



Further Statement to West of England Joint Spatial Plan, Examination in Public

CPRE Avonside

Matter 3a The Housing Requirement

Introduction

1. CPRE's previous submissions on housing requirement during the Plan period have consistently focused on four main points:
 - i. We do not believe that the JSP is based on a robustly and objectively assessed need (OAN) for new housing in the plan period. The proposed housing requirement of 105,500 homes is unsound for reasons detailed below.
 - ii. While we support the case for new homes of the right sort and in the right places, so as to address housing problems (including in rural areas), the JSP is unsound with respect to both aspects. The location of the SDLs is dealt with under Matter 2 and affordable housing will be addressed under Matter 3b.
 - iii. The West of England sub-region is unique in the proportion of land area designated as Green Belt or Areas of Outstanding Natural Beauty, and this is one of the most attractive attributes of the area in terms of people wishing to live and work here. National Planning Policy Framework (NPPF) guidance to the effect that in such circumstances the "normal" national criteria for house building may need to be set aside is highly pertinent but has been entirely ignored. The issues of the Green Belt and of the sustainability of the amount and location of new housing are dealt with under Matters 2 and 4.
 - iv. Finally, in our original evidence we also expressed disappointment with the process, which initially consulted on the Bristol HMA alone, and used results for Bristol and Bath. New locations were brought forward that were not consulted on.

What has changed?

2. Since our earlier submissions there has been one overarching change which must now be factored into the assessment of the future housing need. The economic projections for the country as a whole and for the sub-region specifically have deteriorated

significantly. The burgeoning job vacancies envisaged by the Plan now seem wildly optimistic in the aftermath of Brexit as well as other more local setbacks.

Housing Numbers

3. In our January 2019 submission on Paper WED 004 we set out in detail our comments on the distribution of new housing. Our analysis used the more up-to-date 2016 Office for National Statistics (ONS) base rather than the outdated sources used in the JSP. We recognise that there are some significant variables in any calculation, but we suggest that it is helpful to start from a “stripped down” overall analysis using 2016 ONS data.
4. The 2016 ONS takes the view that the outlook has deteriorated markedly. Examination of the evidence shows a significant gap between what the JSP plans for, and what Government’s preferred latest data sources predict is the most likely outcome. The number of houses in the four unitary authorities at April 2016, the Plan’s base date, was, according to the ONS (2016), 484,170. The JSP proposes that it is necessary to build an additional 105,500 houses between 2016 and 2036, making a total of 589,670. However, the ONS (2016 base) predicts that in 2036, 555,855 dwellings will be needed, which is 33,815 (32%) less than the JSP is currently planning for. These are the bare numbers, not subject to enhanced levels or targets using affordability factors to cater for backsliding or shortage of sites, issues that are related to performance, not identified need. This analysis suggests that the “additional” housing needed is in the region of 70,000 homes, given the changed economic outlook and before the merits of any adjustments are considered.
5. CPRE recognises the need to take account of a number of factors that may, or may not, have a material effect on the final number. “Objectively Assessed Need” (OAN) is the concept behind almost all of these other factors. In our further analysis we seek to address this point.
6. We question whether the OAN in the context of the JSP has been applied effectively. It assumes that household projections as represented by trend-based predictions of population are the drivers of housing need in the area. In reality, housing need is a response to wider economic and social issues which will be reflected in population outcomes. It is certainly not the case that OAN indicates that there will be families in real housing need unable to find a roof over their heads if each and every one of these target homes is not built. These issues will be considered below in para 12.
7. Even considered on its own terms, the housing need revealed by the JSP has been given an upward helping hand by the selective use of data and interpretation thereby rendering the Plan unsound in the several following respects. The OAN is not based upon the most recent 2016 official statistics as is required by NPPF (2012) para 158 (see appendix 3). Were the latest revisions used, the base level of household formation would drop by approximately 5,000 to around 83,000.
8. The NPPF is clear that the OAN represents a minimum level of provision which can be stepped up according to local circumstances. However, such increases are not

invariably founded on established sources of robust evidence as required by PPG 2a-017.

