*

*For example **in the 2014-based projections, the LFS data receives a 15% weight** derived as the maximum weight (50%) multiplied by the time in years elapsed since the 2011 census divided by the maximum years between censuses (3/10). **After 2014, the projections revert to the pre-LFS adjustment trends, reflecting the importance of retaining a view of long term trends.** The post-2014 projections are not affected directly by the 2012 LFS adjustments.*

*The revisions, shown in Figure 5, are extremely small but the largest changes were to the household representative rates for males and females aged 75 to 79 and 85+.*

***The overall impact is small*** and reduced the projected number of households in 2039 by 3,000 or ***0.01 per cent*** compared to what would have been produced using the unadjusted household representative rates.

- <sup>1.7</sup> It is inappropriate to simply assume that the underlying rate should return to its level in 2001 when the cause of the change is fundamentally due to changes in the trends for when young people will choose to live as a couple.
- <sup>1.8</sup> Whilst we do not agree with the arbitrary assumption suggested by the HBF to return HRRs for younger households to their 2001 levels we do consider the need for a more general uplift to household projections to consider market signals and we also explicitly count the impact of the growth in concealed families and add these to the OAN figures. As the SHMA states at paragraph 4.12, not all concealed families would wish for their own separate accommodation, so we have returned the number back to its 2001 levels to reflect the impact of growing housing market pressures between 2001 and 2011.
- <sup>1.9</sup> We would also note that an important consideration is not only concealed families, but also concealed individuals who may for example be living at home with their parents. This can be reflected in a rise in the number of households who are listed as 'Other' household types.
- <sup>1.10</sup> Within the household projections, the category "Other" households effectively covers all multi-adult households which do not contain a couple. This would therefore include siblings or friends who choose to live together, shared student accommodation, adult children who live with lone elderly parents for reasons of care, and of course any single person under 35 on housing benefit. This is of particular note as this group are only entitled to the shared accommodation rate of housing benefit, further indicating that the government are not opposing this type of household composition.
- <sup>1.11</sup> Also within the household projections, the category "couples (with no dependent children) living with another adult" is also a wide ranging category, covering such groups as couples who chose to share with siblings or friends, adult children who live with both elderly parents for reasons of care, multigenerational households that choose to live in one home for cultural reasons, and non-dependent adult children who live at home (such as a university students choosing to live with parents).
- <sup>1.12</sup> In short, the increases in "Other" and "Couples living with adults" are not an indicator of increasing unmet need. Instead, the proportion of households who choose to live in atypical arrangements is growing through choice especially with regard to the ageing population seeking care in their own home and also students who are living at home while studying. The impact of welfare changes for those under 35 years will also impact on the number of younger single persons forming households.
- <sup>1.13</sup> In relation to the LPEG recommendations (published March 2016), ORS would note that In establishing the level of any market signal uplift, it is important to remember that the key challenge facing the nation is increasing housing supply – the latest CLG data shows fewer than 125,000 dwelling completions per year, whereas household projections identify a need for around 225,000 dwellings: so housing supply needs to increase by over 80% to meet housing need based on household projections alone. It is therefore important to not confuse the objective of increasing housing supply with a drive to increase assessed housing need far beyond the household projections, to a level that is neither realistic nor necessary.

1.14 The Housing White Paper “Fixing our broken housing market” has confirmed that the Government intends to consult on options for introducing a standardised approach to assessing housing requirements and will encourage councils to plan on this basis.<sup>9</sup> However, the Housing White Paper recognises that there will be some areas where there are reasonable justifications for deviating from the standard methodology.

1.15 The Government has not endorsed the specific changes proposed by the LPEG relating to establishing OAN, and their response to the Communities and Local Government Select Committee inquiry recognised that there were “questions on the technicalities of the method proposed by LPEG”.<sup>10</sup> On this basis, it is not appropriate to consider the approach that LPEG proposed as a proxy for the standardised approach that the Government will be consulting upon.

