

APPENDIX 1

Dear Mr Hetherington

PLANNING & COMPULSORY PURCHASE ACT 2004 (AS AMENDED) EXAMINATION OF THE BROMSGROVE DISTRICT PLAN

1 Thank you for your letter dated 4th September 2014 (ED/15) and subsequent clarifying email received on 11th September 2014. We are writing in response to the above correspondence where you request Bromsgrove District Council (BDC) to set out a more explicit view of what we consider our objectively assessed housing need figure to be.

2 As requested we therefore set out below what we consider to be our objective assessment of housing need figure. It is based on the most up to date population projections (SNPP 2012), a re-run of the employment growth scenario, realistic assumptions about local market signals and as suggested in the Interim Conclusions, a reduction in commuting levels over the Plan period.

3 As you rightly say the National Planning Policy Framework at paragraph 159 states that:

Local planning authorities should have a clear understanding of housing needs in their area. They should:

• prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which:

- 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 (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes); and*
- caters for housing demand and the scale of housing supply necessary to meet this demand;*

• prepare a Strategic Housing Land Availability Assessment to establish realistic assumptions about the availability, suitability and the likely economic viability of land to meet the identified need for housing over the plan period.

4 BDC consider that it has successfully fulfilled the above requirements and provided a robust and clear understanding of the objectively assessed housing need most recently in this letter but also in the AMION report dated 29th August 2014 (ED/14) and as summarised in our previous letter sent on 1st September 2014 (ED/13) and that the figure provided below flows logically from this work as you have requested.

5 The BDC objective assessment of housing need figure of **6648 dwellings** (as explained below) has the benefit of Council endorsement, the figure being fully discussed and agreed at the Council meeting of the 24th September 2014.

Sensitivity Scenarios

6 As you are aware the most recent AMION report (ED/14) contains a range of different sensitivities some of which are a direct result of the initial hearing sessions particularly with reference to the adjusted commuting patterns. On the basis that you have suggested against adopting a scenario that involves a provision of more homes within the District to accommodate out

commuters, we have based our objective assessment of housing need figure on the scenarios 3 a to c which factor in a reduction in out commuting. We have used the average case of these scenarios to establish a figure which we have then considered in relation to the market signals which exist across the District.

Market Signals

7 We are guided by the National Planning Practice Guidance to adjust the housing need number suggested by household projections (the starting point) to reflect appropriate market signals as well as other market indicators of the balance between the demand for and supply of dwellings. The AMION report (ED/14) provides the basis for assessing Market and Economic Signals.

8 Following national guidance BDC has made appropriate comparisons of indicators; taking account of absolute levels and rates of change of long term trends across the housing market area. Again in conformity with the NPPG we benchmark this against similar demographic and economic areas as well as the national trend. Within this context the NPPG simply states that any worsening trend in any of these indicators will require an upward adjustment to planned housing numbers, compared to ones solely based on household projections.

9 Plan makers are guided to set an upward adjustment at a level that is reasonable, where the increase is based on how significant the issue is. Evidence submitted on the September 1st 2014 ED/13 and ED/14, identified that specific market signals, in particular market affordability, had worsened over time. In line with the NPPG Bromsgrove District Council recognised the need to factor in an upward adjustment to the household projections and sensitivity scenarios. The most succinct but not exclusive example demonstrating the scale of the issue is the purchasing power of lower quartile earning households seeking to own their property. Only those with significant deposits can afford to purchase properties.

10 Having established there is an issue requiring uplift to the housing figures; BDC is guided **not to estimate the precise impact of an increase in housing supply** *[our emphasis]*, rather we should increase planned supply by an amount that, on **reasonable assumptions** *[our emphasis]* and consistent with principles of sustainable development, could be expected to improve affordability, and monitor the response of the market over the plan period.¹ It can be assumed this guidance directly supports the NPPF requirement to ensure Bromsgrove's District Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area². The NPPG therefore provides Bromsgrove District Council with a great level of flexibility when seeking to identify an upward revision to household projections and sensitivity scenarios.

11 It is clear that any uplift as a result of market and economic signals should be consistent with principles of sustainable development and should provide a realistic expectation that result in improved housing and economic market signals. On balance taking into account all the information referred to above BDC consider a further 55 dwellings (20% uplift) a year are required. It should be noted that whilst the NPPF states that an LPA should have a clear understanding of its needs, etc (para 159) there is no guidance found in the NPPF or NPPG which states this has to be an explicit number and cannot be a range of numbers.

12 BDC's response to Market Signals is predicated on all parts of the housing market area examining the same factors in detail and delivering an equal response. BDC does however remain unclear how market signals affect the HMA housing need figures, and we remain concerned that without similar assessments the other authorities housing need may not be robust, with potential

¹ Paragraph: 019 Reference ID: 2a-019-20140306

² NPPF Paragraph 47

unknown consequences. Furthermore, many of the underlying factors affecting the market are a direct result of the macroeconomic environment³. Whilst it is accepted Bromsgrove has a role to ensure the supply of housing is not constrained and that it contributes to the NPPF requirement to significantly boost the supply of housing across England; it is again predicated on external factors that BDC and Planning in general has little control over.

13 In Summary BDC considers the objectively assessed housing need figure to be **6648** dwellings this is generated from the averaged figures from sensitivity scenarios 3a and 3c (5,540 dwellings) with market signals providing an additional 20% uplift (6,648 dwellings). We believe we have followed national guidance and applied a 'reasonable assumption' to take into account market signals consistent with the principles of sustainable development to ascertain a more explicit figure as per your request.

14 We hope this additional information provides you with sufficient evidence to allow for the hearing sessions scheduled for the 2nd, 3rd and 4th December to progress without any further delay.

³ AMION report (ED/14)