The Provision of Affordable Housing

9. Though this issue is addressed more fully under Matter 3b, we make the following observations here. The JSP makes upward adjustment of 1830 dwellings required to make good the unmet need for affordable housing. However, the Planning Advisory Service (PAS) states that it does not make sense to add concealed families, the homeless and those in temporary accommodation to the OAN. This would be double counting. Further, the judgement in *Satnam Millenium v Warrington Borough Council* found that the calculated affordable need is a constituent part of the OAN, not in any sense additional to it. Therefore the uplift due to the affordable housing issue is unsound.

Market Signals and the uplift of housing targets

10. The JSP presents evidence that market indicators such as house prices, rents and overcrowding issues show that the Bath and Bristol Housing Market areas are particularly afflicted by lack of housing provision and consequently housing targets should be uplifted.
11. The uplift indicated is 20% for the Bath HMA and 10% for Bristol. This is unsound firstly because the evidence on which it is based is selective, tentative, and not robust. Secondly, there is no precedent outside London for an uplift of 20% as applies to Bath, and the 10% proposed for Bristol is more than double the next highest rate in the South West. The justification for the Bristol rate is that 10% was allowed by the Inspectors in Eastleigh. However, the Strategic Market Housing Assessment (SHMA) qualifies this by adding that in respect of key market signals such as affordability, house prices and rates of development, Bristol was more favourably placed than Eastleigh.
12. The SHMA has failed to grasp what market signals are intended to reveal. The PAS explains it thus: “..it is not unusual for planning to under-supply housing demand; in much of the country and for much of the post-war past planning constraints have been the norm rather than the exception. But the analytical methods set out in the PPG suggest that demographic projections should only be adjusted upwards only if in the base period the constraint was unusually tight compared to other times, to other places, or both.” (Para 7.6).
13. One of the two ways indicated by the PAS to establish whether planning has constrained housing supply in the past is “*provided by past land provision and housing delivery*” (PAS Para 7.6). The JSP has provided no such evidence though the data are readily available; leading to the suspicion that evidence is only presented if it is supportive.
14. The major part of the evidence compares market signals such as house prices, and rent levels in Bristol with those in three other cities. Bristol consistently showed a more highly tensioned housing market than two of them and broad equivalence with the

third. Southampton was chosen as one comparator which is broadly similar to Bristol in many respects. The other two comparator cities were Leeds and Sheffield which were surely chosen for no other reason than to prove a point. These two large northern industrial cities are in no sense comparable to Bristol. Generally, people want to come to Bristol as a great place to live and work whereas the great northern cities are arguably struggling to recover from a decimated industrial base, so it is very obvious why the housing market is so different. To maintain, by implication or otherwise, that the additional housing/affordability issues faced by Bristol are due to planning constraints having been more onerous in that city than in Leeds or Sheffield renders the stated uplift in housing targets unsound.

15. CPRE remains unconvinced that any uplift is required to the OAN in response to market signals but accepts that Inspectors have been inclined to support modest increases. We would strongly object to uplifts greater than 5% for Bath and 2.5% for Bristol, which would uplift the housing target by about 2435 homes.