## Market Signals

1.16 A second issue raised by the HBF relates to market signals. From paragraph 20 onwards of their submission, the HBF state that:

*20. The SHMA considers each of the various market signals identified within the PPG. This is a fundamental element of determining the objectively assessed need for housing (PPG ID 2a-019) and a worsening trend in any of these indicators will require upward adjustment to planned housing numbers (PPG ID 2a-020).*

*21. The HBF recognises that Stockton-on-Tees performs ‘better’ than the national average on all of the signals identified. However, given that the country is in the grips of a housing crisis this should not on its own lead to a conclusion that no market signals uplift is required. In response to market signals the SHMA identifies an uplift of just 273 dwellings over the plan period to account for concealed families but suggests no further uplift is required<sup>4</sup>. This equates to an uplift of less than 3%. This small uplift is despite Stockton-on-Tees performing ‘worse’ across all but one signal when compared to the comparator areas and a poor housing delivery record. The HBF consider that a larger adjustment is required.*

1.17 Paragraph 5.38 of the Stockton on Tees SHMA 2016 states that:

*As acknowledged earlier in this section, there is no single formula that can be used to consolidate the implications of this information; and furthermore the housing market signals will have been predominantly influenced by relatively recent housing market trends. Nevertheless, on the basis of this data we can conclude:*

- » **House Prices:** lower quartile prices are lower than the national average, with a lower quartile price of £100,200 compared to England’s £134,300 (based on 2014-15 values). The current price in Stockton is similar to Chesterfield and higher than in the other comparator authorities;
- » **Rents:** private sector rents in 2014-15 are lower in Stockton than the national average. Rent movement has varied across the comparators over the last 5 years with Stockton showing the median level of increase of the five authorities;

<sup>9</sup> “Fixing our broken housing market” (CLG, February 2017), paragraphs 1.12-1.14

<sup>10</sup> “Government response to the CLG Select Committee inquiry into the report of the Local Plans Expert Group” (CLG, February 2017), page 10

- » **Affordability** (in terms of the ratio between lower quartile house prices and lower quartile earnings) is currently 'better' in Stockton than across England as a whole (5.4x cf. 6.9x), while the rate in Stockton is 'worse' than in any of the comparator authorities, although it is similar to Rotherham. The national affordability ratios have 'worsened' since 2010, as have those in Rotherham and Chesterfield, while the Stockton ratio has improved, though by less than in Wigan;
- » **Rate of development** (in terms of increase in dwelling stock over the last 10 years) shows that development in Stockton has been slightly lower than in England (8.1% cf. 8.3%). However, we would note that the underestimate from the 2001 Census makes this figure appear larger than it was. The rate is higher than in Rotherham and Chesterfield, but lower than in Barnsley and Wigan. Of course, these figures will inevitably be influenced by local constraints as well as individual policies;
- » **Overcrowding** (in terms of Census occupancy rates) shows that 4.5% of households in Stockton are overcrowded based on an objective measure, which is lower than England (8.7%). The proportion of overcrowded households has barely increased over the last 10 years; a 3% proportional increase on the 2001 rate compared to a 23% increase for England overall. As a proportion of the 2001 rate, overcrowding increased considerably more in all the comparator authorities than in Stockton.

1.18 On the basis of this information, the HBF are correct to state that the market signals for Stockton on Tees are better than the national average. ORS would not agree that the performance of Stockton on Tees is worse than its comparator areas or that it has a poor housing delivery record. In reality, Stockton on Tees is one of the best performing North East authorities for housing delivery.

1.19 In terms of the lack of additional uplift, beyond the need to consider concealed families, that we have recommended this is consistent with responses that we have proposed in the rest of the North East and across the country including:

- Darlington = 2%
- Middlesbrough = 3%
- Cheshire East 3% (in Local Plan adopted in 2017)
- Bedford = 5% (supported by planning inquiry decision in 2017)
- Central Norfolk = 10% supported by planning inquiry decision in 2017)
- Luton and Central Bedfordshire = 10%
- Milton Keynes = 10%
- Buckinghamshire = 15% supported by planning inquiry decision in 2017)
- Outer North East London) = 15%
- West Essex and East Herts = 20% supported by planning inquiry decision in 2017)
- Outer East London = 20%
- Camden = 20% (in Local Plan adopted in 2017)

1.20 Please note that all figures include the impact of concealed families. On this basis we consider that the proposed uplift for Stockton no Tees is consistent with those applied in the rest of England.

