Yieldfields Farm, Bloxwich

South Staffordshire Housing Need Technical Note

Prepared on behalf of:

Gallagher Estates

23 November 2018
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1.0 INTRODUCTION

1.1 This Technical Note has been prepared by Barton Willmore’s National Development Economics Team on behalf of Gallagher Estates to inform representations to South Staffordshire District Council’s (SSDC) Local Plan Review Issues and Options Consultation (October 2018).

1.2 The scope of this Technical Note is to present demographic modelling scenarios using the PopGroup demographic forecasting model. The purpose of these scenarios is to establish the number of jobs that would be supported by the Government’s proposed standard method, suggested by SSDC in the Issues and Options Consultation Document as representing housing need for the Council’s administrative area.

1.3 Option C of the Issues and Options Consultation Document’s ‘Housing level of growth policy options’ is considered by the Council to represent "a proportionate contribution towards both its own housing needs and the needs of the wider HMA“ and is their preferred option for this consultation. This option plans for growth of 9,130 dwellings, 2018-2037, of which 4,000 dwellings would represent "a contribution towards unmet needs of the HMA, based upon the levels of growth implied by the strategic areas of search for South Staffordshire within the HMA Strategic Growth Study.”¹

1.4 This means that the need for the District (the remaining 5,130 dwellings of Option C in the Issues and Options Consultation Document) has been determined in line with the Government’s standard method for calculating local housing need, which shows need of 270 dwellings per annum (dpa).

1.5 However at the outset, it is important to emphasise how the standard method calculation represents minimum housing need for an area. The revised Housing Needs Assessment (HNA) section of the Planning Practice Guidance (PPG) is very clear in this respect, paragraph ID2a-002 stating that "The standard method set out below identifies a minimum annual housing need figure. It does not produce a housing requirement.”

1.6 In this context paragraph ID2a-010 of the PPG states "The government is committed to ensuring more homes are built and are supportive of ambitious authorities who want to plan for growth. The standard method for assessing local housing need provides the minimum starting point in determining the number of homes needed in an area. It does not attempt to predict the impact

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¹ Page 29, South Staffordshire Council Local Plan Review – Issues & Options October 2018
that future government policies, changing economic circumstances or other factors might have on demographic behaviour. Therefore there will be circumstances where actual housing need may be higher than the figure identified by the standard method.”

1.7 Paragraph ID2a-010 moves on to consider the circumstances where housing need in excess of the minimum standard method need might be appropriate. Paragraph ID2a-010 states that "Where additional growth above historic trends is likely to or is planned to occur over the plan period, an appropriate uplift may be considered. This will be an uplift to identify housing need specifically and should be undertaken prior to and separate from considering how much of this need can be accommodated in a housing requirement figure. Circumstances where this may be appropriate include, but are not limited to:

- where growth strategies are in place, particularly where those growth strategies identify that additional housing above historic trends is needed to support growth or funding is in place to promote and facilitate growth;
- previous delivery levels. Where previous delivery has exceeded the minimum need identified it should be considered whether the level of delivery is indicative of greater housing need; and
- recent assessments of need, such as a Strategic Housing Market Assessments (SHMA). Where these assessments suggest higher levels of need than those proposed by a strategic policy-making authority, an assessment of lower need should be justified.

1.8 In summary, in the context of paragraphs ID2a-002 and ID2a-010, it is imperative to understand that the standard method calculation is simply a minimum starting point in determining the number of homes needed actual need has the potential to be higher in order to support the policies of the National Planning Policy Framework (NPPF) and the clear objectives of Government to ‘significantly boost’ housing supply and ‘support economic growth’.
2.0 DEMOGRAPHIC MODELLING RESULTS FOR SOUTH STAFFORDSHIRE

i) Introduction

2.1 This section of our Technical Note summarises the results of our demographic modelling scenarios. We provide the rationale for undertaking each scenario alongside a summary of the results and what this means for housing need in South Staffordshire. Results are presented for the 10-year period from the current year, as required under the SM. This 10-year figure is extended out over the Plan period. The results of our modelling would need to be extended out over the 19-year Plan period in South Staffordshire (2018-2037).

ii) Demographic Modelling Results

Standard Method Baseline

2.2 The first scenario we have undertaken tests the number of jobs that would be supported by the baseline level of housing need incorporated in Step 1 of the Government’s Standard Method (SM) for calculating local housing need. The baseline is currently the 2014-based Ministry for Homes, Communities and Local Government (MHCLG) household projections as set out in MHCLG’s Technical Consultation on the SM (26 October 2018). These are underpinned by the 2014-based ONS Sub National Population Projections (SNPP).

2.3 The baseline need is tested rather than the final SM figure, because the SM figure applies an uplift to address affordability at Step 2. This Step 2 uplift would need to be applied to the baseline need if this increases to support job growth. The results are set out below.

