

## 1 INTRODUCTION

- 1.1. Gladman Developments (Gladman) makes this submission to the Examination in Public (EiP) having previously made written representations on Stafford Borough Council’s Publication Local Plan in February 2013. This hearing statement provides the context for the evidence to be given by Gladman Developments (Nicole Penfold) and Development Economics (Steve Lucas) at the EiP.
- 1.2. Gladman has commissioned Development Economics to undertake a detailed assessment of the future housing requirements in Stafford. The conclusions of this report are included within this hearing statement and the full report is provided in Appendix 1.
- 1.3. These representations focus on the Council’s Duty to Co-operate requirement and Development Strategy. They are structured to follow the specific questions identified by the Inspector. The main issues to be addressed are as follows:

**Has the Plan been prepared in accordance with the Duty to Co-operate and has the Council fully discharged its duty to co-operate, particularly with regard to strategic matters, including housing requirements and other cross boundary issues**

**Is the Development Strategy for Stafford Borough soundly based, effective, appropriate, locally distinctive and justified by robust, proportionate and credible evidence, particularly in terms of delivering the proposed amount of housing, employment and other development, and is it positively prepared and consistent with national policy**

- 1.4. Gladman have significant concerns that the housing requirement currently proposed in the Stafford Local Plan is significantly less than the full, objectively assessed need for market and affordable housing in the housing market area. We submit that the Council has not based its requirement on an up-to-date evidence base. Taking account of three National Planning Policy Framework (NPPF) drivers of future housing needs – demographic, economic and social – Stafford’s housing requirement **is considered to be too low and unsound.**
- 1.5. Gladman’s submission to the EiP raises further concerns in response to the Inspector’s Matters and Issues on the Duty to Co-operate and Spatial Principles 3 – 7.

## **2 LEGAL COMPLIANCE – DUTY TO CO-OPERATE**

**Has the Plan been prepared in accordance with the Duty to Co-operate and has the Council fully discharged its duty to co-operate, particularly with regard to strategic matters, including housing requirements and other cross boundary issues.**

- 2.1 In order to comply with the Duty-to-Cooperate Stafford Borough Council must be able to demonstrate that it has co-operated constructively, actively and on an on-going basis with its neighbouring local planning authorities on strategic matters, including the provision of housing.
- 2.2 The Council's Duty-to-Cooperate Statement sets out the measures the authority has undertaken to demonstrate compliance with its Duty-to-Cooperate requirement. Whilst noting the contents of this document Gladman consider that the Council has not fully acknowledged potential cross-boundary housing issues across the wider West Midlands conurbation.
- 2.3 Gladman understand that a number of local planning authorities in the West Midlands are setting out to under-provide against their former Regional Strategy requirements and the objective assessments of housing need identified in SHMAs. Therefore at this time it appears that there are unresolved issues on overall housing numbers and potential cross boundary implications across the West Midlands area. These issues could have implications for Stafford.
- 2.4 Gladman's concerns are more focused on the soundness of the Council's approach rather than the legal requirement to undertake the Duty-to-Cooperate, however the two elements of the process are clearly linked. Complying with the Duty-to-Cooperate should produce meaningful results on cross boundary housing issues in Stafford and the wider West Midlands area. If these issue are not addressed then the **Plan cannot be considered sound.**

## **3 DEVELOPMENT STRATEGY - SPATIAL PRINCIPLE 2**

**How has the Council undertaken an objective assessment of housing requirements for the relevant housing market area, and does the Plan fully meet the objectively assessed needs for market and affordable housing within**

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**Stafford Borough, along with any unmet housing requirements from neighbouring authorities?**

**Have any levels of alternative housing development been considered, having regard to any significant and demonstrable adverse impacts of proposing increased levels of housing provision within Stafford Borough?**

3.1 As outlined in detail in the Development Economics report (Appendix 1) **the Stafford Local Plan target for 10,000 dwellings, 500 dpa, is based on an out-of-date evidence base and would fail by a considerable margin to meet the full, objectively assessed need for housing over the Plan period.** In particular:

- The Council's proposed target appears to have been formulated based on evidence that includes out-of-date economic forecasts that anticipate a substantial and continuing decline in the area's employment base, and that this anticipated trend of decline is not supported by more up-to-date evidence;
- It is unsatisfactory that the Council's proposed target has remained unchanged despite the release of more recent information and data relevant to each of three drivers of housing requirements, and in particular the evidence that employment growth is returning to the Borough; the unwillingness of the Council to amend its housing requirement in light of up-to-date and relevant evidence is contrary to the requirements of the Framework;
- The proposed housing delivery target of just 500 dpa makes insufficient allowance for the need to house replacement workers for the proportion of the ageing local resident workforce who will reach retirement age over the period of the Plan;
- The proposed target would deal inadequately with the need for a substantial increase in affordable housing delivery in the area, as identified by the most recent affordability evidence that is available; and
- The Council has failed to assess the potential social, economic and sustainability implications of failing to address in full the objectively assessed need for additional housing supply in its area of responsibility.