## Employment Trends

1.21 In relation of the link between employment and workers, the HBF note from paragraph 22 onwards of their evidence that:

22. *The PPG (ID 2a-019) indicates that;*

*“...Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility or other sustainable options such as walking or cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems.”*

23. *The SHMA identifies that the Stockton-on-Tees Employment Land Supply Study forecast a jobs growth for the area which is 2,100 more than this SHMA projects will be the growth in the equivalent labour force of Stockton-on-Tees. Despite the guidance within the PPG no adjustment is made to the housing need calculation. The SHMA suggests that the difference in labour force will be made up by additional in-commuters from other districts<sup>6</sup>.*

24. *Confusingly and despite suggesting Stockton-on-Tees is its own HMA, earlier in the SHMA, on the issue of commuting the HMA boundary appears to be widened to include other authorities. This is inconsistent and raises issues of soundness. If indeed the HMA boundary does incorporate other authorities a SHMA and OAN for the whole HMA should be undertaken to ensure the study is compliant with the NPPF. It is not sound to simply assume needs will be met outside of the HMA without specific agreements and actions by the neighbouring authorities.*

1.22 The major issue raised by ELG also relates to the link between jobs and workers. For this element they Regeneris Consulting have concluded that:

3.4 In view of the Regeneris review and in response to question 5, TW strongly disagree that the Council's suggested OAN should be used as the basis for considering housing need in the Borough. This is because the Council's suggested OAN fails to take account of the needs of the economy and also needs greater consideration of need in neighbouring areas.

3.5 Regeneris conclude:

*“Stockton-on-Tees Borough Council is asking for views on how the OAN of 609 dpa is translated in to a housing requirement. The figure is based on evidence in the 2016 SHMA. The figure has been derived using data on ten year trends in migration, which are likely to better reflect long term demographic trends than the CLG household projections. The only adjustment made to the demographic forecasts have been to add concealed and homeless households.*

*The SHMA did not make any adjustments to reflect the needs of the economy or to address market signals. While we broadly agree with the latter, there is a clear and compelling case to make an upward adjustment to support economic growth.*

*The economic growth assumptions are very modest. Indeed there is a strong case that the assessment should have used much higher jobs growth assumptions, based on past trends and the ambitions of local stakeholders. Even for this modest level of growth the OAN of 609 dpa would deliver insufficient housing to meet the workforce requirements of local*

employers. The explanations put forward by ORS for why an adjustment is not made are flawed or inadequate.

Related to this, we conclude that the OAN does not assess need across a suitable HMA. ORS recognise that Stockton lies in an HMA which also includes Redcar and Cleveland and Middlesbrough, but undertake the assessment for Stockton as a stand-alone HMA. While this approach could be justified, the definition is undermined by later sections of the report which appear to rely on Redcar and Cleveland and Middlesbrough to address some of the housing need in Stockton caused by economic growth. The SHMA should either:

- Carry out the OAN for Stockton alone, but make an economic adjustment on the grounds that there is a gap between labour supply and jobs growth.
- Carry out the OAN for all three authorities to provide robust evidence for their conclusion that need could be addressed by neighbouring areas.

Based on the above, we believe the OAN for Stockton-on-Tees would need to be somewhat higher than 615 dpa for it to be compliant with PPG. We have carried out some initial, high level modelling of where the true OAN might lie. This has been based on an assessment of the degree to which in-migration would need to increase to close the gap between the economically active population and the forecast growth in jobs, and then applying a series of assumptions to translate this population growth in to housing need. Based on these initial estimates we believe the true OAN for the period 2014 and 2032 lies in the range **700 to 750 dpa**, although this would need to be tested through more detailed modelling”

1.23 ORS would initially note that the SHMA does not identify Stockton on Tees as a separate HMA. Instead it states from paragraph 2.41 onwards:

2.41 The self-containment issue for Middlesbrough implies that it would be ideal to work at the level of a wider HMA containing Stockton, Middlesbrough, and Redcar and Cleveland to achieve a high degree of self-containment in the HMA. In practical terms, OAN assessments do not necessarily have to be undertaken together. However, there are risks of inconsistency in the evidence bases around areas such as economic activity rates and jobs forecasts which need to be addressed in producing OAN figures. For example one local authority in an area may seek to provide more dwellings to reduce out-migration to neighbours, which is the situation with the Middlesbrough Local Plan. This has knock on implications for neighbouring councils which may not necessarily be factored in to their own OANs.