<table>
<thead>
<tr>
<th>Table 2.1: 2014-based ONS SNPP scenario</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<tr>
<td></td>
</tr>
<tr>
<td>Population</td>
</tr>
<tr>
<td>Households</td>
</tr>
<tr>
<td>Jobs supported</td>
</tr>
</tbody>
</table>

Source: Barton Willmore modelling
2.4 The results show how the 2014-based ONS SNPP would lead to a small decline in employment growth over the Plan period. This would fail to support any aspirations for employment growth in the Council’s Development Plan.

South Staffordshire SHMA – Oxford Economics and Experian Forecasts

2.5 As set out in Section 1 of this Note, the 2018 PPG confirms that the SM represents minimum housing need, and that actual housing need may higher than the SM minimum.

2.6 Circumstances where a figure in excess of the SM may be appropriate are where growth strategies are in place; where there are recent assessments of need such as a SHMA; and where recent housing delivery exceeds the SM.

2.7 In the case of South Staffordshire, a recent SHMA exists (March 2017) and South Staffordshire Council are signed up to the Stoke-on-Trent & Staffordshire Enterprise Partnership (S&SEP). The S&SEP Strategic Economic Plan (April 2018) sets out how 50,000 new jobs will be created in S&SEP area by 2024, and that the authorities of the S&SEP are on track to do this.

2.8 The S&SEP also refers to the i54 South Staffordshire Enterprise Zone on the boundary of South Staffordshire and Wolverhampton, and the strategic employment sites at Bericote Four Ashes and ROF Featherstone. A planned extension of 100 acres at i54 has recently been submitted to South Staffordshire District Council, capable of generating an additional 3,000 jobs.

2.9 In this context, a level of housing need incapable of supporting significant job growth in South Staffordshire would conflict with the Council’s aspirations for growth.

2.10 Employment forecasts for South Staffordshire are contained in the 2017 SHMA, and although these would require updating provide baseline forecasts which can be used for the purposes of our analysis.

2.11 These forecasts show growth of 95 (Oxford Economics) and 178 (Experian) jobs per annum respectively. We have therefore sought to determine what level of housing need would be required to support this level of job growth. However these forecasts are only baseline, they do not build in growth that would be generated by the aforementioned Enterprise Zone and Strategic Employment sites. The forecasts are ‘policy off’ in nature.
Table 2.2: SHMA Oxford Economics Forecast (95 jobs per annum)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2028</th>
<th>2018-2028 (per annum)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>111,610</td>
<td>116,970</td>
<td>5,360 (540)</td>
</tr>
<tr>
<td>Households</td>
<td>47,210</td>
<td>50,160</td>
<td>2,950 (300)</td>
</tr>
<tr>
<td>Jobs supported</td>
<td>38,570</td>
<td>39,520</td>
<td>950 (95)</td>
</tr>
</tbody>
</table>

Source: Barton Willmore modelling
Note: Figures may not sum due to rounding

2.12 To meet the Oxford Economics forecast set out in the SHMA, 300 households per annum would be generated. Application of the SM market signals uplift (23%) would lead to a requirement for 369 dwellings per annum, 2018-2037. This totals 7,010 dwellings for South Staffordshire. The addition of the 4,000 dwellings for unmet need from the wider HMA would therefore increase Option C of the Draft Plan to **11,010 dwellings, 2018-2037**.

2.13 The 2017 SHMA also includes a ‘post-Brexit’ Experian forecast showing 145 jobs per annum, 2014-2036. We have therefore modelled this through to understand the implications for housing need.

Table 2.3: SHMA Experian Forecast (145 jobs per annum)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2028</th>
<th>2018-2028 (per annum)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>111,610</td>
<td>118,260</td>
<td>6,650 (670)</td>
</tr>
<tr>
<td>Households</td>
<td>47,210</td>
<td>50,630</td>
<td>3,420 (340)</td>
</tr>
<tr>
<td>Jobs supported</td>
<td>38,570</td>
<td>40,020</td>
<td>1,450 (145)</td>
</tr>
</tbody>
</table>

Source: Barton Willmore modelling
Note: Figures may not sum due to rounding
2.14 Table 2.3 illustrates how a further uplift to the baseline would be need (340 dwellings per annum). Application of the SM market signals uplift would increase the housing need figure to 418 dwellings per annum, and need of 7,940 dwellings, 2018-2037. Addition of the unmet need in Option C of the draft Plan increases the requirement to 11,940 dwellings, 2018-2037.

Past Trends Job Growth

2.15 Alongside the job growth forecasts set out in the Council’s evidence base, we have also considered historic levels of job growth between 1991 and 2018. This shows peaks and troughs as illustrated in Figure 2.1:

Figure 2.1: Historic levels of job growth in South Staffordshire

2.16 Figure 2.1 illustrates how there have been clear peaks and troughs in historic job levels in South Staffordshire. Because of this it is not adequate to determine an average based on arbitrary periods. For example a peak (2006) to a trough (1994) would result in average growth of 670 jobs per annum. In contrast a trough (2009) to a peak (2000) would suggest a decline (-156 jobs per annum).
2.17 We therefore consider the trend line illustrated in Figure 2.1, and peak to peak and trough to trough periods in historic job levels. This has led us to determine historic job growth averaging approximately 392 jobs per annum over the past 27 years since Oxford Economics began recording employment levels. This is significantly higher than the forecasts in the SHMA suggest.