3.2 Having undertaken an assessment of all three NPPF drivers of future housing needs - demographic, economic and social – **Stafford's future housing requirement of 10,000 is considered to be too low and is therefore unsound.**

3.3 As outlined in Development Economics' report, reviewing evidence for the Borough, the annual future housing needs suggested by each of the three NPPF-compliant approaches individually are as follows:

# **APPENDIX 1**

## **Assessment of Future Housing Requirements in Stafford**

Report prepared by Development Economics

# **Assessment of Future Housing Requirements for Stafford**

A report by Development Economics Ltd

October 2013

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# 1: Introduction

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1.1 Development Economics Limited was appointed by Gladman Developments in September 2013 to examine the future need for housing in the Stafford Borough planning area. The assessment is based on the drivers identified by the National Planning Policy Framework (NPPF), which are:

- the expected future demographic change in the local planning authority area, including the latest available datasets from the official population and household projections, and the data becoming available from the 2011 Census;
- economic conditions, such as the expected future changes in the numbers of jobs expected to be found in the local planning authority area; and
- the analysis of the affordability of housing in the area.

## Context

1.2 Stafford Borough covers an area of just under 600 square kilometres and is located between the Birmingham-Black Country conurbation and the north Staffordshire conurbation of Stoke-on-Trent and Newcastle-under-Lyme. Although large parts of the Borough are rural in nature there are several important towns, principally Stafford and Stone.

1.3 The Borough currently provides homes for a resident population of over 131,000 people. The Borough also hosts over 4,500 businesses with a sufficient turnover to require VAT registration. Associated with these businesses, the Borough currently provides for around 66,000 jobs, of which over 52,000 are employee jobs and over 13,500 are self-employed jobs.

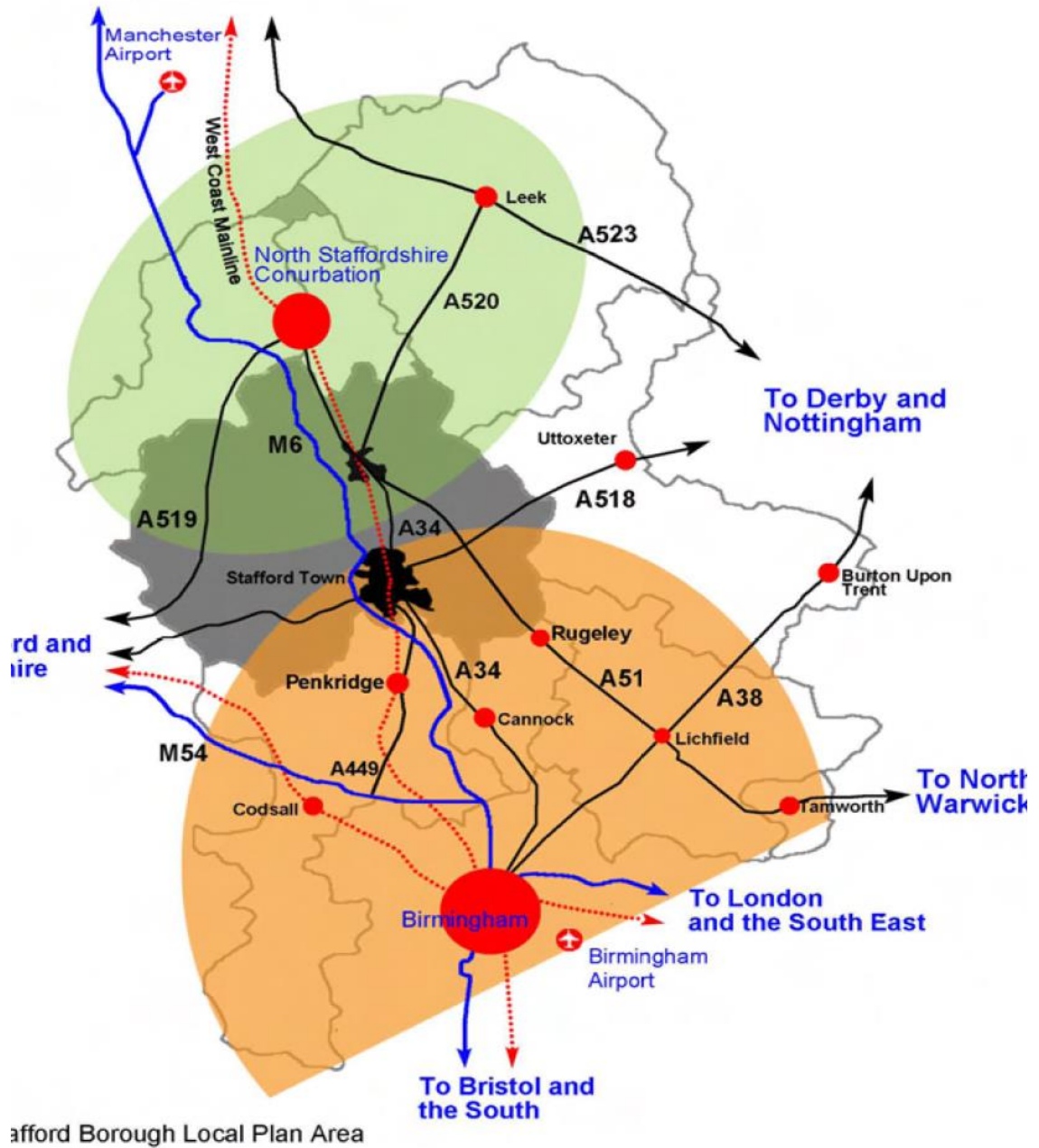
1.4 The area has been traditionally important for manufacturing, but the manufacturing business base has declined significantly in recent years as part of the national trend towards tertiarisation. One of the key strengths of the Borough is its exceptional location on both the main north-south motorway (M6) and one of the two principal north-south rail lines (i.e. the West Coast Main Line).