2.42 However, there is no single correct definition of a HMA and, as a pragmatic conclusion, it is necessary to proceed with this study on behalf of Stockton-on-Tees alone and treat the area as a local HMA. This conclusion is supported by the fact that OANs have been produced for Middlesbrough and Redcar and Cleveland and therefore it is not possible to produce a joint assessment at this stage.

2.43 Therefore, we would propose that in the future Stockton-on-Tees, Middlesbrough, and Redcar and Cleveland build on their existing collaborative approach to planning, by working closely to review the HMA definition on the basis of updated evidence, to ensure that the “full objectively assessed needs for market and affordable housing” is assessed against appropriate spatial geography.

1.24 The major issue raised by HBF and EGL relates to the link between jobs and workers. On this basis paragraph 18 of PPG is extremely clear that:

18. Plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area. 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.

Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility or other sustainable options such as walking or cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems.

1.25 Therefore there is a need to align jobs and workers at the HMA level, not the local authority level and there is a need for consistency of assumptions across the HMA to ensure that all needs are met.

1.26 On this basis there is a need to set the balance between jobs and workers in Stockton on Tees in the wider context of the HMA. This was done in the Stockton on Tees SHMA 2016 at paragraph 5.45 onwards which analyse how the Experian employment forecast model is able to assume that more jobs will arise in Stockton on Tees than there is a growth in the workforce. The relevant paragraphs state:

*5.45 A partial answer to this question comes from potentially falls in unemployment. The Employment Land Supply Study assumes a fall in 100 persons in recorded unemployment over the time period. The Employment Land Supply Study also assumes that not all workers have only one job. Some workers will fill more than one job, so 2,600 additional workers will fill more than 2,600 additional jobs. In practice this has a sizeable impact in Stockton on Tees, with up to 500 of the additional jobs being filled by people holding more than one job.*

*5.46 However, the major change assumed in the Employment Land Supply Study is that net commuting to Stockton on Tees will adjust significantly with a net additional 1,400 jobs filled by commuting workers each day. This could be more workers travelling to Stockton on Tees, or it could be fewer workers travelling to other local authorities as out-commuters. ORS checked with Experian, who data underwrites the Employment Land Supply Study, and they confirmed that the majority of the changes in net commuting come from Middlesbrough and Redcar and Cleveland. This implies that the changes are from within the same HMA and the aim of paragraph 18 of PPG is to achieve a balance between jobs and workers at the HMA level.*

*5.47 Therefore, in summary the 2,100 discrepancy between the number of additional workers projected for Stockton on Tees can be explained by changing commuting patterns with the HMA, falling unemployment and increases in double jobbing rates. Therefore, there is no clear need for Stockton on Tees to deliver more homes to accommodate more workers.*

*5.48 This position is consistent with the adopted Local Plan for Middlesbrough which includes plans to deliver more dwellings than would be required for demographic growth to help retain population which historically they have lost. This policy of dwelling led regeneration could be expected to see localised changes in commuting patterns.*

- 1.27 Therefore, in summary, the employment forecast for Stockton on Tees is able to be higher than the growth in the projected workforce because the Experian employment forecast model is projecting falls in unemployment, an increase in the number of workers who hold more than one job, with the rate of double jobbing rising from 3.6% in 2017 to 4.2% in 2032, and **most important changes in commuting patterns within the HMA.**
- 1.28 ORS have subsequently undertaken an SHMA on behalf of Middlesbrough Council and have found that at the identified OAN for the study their balance between jobs and workforce growth shows a surplus of workers. Therefore, this is entirely consistent with the picture set out in the Stockton on Tees SHMA 2016 that a small movement in net commuting patterns between the two authorities is likely in the future. Given that Stockton on Tees is currently a net exporter of workers to Middlesbrough, this change would help to balance the commuting flows within the HMA.
- 1.29 As also noted in the Stockton on Tees SHMA 2016, the Tees Valley Local Enterprise Partnership (LEP) has much more ambitious jobs plans for the Tees Valley area. They are seeking to achieve a growth in jobs numbers between 2015 and 2025 of 25,000 jobs across the five local authorities. However, this is based upon these jobs being filled by increasing economic activity rates in the area to close the gap to the national average, rather than seeking to build more dwellings to attract more workers to the area.
- 1.30 Therefore, in summary, the balance between jobs and workers should be considered at the HMA, not locale authority level. This has been undertaken in the Stockton on Tees SHMA 2016 and shows a small change in net commuting between Stockton on Tees and Middlesbrough and Redcar and Cleveland. The whole HMA is an area with above national average unemployment and below national average economic activity rates. Therefore, the position adopted by the LEP to seek to improve the economy of the Tees Valley by reducing measured and hidden unemployment is a more realistic one than any need to deliver additional dwellings to accommodate a workforce for new jobs.