2.18 Table 2.4 sets out what this would mean for housing need if similar levels of job growth were to be replicated over the next 27 years.

**Table 2.4: Past Trends Job Growth (392 jobs per annum)**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2028</th>
<th>2018-2028 (per annum)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>111,610</td>
<td>124,640</td>
<td>13,030 (1,300)</td>
</tr>
<tr>
<td>Households</td>
<td>47,210</td>
<td>52,950</td>
<td>5,740 (570)</td>
</tr>
<tr>
<td>Jobs supported</td>
<td>38,570</td>
<td>42,490</td>
<td>3,920 (390)</td>
</tr>
</tbody>
</table>

Source: Barton Willmore modelling
Note: Figures may not sum due to rounding

2.19 Table 2.4 shows how this scenario would lead to baseline growth of 570 dwellings per annum. Application of the SM market signals uplift leads to need of 700 dwellings per annum, or 13,320 dwellings over the Plan period (2018-2037). Addition of the unmet need allowance in Option C of the Draft Plan would increase this to **17,320 dwellings, 2018-2037**.

**Summary**

2.20 The demographic forecasting set out in this section illustrates how the baseline need (2014-based MHCLG household projections) would lead to a decline in job growth in South Staffordshire. The SM would not support employment growth in South Staffordshire conflicting with economic growth aspirations of the Draft Plan and the S&SEP.

2.21 Using evidence in the Council’s evidence base (2017 SHMA), the Oxford Economics and Experian forecasts suggest need of between 7,010 and 7,940 for South Staffordshire. The addition of the 4,000 dwellings for unmet need from the wider HMA would increase the requirement to between 11,010 and 11,940 dwellings, 2018-2037.
2.22 However historic job levels over the past 27 years suggest continuation of trends would lead to significantly higher housing need of 13,320 dwellings for South Staffordshire. Addition of the unmet need from the HMA increases the requirement to 17,320 dwellings, 2018-2037.

2.23 In summary, actual housing need for South Staffordshire appears to be significantly higher than the SM suggests. However the forecasts considered in this Technical Note are baseline forecasts which do not consider economic growth aspirations of the S&SEP. Consideration of these aspirations may result in economic forecasts in excess of those used in this Technical Note.
3.0 SUMMARY AND CONCLUSIONS

3.1 In summary, this Technical Note determines that the Standard Method for calculating minimum need will not support any employment growth in South Staffordshire. This is evident from the first modelling scenario presented in Section 2 of this Note which is underpinned by the baseline level of need required by the SM, the 2014-based ONS Sub National Population Projections.

3.2 A detailed analysis of Development Plan policy has not been undertaken for the purposes of this Technical Note, however it is clear that South Staffordshire Council are signed up to the Stoke-on-Trent & Staffordshire Enterprise Partnership (S&SEP). The S&SEP Strategic Economic Plan (April 2018) sets out how 50,000 new jobs will be created in S&SEP area by 2024, and that the authorities of the S&SEP are on track to do this.

3.3 South Staffordshire Council is one of four authorities in the S&SEP, and a scenario whereby no additional jobs would be generated by housing growth is not considered to support aspirations for growth in the area.

3.4 Barton Willmore have utilised job forecasts set out in the 2017 SHMA to determine what level of housing need may be required in South Staffordshire to support job growth. We have also provided a scenario based on the historic job levels on South Staffordshire between 1991 and 2018. All of these scenarios show housing need in excess of the minimum SM. Table 3.1 sets out the key figures determined in this Note.

Table 3.1: Summary of Housing Need Scenarios; South Staffordshire, 2018-2037

<table>
<thead>
<tr>
<th>Scenario Number</th>
<th>Scenario Name</th>
<th>Baseline Housing Need</th>
<th>Standard Method Affordability Uplift</th>
<th>Allowance for Unmet Need in Option C</th>
<th>Housing Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Standard Method Minimum</td>
<td>4,160</td>
<td>950</td>
<td>4,000</td>
<td>9,130</td>
</tr>
<tr>
<td>2</td>
<td>Oxford Economics Jobs</td>
<td>5,700</td>
<td>1,310</td>
<td>4,000</td>
<td>11,010</td>
</tr>
<tr>
<td>3</td>
<td>Experian Jobs</td>
<td>6,460</td>
<td>1,490</td>
<td>4,000</td>
<td>11,940</td>
</tr>
<tr>
<td>4</td>
<td>Average historic jobs</td>
<td>10,830</td>
<td>2,490</td>
<td>4,000</td>
<td>17,320</td>
</tr>
</tbody>
</table>

N.B. Figures may not sum due to rounding
3.5 In conclusion, our analysis suggests a significant increase to the minimum Standard Method figure is required to support job growth in South Staffordshire. However the forecasts from the 2017 SHMA are policy off baseline job forecasts; allowance for the growth expected by the S&SEP may require an increase to these figures.