1.5 The availability of these transport connections means that the area has attracted investment from some of the main haulage and distribution companies as well as major retailers who have located logistics operation in the Borough.

1.6 Another implication of the transport connections is that residents of the Borough are able to travel beyond its boundaries into neighbouring areas in order to access employment opportunities. Important commuting destinations include Birmingham, the Black Country and the north Staffordshire conurbation, but commuting patterns also extend to other areas including Cheshire, Shropshire and Cannock.

1.7 The location of the Borough and its exceptional transport links are highlighted in the map below.

Figure 2.1: Stafford Borough: Regional Context



Source: The Plan for Stafford Borough: Publication, page 7

- 1.8 In terms of the provision for new housing, the original West Midlands Regional Strategy (2004) set an annualised figure of 2,900 net additional dwellings new houses for Staffordshire. The apportionment of this county figure to Stafford Borough amounted an annual average target of 280 dpa.
- 1.9 The Regional Spatial Strategy Preferred Option identified a higher level of provision for additional dwellings in the Borough over the 2006-2026 period, at an annual average of 505 dpa. Following that, the revised West Midlands RSS Phase 2 Panel Report, which went to Examination but was never adopted, identified a minimum allocation of 550 dpa for Stafford.



- 1.10 Following the announcement of the Government's intention to abolish regional strategies in 2010, the Borough Council has been working up a new draft Local Plan, and the Council has now submitted the new Local Plan for Stafford Borough to the Secretary of State (on the 20 August 2013). An Examination of this Plan is scheduled to commence on 23<sup>rd</sup> October 2013.
- 1.11 This new Local Plan includes a proposed housing target set at 500 dpa over the Plan period 2011-2031.

## Structure of the Report

- 1.12 Having established this context, the report is structured in the following way:
- Chapter 2 provides a summary of some of the key planning policies and a review of other relevant strategy and policy documents that are relevant to the consideration of future housing requirements in Stafford Borough.
  - Chapter 3 assesses the available evidence on demographic trends in the Stafford area, including the most recent population and household projections and the data released so far from the 2011 Census.
  - Chapter 4 highlights some of the key economic characteristics of the Stafford Borough area, and also assesses the available evidence on potential future economic trends affecting the Borough.
  - Chapter 5 assesses the available evidence regarding the affordability of housing in Stafford Borough.
  - Chapter 6 assesses the current evidence on future housing requirements for Stafford Borough.
  - Chapter 7 discusses the potential impacts – in terms of the NPPF criteria – of a future housing target that is too low to meet the full and objectively assessed needs of Stafford.
  - Chapter 8 presents some final conclusions.
- 1.13 It is first necessary to explore the existing and emerging planning policy context for future housing provision in Stafford, in terms of the existing National Planning Policy Framework and the existing and emerging local planning policies. These policy drivers are introduced and discussed in the next Chapter of this report.

## 2: Policy and Strategy Context

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### National Policy Environment

2.1 The **National Planning Policy Framework (NPPF)** was published on 27 March 2012. The NPPF makes clear that the Government is committed to securing economic growth in creating jobs and delivering prosperity, and that the planning system should do everything it can to support sustainable economic growth.<sup>1</sup>

2.2 Moreover, the NPPF created a presumption in favour of sustainable development, including for housing.<sup>2</sup> Paragraph 47 of the NPPF states that in order to boost significantly the supply of housing, local planning authorities should:

*Use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this Framework, including identifying key sites which are critical to the delivery of the housing strategy over the plan period. (NPPF, paragraph 47, 1<sup>st</sup> bullet point, page 12)*

2.3 Paragraph 152 of the NPPF states that local planning authorities should seek opportunities to achieve each of the economic, social and environmental dimensions of sustainable development and achieve net gains across all three.