## **Affordable Housing Need**

- 1.31 A final issue raised by the HBF is the ability of the Council to deliver the need for affordable housing within their proposed Local Plan housing requirements. From paragraphs 25 onwards they note that:

*25. The SHMA indicates that the proposed OAN would be unlikely to meet the full need for affordable housing, which equates to nearly 40% of the requirement. Due to issues of viability Policy H4 of the Draft Plan is seeking to deliver 20% affordable housing from qualifying sites. Despite the references to other methods of delivery of the affordable housing need it is unlikely that the need will be met with the currently proposed housing requirement.*

*26. In such cases the PPG advises that an increase in the total housing included in a plan should be considered where it could help to deliver the required number of affordable homes (ID : 2a-029). Other Local Plans have included significant uplifts to meet affordable housing needs for example in Canterbury there is an uplift of 30% (paragraphs 20, 25 & 26 Canterbury Local Plan Inspectors Note on main outcomes of Stage 1 Hearings dated 7 August 2015) and in Bath & North East Somerset there is an increase of 44% (paragraphs 77 & 78*

*BANES Core Strategy Final report 24 June 2014). It is considered that an uplift is required in Stockton-on-Tees to deal with the need for affordable housing.*

1.32 ORS consider that the HBF have the correct understanding of paragraph 29 of PPG which states:

*The total affordable housing need should then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes.*

1.33 On this basis ORS agree that that an uplift should be considered to the Stockton on Tees housing requirements to a level above the OAN, but that there is no necessity for this to be implemented. Instead, a range of factors must be considered including the deliverability to extra housing, the effect on the existing viability in the area and the likely levels of additional affordable housing which would be delivered by a higher housing requirement.

## 5 Appendix B - Stockton on Tees Strategic Housing Market Assessment 2016: Update for Older Persons (ORS 2017)

### Introduction

1.34 The Stockton on Tees SHMA 2016 Part 1 contained the following sections covering the needs of older persons who were identified as being in need of additional institutional Class C2 bedspaces to meet their accommodation needs.

1.35 At paragraphs 3.35 and 3.36 the Stockton on Tees SHMA 2016 Part 1 states that:

*3.35 Households needing Class C2 usage would be considered as part of the communal establishment population and therefore any people living in this type of accommodation would **not** be included in the household projections. Given that the projections identify a growth of around 940 persons aged over 75 years living in communal housing over the period 2014-32 (based on trend migration from 2004-14), this represents an increased need for Class C2 usage dwellings as each person would require a bedspace.*

*3.36 On this basis, for the Council to count the supply of additional C2 bedspaces towards their overall housing delivery, it is also necessary to count this increase in communal establishment population aged 75 or over as an additional component within the assessed OAN.*

1.36 Meanwhile, at paragraph 6.23 onwards the document states that

*6.23 Planning Practice Guidance for Housing and Economic Land Availability Assessment states the following in relation to housing for older people:*

*6.24*

#### ***“How should local planning authorities deal with housing for older people?”***

*Older people have a wide range of different housing needs, ranging from suitable and appropriately located market housing through to residential institutions (Use Class C2). Local planning authorities should count housing provided for older people, including residential institutions in Use Class C2, against their housing requirement. The approach taken, which may include site allocations, should be clearly set out in the Local Plan.”*

**Planning Practice Guidance for Housing and Economic Land Availability Assessment 2014, paragraph 37**

*6.25 On this basis, the Council will need to consider the most appropriate way to count the supply of bedspaces in residential institutions (Use Class C2) as part of their overall housing monitoring, and decide whether this should form part of the overall housing supply.*

1.37 Therefore the Stockton on Tees SHMA 2016 part 1 is clear that over the period 2014-32 a total of 940 additional persons aged 75 years or older are projected to occupy institutional accommodation. If this accommodation is not provided then they are likely to remain within Class C3 accommodation and therefore will not free the properties assumed in the Objectively Assessed Needs calculation for Stockton on Tees.