Employment

16. The JSP seems to assume that population changes take place as a fact of nature, rather than in response to economic and social motivators. The question asked by the JSP is whether the projected increases in the economically active population (considered as a passive demographically determined “given”) will be sufficient to cater for the expected increase in jobs. The conclusion reached is that the labour supply thus generated will be more than adequate (though with a small deficit in Bath) to feed even the ambitious aspiration in the targets set by the LEP. In consequence, although employment factors are considered relevant to any possible uplift to the OAN, no uplift to the housing target in the Plan is recommended on these grounds. CPRE Avonside questions the logic of this argument thus:
 - i. By far the most important element of sub-national population change is internal migration of workers and others from one area to another which is completely free of restriction.
 - ii. Workers will move areas in response to job opportunities and other factors. If large numbers of jobs are created in an area, workers will wish to respond by wishing to relocate from less favoured areas.
 - iii. Provided the housing supply is there to accommodate them and their families, they will put this action into effect, with a result that, other things being equal, the actual migration and population figures will be driven beyond the projections.
 - iv. If job opportunities become weak, the opposite will hold. Migration of workers will increase the number of leavers and reduce incomers so that actual migration and population figures will fall short of the projections. Real population movements are not driven by passive demographic trends but by real economic and social forces and to ignore this will lead to some very bad planning.

- v. Although the JSP has not recommended an increase in housing provision for employment reasons, it has fallen short of recommending a downgrade in provision even though employment prospects both nationally and locally have deteriorated sharply. The requirement of the NPPF to use the most up to date information implies that these changes should have been taken into account.
- vi. On the other hand, the PAS indicates that *“Inspectors’ advice suggests that future jobs cannot be used to cap demographic projections..., if the demographic projections provide more workers than are required to fill expected jobs, they should not be adjusted downwards. One reason for this, as explained by the BANES Inspector among others, is that much of the demand for housing is not driven by job opportunities, and people who do not work also need somewhere to live”* (para 8.3).
- vii. CPRE does not accept this logic. If job opportunities become more restricted there must be an impact on the movement of people in and out of the area with a consequent impact on housing markets. CPRE points out that arraigned against the JSP economic predictions are the Treasury, the Office for Budget Responsibility and the Bank of England. Unfortunately, since we responded in January, the outlook has deteriorated farther. The trade deficit continues to grow, business activity has stalled recording the weakest performance in seven years (both services and construction sectors plunged into reverse in March), Government missed its budget deficit target, productivity grew by a meagre 0.5% in 2018 and the RICS forecasts that house prices will continue to fall. Andrew Sentance and David Blanchflower, respected former members of the Bank of England’s monetary policy committee, say respectively, *“My best estimate of the GDP growth potential in the 2020’s is 1.75% a year. That would be the weakest growth since the second world war.”* And, *“The purchasing managers’ indices are a scary indicator of the path ahead and suggest that the economy is in a similar state to 2008.”*
- viii. Apart from these national considerations, there are more local factors at work. For example, the announcement from Horizon Nuclear of their intention to suspend work at Wylfa in Newydd and the issuing of redundancy notices to the staff dealing with Wylfa and Oldbury. The earliest date for commencement of construction at Oldbury was to be the late 2020s now that has, at best, been delayed but is more likely to be abandoned. Oldbury, as a significant employment location, within the JSP timescale, no longer exists and the JSP predictions of employment growth for this factor alone, should be reduced. There must also be doubts over the assumptions for creation of significant additional employment at Bristol airport. First the planning applications has yet to be decided by North Somerset and, even were it to be granted, the implications of the conclusion within the report of the Committee on Climate Change run contrary to the operator’s aspirations. In his letter to the Secretary of State for Transport of 12th February 2019, Lord Deben said, *“Aviation emissions in the UK have more than doubled since 1990, while emissions for the economy as a whole have fallen by around 40%. Achieving aviation emissions at or below 2005 levels in 2050 will require contributions from*

all parts of the aviation sector, including from new technologies and aircraft designs, improved airspace management, airlines' operations, and use of sustainable fuels. **It will also require steps to limit growth in demand. In the absence of a true zero-carbon plane, demand cannot continue to grow unfettered over the long-term.**"

- ix. Because of all these factors, CPRE suggests it would be prudent to apply a downgrade to the housing provision of 10% or 8300 houses. Please also refer to Appendix 2 showing the illogical siting of Housing Development Locations in relation to Strategic employment/enterprise locations, which illustrate the mismatch between housing and employment, which can only lead to increased commuting.