2.4 The NPPF also makes it clear that local planning authorities:

*...should ensure that the Local Plan is based on adequate, up-to-date and relevant evidence about the economic, social and environmental characteristics and prospects of the area. Local planning authorities should ensure that their assessment of and strategies for housing, employment and other uses are integrated, and that they take full account of relevant market and economic signals. (NPPF, paragraph 158, page 38)*

2.5 The NPPF requires local planning authorities to significantly boost the supply of housing to deliver a wide choice of quality homes by:

- using their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the area, including identifying key sites which are critical to the delivery of the housing strategy over the plan period;
- identifying and updating annually a supply of specific deliverable sites sufficient to provide five years' worth of housing against their housing requirements with an additional buffer of 5% to ensure choice and competition in the market for land; and
- identifying a supply of specific, developable sites or broad locations for growth for years 6-10 and where possible for years 11-15.

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<sup>1</sup> NPPF paragraph 19 makes it clear that Government expects the planning system to “encourage and not act as an impediment to sustainable economic growth”.

<sup>2</sup> NPPF paragraph 49, page 13

- 2.6 It is also made clear in paragraph 159 that in the preparation of the SHMA, planning authorities need to take into account the scale and mix of housing and the range of tenures that the local population is likely to need, addressing:
- household and population projections, taking account of migration and demographic change;
  - the need for all types of housing, including affordable housing; and
  - housing demand, and the scale of housing supply necessary to meet this demand.
- 2.7 The NPPF makes it clear (e.g. in paragraphs 178-181) that public bodies have a continuing duty to co-operate on planning matters, including in situations where strategic priorities cross planning boundaries and in situations where travel-to-work areas span across such boundaries.
- 2.8 The overall thrust of the NPPF, therefore, is that although planning authorities have the responsibility to set their own targets, there is a much stronger requirement to meet the full identified need than existed under the previous policy regime.

## Regional Policy Environment

- 2.9 The original West Midlands regional strategy (2004) set out housing requirements for the region, including an annualised figure of 2,900 new houses for Staffordshire County. The apportionment of this county figure to Stafford Borough amounted a target of 5,602 net dwellings to Stafford Borough over the 2001-2021 period, at an annual average of 280 dpa.<sup>3</sup>
- 2.10 The Regional Spatial Strategy Preferred Option identified the need for 10,100 net additional dwellings in Stafford Borough over the 2006-2026 period, at an annual average of 505 dpa.
- 2.11 The revised West Midlands Regional Spatial Strategy (RSS 2006 Phase 2 Panel Report), which went to Examination but was never adopted, identified an increase to a minimum of 11,000 dwellings over the 2006-2026 period (i.e. minimum allocation of 550 dpa).
- 2.12 The West Midlands RSS was revoked in May 2013. However, various planning inspectors have determined that the evidence base that underpinned the quantification of regional housing targets and their allocation to local planning authority areas is still a material consideration.

## Local Policy Environment

### **Corporate Plan**

- 2.13 The current (2012-2015) Borough Council Corporate Plan makes a number of references to strategic housing priorities as part of the key corporate themes of:
- **Prosperity:** including the enabling of *“future population growth through housing, employment and town centre development”*<sup>4</sup>
  - **Health and Wellbeing:** including assisting in providing *“a diverse housing provision that reflects local needs and future growth”*<sup>5</sup>

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<sup>3</sup> Stafford Borough Plan: Publication document, paragraph 6.4

<sup>4</sup> Stafford Borough Corporate Plan 2012-2015 page 8

### **Community Action Plan**

2.14 The provision of an adequate housing supply is a key theme identified within the Stafford Borough Community Action Plan (CAP), published in 2012. The CAP identifies that hard pressed families and groups such as first time buyers and older persons have particular housing needs.

2.15 The specific aim is stated as follows:

*To ensure that the Borough has a housing provision that is of good quality - decent and safe, fit for purpose in terms of our population and affordable both to purchase/occupying and run<sup>6</sup>*

2.16 The CAP envisages an output of 500 dwellings per annum and ‘affordable housing in line with the proposed LDF policy’.

### **Economic development objectives**

2.17 The stated purpose of the Stafford Borough Economic Prosperity Strategy (May 2013 draft) is to:

*To promote economic and social regeneration to improve the quality of life for our community<sup>7</sup>*

2.18 The strategy makes it clear that Stafford is committed to economic development and housing growth. A number of housing issues are identified in the document, including the following statement on page 4:

*The disparity between urban and rural areas in terms of ease of access to employment and services and **in terms of housing affordability** needs to be addressed (emphasis added)*

2.19 It is also made clear (on page 19) that the provision of adequate supplies of good quality housing is important in helping the Borough compete for a share of high quality inward investment.