1.38 Meanwhile the Stockton on Tees SHMA 2016 Part 2, at paragraph 4.12 onwards states:

*4.12 The Council will therefore need to consider the most appropriate way to count the supply of bedspaces in residential institutions (Use Class C2) as part of their overall housing monitoring, and decide whether this should form part of the overall housing supply:*

- One option is for bedspaces in residential institutions in Use Class C2 to be counted within the housing supply. Then the increase in institutional population aged 75 or over would also need to be counted as a component of the housing requirement (in addition to the assessed OAN).
- The other option is for these bedspaces to not be counted within the housing supply. Then there is no need to include the increase in institutional population as part of the housing requirement.

*4.13 The identified OAN does not include the projected increase of institutional population.*

*4.14 Nevertheless, older people are living longer, healthier lives, and the specialist housing offered today may not be appropriate in future years; the Government's reform of Health and Adult Social Care is underpinned by a principle of sustaining people at home for as long as possible. Therefore, despite the ageing population, current policy means that the number of care homes and nursing homes may actually decline, as people are supported to continue living in their own homes for longer.*

*4.15 Although the institutional population is projected to increase by around 940 persons over the Plan period 2011-31 (based on the CLG assumption that there will be a "greater level of population aged over 75 in residential care homes"), it does not necessarily follow, therefore, that all of this need should be provided as additional bedspaces in residential institutions in Use Class C2 – but any reduction in the growth of institutional population aged 75 or over would need to be offset against higher growth for these age groups in the household population; which would yield more households than assumed when establishing the OAN.*

*4.16 As a consequence, if fewer older people are expected to live in communal establishments than is currently projected, the needs of any additional older people in the household population would need to be counted in addition to the assessed OAN.*

<sup>1.39</sup> This document seeks to clarify the role of Class C2 accommodation in Stockton on Tees and the consequences for the area if the provision of Class C2 accommodation is not sufficient to meet the needs of those assumed to move to institutional bedspaces.

## **Older People in Residential Institutions (Use Class C2)**

<sup>1.40</sup> The identified OAN of 9,130 dwellings in the Stockton on Tees does not include the projected increase of institutional population, which represented a growth of 940 persons over the 18-year Plan period 2014-32. This increase in institutional population is a consequence of the CLG approach to establishing the household population<sup>1</sup>, which assumes "that the share of the institutional population stays at 2011 levels by age, sex and relationship status for the over 75s" on the basis that "ageing population will lead to greater level of population aged over 75 in residential care homes".

- 1.41 Whilst these additional 940 persons aged 75 or over living in communal establishments are not counted as part of the OAN; an allowance is made for the dwellings that would be vacated by many of these people. Not all would vacate dwellings, as some will have a partner or other family remaining in the home; but further analysis of the data (assuming no growth in the institutional population) shows that housing need based on the household projections would be 793 dwellings higher if the additional bedspaces were not provided – so it is important to take account of these needs.
- 1.42 As noted in the Sotckotn on Tees SHMA 2016 Part 1, when considering housing supply, PPG states the following in relation to housing for older people:

***How should local planning authorities deal with housing for older people?***

*Older people have a wide range of different housing needs, ranging from suitable and appropriately located market housing through to residential institutions (Use Class C2). Local planning authorities should count housing provided for older people, including residential institutions in Use Class C2, against their housing requirement. The approach taken, which may include site allocations, should be clearly set out in the Local Plan.*