Summary of CPRE's conclusions on the OAN and uplift to the housing provision figures

17. These figures are presented in full in the accompanying Excel spreadsheet (Appendix 1). In view of some fairly impenetrable arithmetic and some minor adjustments in the SHMA, our figures should only be regarded as approximately comparable. But with these limitations, the JSP puts forward a basic housing need of 91380 (including an uplift for second homes) to which is added 1830 for affordable housing, 8023 for market signals and 284 for employment. There is a further addition of 4162 for older people moving into care homes and a reduction of 2586 as an allowance for student housing (the logic on neither of these is clear) giving a total of 103093. A last minute final adjustment raises this to 105500.
18. CPRE Avonside's calculations are that the basic housing need is 5000 less at 86069 due to use of latest 2016 ONS figures, 0 uplift for affordable housing as we judge this unsound, 2435 uplift for market signals as we judge the rate of uplift not supportable, and a downgrade of 8600 on employment due to the reversal in our economic fortunes. We can see no logic in the inclusion of 4162 homes related to people moving into care homes (this move will leave properties empty) and therefore remove these from the total. CPRE Avonside does not make any final adjustments and totals 77708 additional houses, which is almost a quarter less.

Housing projections and migration

19. Concern was expressed above that the JSP places reliance on passive housing projections, and that real-life population movements are not passive but instead are responsive to economic and social factors. Para 10.c shows how this might apply to employment matters. But a similar argument applies to all population movements. At the sub-national level, most of the volatility in projections and outcomes stems from the fact that people can and do move from area to area freely and for any or no reason.
20. At the national level, housing projections are much more closely linked to relatively stable factors such as birth and death rates, and Household Representative Rates (though international migration has proved more volatile, though subject, at least partially, to control). For areas within the nation, the biggest source of change is

internal migration. This does not just “happen” as the demographic projections play out and it should not be regarded as a “given”.

21. We argued above that job opportunities were a principal factor in determining migration outcomes for workers. A similar point can be made for migrants moving for other reasons. The preponderance of the elderly in the population projections has been alluded to and considering the Bath HMA as an example, it appears that, apart from students, nearly 80% of the projected increase in population will consist of those beyond normal working age.
22. CPRE finds it entirely convincing that the Bristol and Bath areas are very desirable areas to move to for many reasons, such as a pleasant environment and access to beautiful countryside, connectivity, etc. Many families would like to move to the area to enjoy these benefits and particularly if they originate from the South East they will find our house prices attractive.
23. This process will be subject some limitations. First the state of the housing market will be important - if people find it difficult to sell their house in the South East or if they cannot get their asking price, they will find it more difficult to relocate to Bristol and Bath. Second, if national economic conditions are uncertain, people may not have the confidence to make the break. Thirdly, housing supply in the Bristol and Bath area is crucial because a plentiful supply of houses will facilitate the process.
24. A situation where the housing market nationally is booming, where general economic conditions are favourable, and where a good supply of new housing is being delivered to the market in the sub-region, will generate a strong inflow of newcomers, possibly in such numbers that our local construction industry cannot cope or that they run out of land for building. On the other hand, if times are not so good, the inflow will be curtailed and the construction industry may find it difficult to sell its houses. Movements of population are thus governed by economic and social factors and in many cases to think of this in terms of “housing need” is misleading.

Conclusion

25. It therefore seems more logical to start off by considering what degree of growth in our communities is sustainable, bearing in mind both the wellbeing of the existing residents and the protection of the very factors like that make our area attractive in the first place. CPRE maintains that the JSP is unsound in that (ref NPPF para 14) the benefits of meeting or exceeding OAN targets based on optimistic predictions for housing would be outweighed significantly and demonstrably by the costs. These costs include traffic pollution and congestion (which has little chance of effective mitigation because of a funding shortfall) and the loss of significant tracts of Green Belt.

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