2.20 Specific needs for housing are identified as follows:

- Affordable housing, especially in rural areas
- Supported and specialist housing
- Aspirational housing to meet the growth of the Borough

### **Housing Strategy**

2.21 The five strategic priorities of the Council with respect to housing are as follows:

- To improve the physical condition of the housing stock across all tenures

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<sup>5</sup> Stafford Borough Corporate Plan 2012-2015 page 8

<sup>6</sup> Stafford Borough Community Action Plan, page 5

<sup>7</sup> Economic Prosperity Strategy page 3

- To preventing homelessness
- To increase the supply of affordable housing
- To promoting independent living
- To work in partnership

2.22 In order to maximise the potential for delivery of affordable housing, the Council has stated its preferred approach as follows:

*the Council would look at all the ways in which affordable homes can be developed (including those mentioned under option 2). The Council would work in partnership with house builders, private landlords and social landlords to meet the differing housing needs of current and future families in the Borough. The Council would also look at alternative ways of increasing the numbers of affordable homes, including homes in the private rented sector. The Council could also look at how affordable homes can be funded – and where such funding could come from. The Council could look at where affordable homes are built in urban areas. In rural areas, local parish needs surveys would add more detail to our Borough Housing Needs Survey<sup>8</sup>*

### **Strategic Housing Market Assessment**

- 2.23 A bespoke Strategic Housing Market Assessment (SHMA) was prepared for the Borough Council by consultants Arc4 in 2012. This report updated a previous SHMA produced on a sub-regional basis in 2008.
- 2.24 The key finding of the latest SHMA – which is discussed more fully in Chapter 5 of this report – is that Stafford Borough was estimated by Arc4 to have an annual need for affordable housing of around 234 households per year. In addition, they estimated that there is a current backlog of need in the Borough amounting to around 450 affordable dwellings.

### **Proposed Local Plan Policies**

- 2.25 The submitted Local Plan document proposes (in policy SP2) an annual average provision for 500 dpa stated as follows:

*Throughout the Borough, provision will be made for the development of 500 dwellings per year over the plan period, not including additional requirements for military housing, and provision for gypsies.<sup>9</sup>*

- 2.26 The justification for this proposed policy appears to be ultimately based on CLG Household Projections, as the following extract from the Publication Local Plan makes clear:

*With regards to the future demand for new housing in the Stafford Borough area, national statistics from the Government provide information on population growth forecasts and the number of new households likely to form. For Stafford Borough, the latest 2010 population projections show an increase of 19,900 residents from 126,100 to 146,000 people in 2035.*

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<sup>8</sup> Housing Strategy 2008-2013 page 48

<sup>9</sup> Spatial Principle 2, Publication Local Plan page 23

*These figures include natural change and migration from other areas. The latest 2008 household projections to 2033 show an increase of 11,523 households, from 52,999 to 64,522 households who will be looking for houses in our area. **This is an average of approximately 500 new houses per year.***

(Publication Local Plan, paragraph 6.11, page 24, emphasis added)

2.27 The Publication Local Plan goes on to justify further the proposed policy as follows:

*It should be noted that the household projection figure is made up of ‘**local need**’ (i.e. natural change: the balance of births over deaths and reduction in average household size) and ‘**in-migration**’ elements, with the split for Stafford Borough being approximately 30% local need and 70% in-migration mainly from surrounding areas, the majority being from Cannock Chase District, South Staffordshire District and the City of Stoke-on-Trent. Recently the Government, through the NPPF, has stated that local authorities should provide for the locally assessed requirements of their area. **Pressures for continued in-migration are likely to remain from neighbouring areas in the short to medium term. In light of meeting objectively assessed needs it is sensible to plan for these**, not least because it is consistent with the growth aspirations for Stafford town, and its developing sub-regional role, as set out in the Spatial Vision and Key Objectives earlier. This approach has also been supported by neighbouring local authorities through recent Duty to Co-operate cross-border meetings on the Plan for Stafford Borough: Strategic Policy Choices document.*

(Publication Local Plan, paragraph 6.12, page 24, emphases added)

2.28 These extracts establish the following principles in terms of the approach taken by the Council in developing a future housing target:

- the target is based on an assessment of likely future household formation as assessed by the CLG household projections; and
- the Council accept that future housing provision must take into account migration – and the role of Stafford within a sub-regional economy and labour market – as well as locally derived housing demand and need.

2.29 That the Council has embraced these principles is to be welcomed. Our concern, however, is that the target as proposed is likely to be insufficient to accommodate the level of demand that demographic and economic trends are likely to generate. This statement is based on two factors:

- the evidence that has emerged from the 2011 Census that has revealed stronger levels of population growth in Stafford than the recent ONS projections have assumed, including the 2008-based household projections upon which the proposed Stafford housing target (as set out in the Publication Local Plan) is predicated; and
- evidence (discussed in Chapter 4) which indicates that future levels of economic and employment growth are likely to be significantly higher than Stafford Council appears to be assuming in the preparation of its proposed housing target.