Planning Practice Guidance (March 2014), ID 3-037

- 1.43 On this basis, given that housing provided for older people in Use Class C2 should be counted against the housing requirement, it is important that this need is also factored in when establishing the housing requirement. Furthermore, as older people are living longer, healthier lives, and the Government’s reform of Health and Adult Social Care is underpinned by a principle of sustaining people at home for as long as possible, it does not necessarily follow that all of the increase in institutional population should be provided as additional bedspaces in residential institutions in Use Class C2; specialist older person housing such as Extra Care may be more appropriate for the needs of some of these older people.
- 1.44 Therefore, when establishing housing requirement, it is necessary to take account of those dwellings that were assumed to be vacated by people moving into care. This would allow the supply of bedspaces in residential institutions in Use Class C2 to be counted against the housing requirement; providing that this was calculated on the basis of the number of dwellings likely to be vacated in the housing market.
- 1.45 Based on the SHMA analysis, an increase of 940 persons in the institutional population living in care would have released 793 dwellings over the 18-year Plan period 2014-32. Recent market analysis by Knight Frank<sup>[2]</sup> suggests care home occupancy rates at around 88%, which would imply that 1,068 additional bedspaces would be needed to accommodate an increase of 940 persons. On this basis, providing 901 care home bedspaces would release 793 dwellings in the housing market – a ratio of 1.35 bedspaces per dwelling.
- 1.46 Given this context, it may be appropriate to include the 793 dwellings assumed to be vacated by people moving into care as part of the housing requirement in addition to the OAN. Bedspaces

<sup>[2]</sup> <http://content.knightfrank.com/research/548/documents/en/2015-3267.pdf>

in care homes would then be able to be counted towards the housing requirement, on the basis of 1 dwelling being counted for every 1.34 bedspaces provided.

- 1.47 Alternatively, the Council may choose to establish a separate target for bedspaces in Use Class C2 and monitor the associated supply of bedspaces provided. However, if this approach is preferred, it will be necessary to consider the extent to which some older persons assumed to need residential care (and therefore not counted as part of the OAN) may be diverted to Extra Care housing, and therefore should be counted as part of the housing requirement. As previously noted in the Stockton on Tees SHMA 2016 Part 2, the SHOP toolkit and the Housing LIN toolkit on the financial benefits of extra care<sup>[3]</sup> both suggest that around a third of those older persons living in extra care housing would otherwise need residential care, and this could provide the basis for a suitable adjustment. This effectively implies that the provision of an addition 3 Extra Care units will reduce the need for institutional bedspaces by 1.

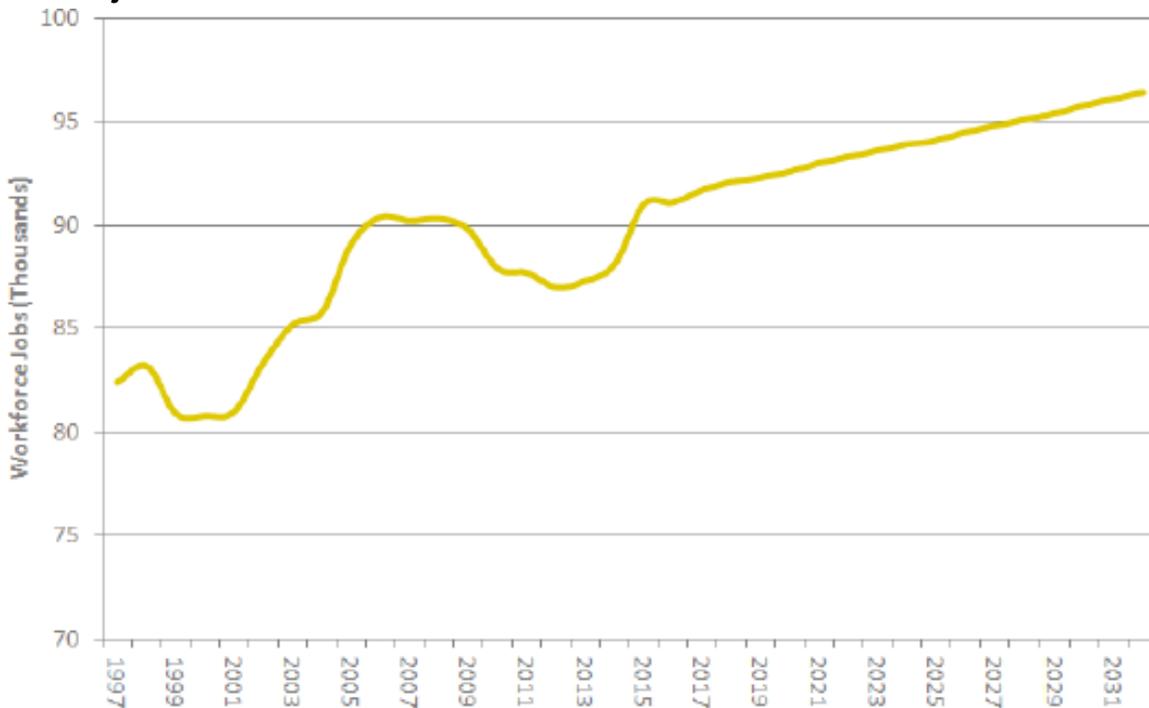
<sup>[3]</sup> [http://www.housinglin.org.uk/library/Resources/Housing/Support materials/Other reports and guidance/HSU/Extra Care - The Financial Benefits.pdf](http://www.housinglin.org.uk/library/Resources/Housing/Support%20materials/Other%20reports%20and%20guidance/HSU/Extra%20Care%20-%20The%20Financial%20Benefits.pdf)