- 2.30 The basis of this more recent demographic and economic evidence is summarised in later Chapters of this report.
- 2.31 An additional concern regarding the setting of the proposed target is no allowance appears to be made for either existing affordable housing need backlog or newly arising need, as is required by the NPPF. This issue is also explored in a later Chapter of this report.
- 2.32 In Spatial Principle 4, the Council sets out its approach to the spatial distribution of its housing delivery target, as follows:<sup>10</sup>
- Stafford 72%
  - Stone 8%
  - Key service villages: 12%
  - Other rural: 8%
- 2.33 The affordable housing policies are set out under Policy C2. This identifies that 40% affordable housing should be provided on development located at Stone, Eccleshall, Gnosall, Woodseaves, Barlaston, Tittensor and Yarnfield on sites of over 0.4 hectares or capable of accommodating 12 dwellings or more. In Stafford town a target proportion of 30% affordable housing must be provided on such sites.
- 2.34 Developers will be expected to provide an independent economic viability assessment if a lower figure is being advocated. Affordable housing must be made available for people on lower incomes, unable to afford housing at the prevailing market price or who need to live within the area. As a general principle, there will be a presumption that affordable housing will be provided on the development site.

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<sup>10</sup> Spatial Principle 4, Publication Local Plan page 28

### 3: Demographic Drivers of Demand

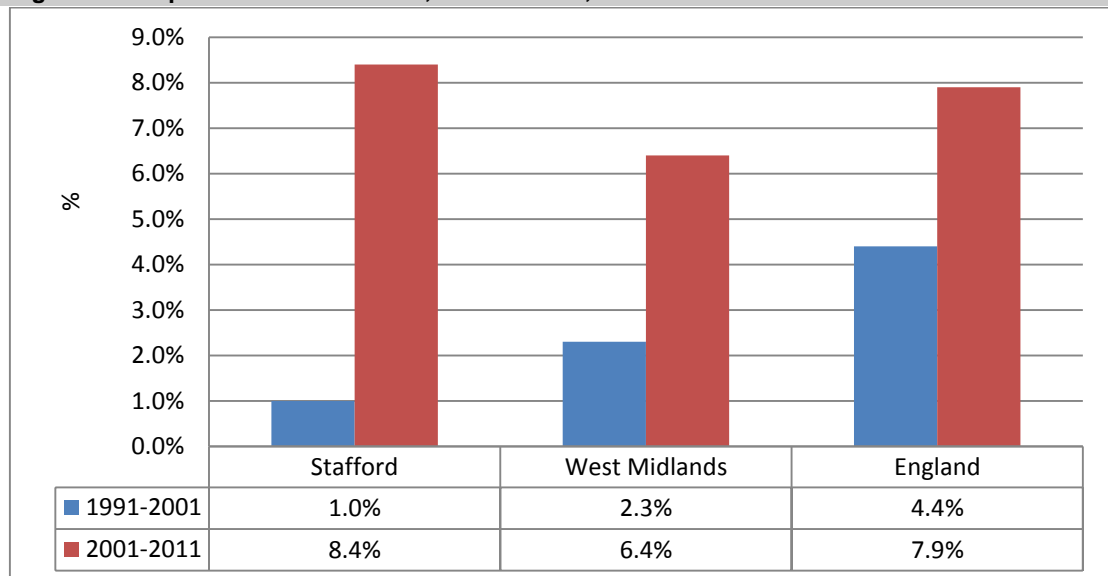
3.1 The NPPF requires that the assessment of future housing requirements takes into account the way that its population, economy and labour market is expected to change over the relevant Plan Period. In building a picture of what is likely to happen in the future, it is important to understand recent demographic changes in Stafford Borough relative to regional and national trends, and also to understand the implications of anticipated future demographic trends over the period 2011-2031.

#### Population Change

3.2 The published data from the 2011 Census shows that Stafford had a population of 130,879 at the time the Census was conducted. This represents a growth of 8.4% since 2001 which was a much greater rate of change than had occurred over the previous decade (1991-2001) when the population grew by only 1.0%.

3.3 A review of data for the last three Censuses reveals that the population growth rate for Stafford previously lagged regional and national benchmarks, but that this has been reversed in the past decade.

**Figure 3.1: Population Growth Rates, Census 1991, 2001 and 2011**



Source: Census 1991, 2001, 2011, ONS

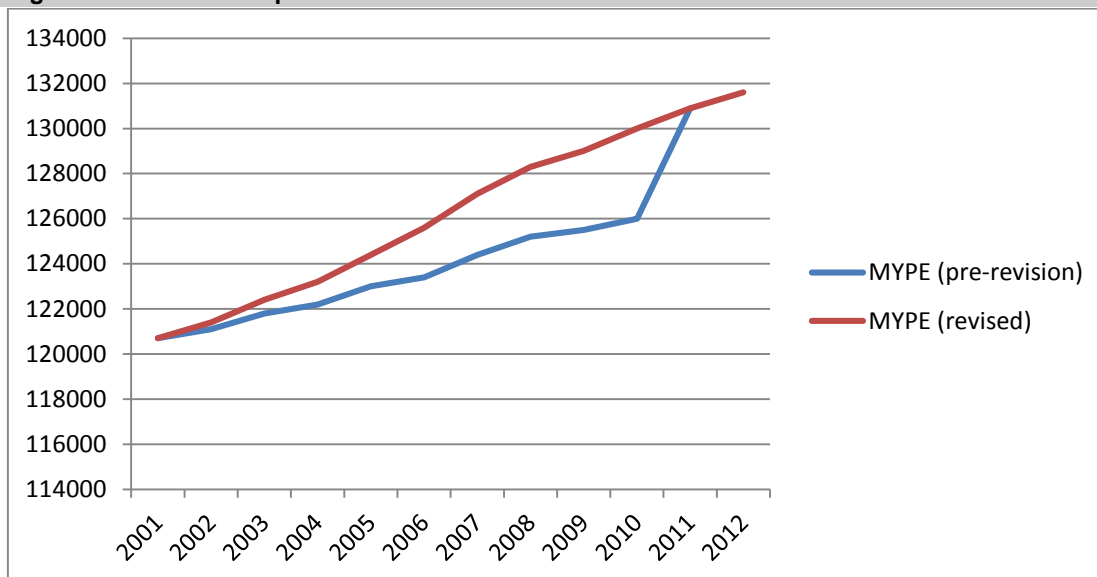
3.4 The 2012 mid-year population estimate for Stafford published by ONS is for a population of 131,600. This estimate suggests that Stafford’s population has grown by approximately 700 additional persons since the time of the most recent Census (i.e. 2011).

3.5 The MYPE data series produced by ONS has now been revised to take account of the information generated by the Census. Prior to this revision, the MYPE had consistently underestimated the rate of population growth occurring in Stafford since 2001. It is useful to examine the scale of under-estimation of population growth occurring in Stafford over the 10 years from 2001-2011, as there is a danger that the extent of potential demographic change that



has occurred is still not fully appreciated by policy-makers. The chart below illustrates the two data series side-by-side (the revised data set also includes the 2012 estimate):<sup>11</sup>

**Figure 3.2: Mid-Year Population Estimates for Stafford: revised and unrevised**



Source: MYPE series (ONS)

- 3.6 The key point is that the revision to the MYPE series now recognises that the average rate of population increase over the past decade in Stafford was around double the level that the ONS had been estimating until the recent census. It also means that the population projections that have been estimated by ONS over the past decade have almost certainly under-estimated the likely rate of future population increases for Stafford (see below).
- 3.7 The 2011 Census also revealed important changes occurring to the population structure of Stafford. In particular, although the number of working age people (16-64) grew in absolute terms (by around 5,260) in Stafford, as a proportion of the overall population this age grouping declined in percentage terms (from 65.9% to 64.8% of the total). In tandem, the number of people aged 65 and over in Stafford increased by around 4,800 over the past decade, and the overall representation of this group increased from 16.9% to 19.3%
- 3.8 The overall implication was that the median age of the population in Stafford increased (from 40 to 43) over the past decade. This ageing trend is expected to continue over the next decade and beyond: in the Chapter which follows this trend is examined in more detail, and the potential implications for future local economic competitiveness are explored.

## Population Projections

- 3.9 The 2011-based Sub-national Population Projections produced by the Office for National Statistics are based on the latest population estimates data published in September 2012, which take into account results from the 2011 Census. However, these ‘interim’ figures only consider the period up to 2021, whereas the Plan period for Stafford Borough extends a further 10 years, to 2031. As such, the 2010-based projections remain of key importance as these are the most recent that provide a full picture over the entirety of the Plan period.

<sup>11</sup> i.e. the blue (lower) line in the chart is the pre-revision trajectory, with a ‘jump’ between 2010 and 2011 that reflects the recognition by the 2011 Census of the under-estimation of trend up to 2010

**Table 3.1: ONS Population Projections for Stafford, 2011-2031 ('000s)**

Projection	2011	2016	2021	2026	2031	2011-2031 Period Increase	Annual Average
2006-based	127.1	131.0	135.0	138.6	141.5	14.4	720
2008-based	127.6	131.4	135.3	138.9	141.9	14.3	715
2010-based	127.1	131.7	136.0	140.1	143.5	16.4	820
2011-based (interim)	130.9	134.9	138.4				750

Source: ONS Sub National Population Projections, 2006-2011 based

- 3.10 The 2010-based projections anticipated that the population of Stafford Borough would grow by 16,400 over the period 2011-2031, representing a 12.9% increase on the 2011 position and an annual average growth of 820 persons per annum.
- 3.11 The 2008-based projections on the other hand anticipated that the population would grow by 14,300 over the period 2011-2031, representing an overall 11.2% increase and an annual average growth of 715 persons per annum. The 2006-based projections were very similar to the 2008-based projections.
- 3.12 However, it is important to recognise that all of the projections that were produced prior to 2011 were based on very significant under-estimation of the rate of population growth occurring in Stafford since 2001. This under-estimation of growth, discussed above, led to the production of population projections that are likely to under-estimate future population growth potential in the Borough.
- 3.13 The more recent (but interim) 2011-based projections take on board the population growth revealed by the 2011 Census. This series – which only extends to 2021 – anticipates growth of 7,500 in population (5.7%) over the 10-year period 2011-2021 at an average rate of 750 persons per annum.
- 3.14 The key driver of recent (2001-2011) population change in Stafford Borough has been net UK migration flow (88.6%), with net international migration providing a further 8.7% and net natural change (i.e. births minus deaths) only 2.7%.