## 6 Appendix C – Economic Forecasting Tables

SHMA Figure 18: Projected economically active population 2017 -32

Age	2032 10-year migration		
	M	F	Total
Aged 16 to 19	2,570	2,430	5,000
Aged 20 to 24	5,420	4,640	10,060
Aged 25 to 29	5,720	4,780	10,500
Aged 30 to 34	5,840	5,120	10,960
Aged 35 to 39	6,320	5,950	12,270
Aged 40 to 44	6,380	6,230	12,610
Aged 45 to 49	5,700	5,950	11,650
Aged 50 to 54	4,950	4,940	9,890
Aged 55 to 59	4,000	3,730	7,740
Aged 60 to 64	3,310	2,990	6,290
Aged 65 to 69	1,260	1,170	2,420
Aged 70 to 74	440	410	850
Aged 75+	210	140	350
<b>Total</b>	<b>52,110</b>	<b>48,490</b>	<b>100,600</b>
Total change 2017 to 2032	+719	+1,897	+2,617

ELR Figure 8.1 - Employment Change in Stockton on Tees (Historic and Projected 1997 - 2032)



Source: Experian / NLP analysis

**Middlesbrough Borough Council Strategic Housing Market Assessment  
Projected economically active population 2016 -34**

**Figure 25: Projected economically active population 2016 to 2034 (Note: All figures presented unrounded for transparency)**

Age	2016			2034		
	M	F	Total	M	F	Total
<i>Aged 16 to 19</i>	1,861	1,952	3,785	2,239	2,271	4,510
<i>Aged 20 to 24</i>	5,035	4,149	9,184	5,753	4,704	10,457
<i>Aged 25 to 29</i>	5,487	4,341	9,827	5,272	4,290	9,562
<i>Aged 30 to 34</i>	4,873	3,895	8,769	4,224	3,586	7,810
<i>Aged 35 to 39</i>	3,520	3,081	6,601	4,343	3,715	8,057
<i>Aged 40 to 44</i>	3,354	3,035	6,389	4,417	3,955	8,372
<i>Aged 45 to 49</i>	3,690	3,707	7,396	4,287	4,009	8,295
<i>Aged 50 to 54</i>	3,953	3,775	7,728	3,666	3,380	7,046
<i>Aged 55 to 59</i>	3,404	3,172	6,576	2,754	2,467	5,221
<i>Aged 60 to 64</i>	2,105	1,712	3,817	2,437	2,186	4,622
<i>Aged 65 to 69</i>	618	416	1,034	1,213	1,206	2,419
<i>Aged 70 to 74</i>	225	122	347	451	421	872
<i>Aged 75+</i>	178	115	293	394	355	748
<b>Total</b>	<b>38,304</b>	<b>33,443</b>	<b>71,746</b>	<b>41,449</b>	<b>36,543</b>	<b>77,992</b>
<i>Total change 2017 to 2032</i>	-	-	-	+3,145	+3,100	+6,246