## Household Numbers and Projections

- 3.15 The Census found that the number of households in Stafford grew by 11.4% over the past decade (to 55,700).
- 3.16 The higher rate of household formation relative to the rate of population growth (+8.4%) over the same period illustrates the role played by social and demographic trends (i.e. smaller households, ageing population) in driving household (and therefore dwelling) demand.
- 3.17 The 2011 population: household ratio was 2.35, slightly above the national average of 2.40. A closer examination of average household size shows that it has declined over time from 2.41 in 2001 to 2.35 in 2011, reflecting national trends towards smaller household sizes driven by shifts in the social composition of households leading to more single person households and smaller family units.

- 3.18 The latest projections for growth in the number of households for Stafford Borough are set out in the interim 2011-based household projections (published by CLG in April 2013) which are linked to the interim SNPP 2011-based population figures already discussed.
- 3.19 This source estimates that approximately 4,200 additional households will form in Stafford Borough between 2011 and 2021, at an average rate of 420 households per annum.
- 3.20 However, this series only extends to 2021 and does not cover the Plan period in its entirety. The table below compares the interim 2011-based series to previous full series: 2008-based and 2006-based (no 2010-based projections were ever published by CLG).

**Table 3.2: CLG Household Projections for Stafford, 2011-2031 ('000s)**

Projection	2011	2016	2021	2026	2031	2011-2031 Period Increase	Annual Average
2006-based	55	58	61	63	65	10	500
2008-based	55.4	57.0	59.6	61.8	63.8	9.4	472
2011-based (interim)	55.7	57.8	59.9				420

*Source: CLG Household Projections, 2006-2011 based*

- 3.21 As has already been pointed out, the 2011-based interim projections do not extend beyond 2021. But if the application of the average annual rate of 420 households per annum (from the interim 2011-based CLG household projections) is extrapolated over the entirety of the Plan Period, this suggests that an estimated total of 64,100 households might have formed by 2031. However, it should be highlighted that rates of household formation drive the need for housing, but of course these rates themselves will be constrained by any shortfalls in the availability of housing.
- 3.22 Given that the population growth in Stafford was badly underestimated between 2001 and 2011 and that the 2011-based projections are the first to take this growth on board, it may be surprising that the rate of household formation in the Borough anticipated by the interim 2011-based projections is lower than the previous 2008-based series. The reasons for this apparent contradiction is that in order to derive the 2011-based interim projections, CLG have applied headship rate assumptions that pre-date the 2011 Census information to the 2011 population data that was revealed by the Census. The use of pre-2011 demographic change assumptions is the principal reason why the 2011-based projections have been released on an interim basis: it is very likely that the full set of projections, when they are eventually released, will very likely show a much higher rate of household formation in Stafford.
- 3.23 Furthermore, it is also important to acknowledge that some of the limitations associated with the 2011-based interim population projections are necessarily carried forward into the derived 2011-based interim household projections. For example, the ONS set out a number of caveats with respect to the interim population projections, such as the assumptions regarding fertility and migration, which are based on estimated trends from the 2010-based population projections rather than being consistent with data from the 2011 Census.<sup>12</sup>

<sup>12</sup> According to the CLQ Quality Report (page 8) “The special circumstances of an interim set of sub-national population projections led to some modifications to the methodology and best trend data available”.

3.24 Furthermore, the special nature of the 2011-based interim projections – and in particular the changes in methodology from previous projections – means that direct comparisons with earlier sets of projections need to be undertaken with a considerable degree of caution.<sup>13</sup> Ultimately, as CLG acknowledge, the considerable user-demand for a set of household projections that incorporated as much 2011 Census data as was possible meant that several “output quality trade-offs” had to be accepted in order for the interim series to be produced in an acceptable timescale. According to CLG:

*“This had a detrimental effect in the comparability dimension as the projections are less comparable to previous projections and household formation effects are harder to disentangle”<sup>14</sup>*

3.25 CLG also go on to say:

*“DCLG had the option to wait until full data was released from Census 2011 to allow a projection using the existing methodology, allowing better comparison with past projections. However, this would have had a great detrimental effect on the timeliness of the projections and also led to having inconsistent population and household projections, so DCLG decided that producing the interim 2011-based projections was in the best interest for users”<sup>15</sup>*

3.26 Moreover, other reasons why the 2011-based series should be regarded with caution are that the rate of change anticipated by these projections have been influenced by the unusual economic and market factors that were in place in the three years leading up to 2011, and in particular:

- the economic downturn from 2008-onwards; and
- post-2008 problems in the housing finance market meant that some households – particularly would-be first-time buyers – were not able to enter the market, leading to lower household formation rates and greater levels of “hidden households”.

3.27 There is a concern, therefore, that the CLG 2011-based household projections have been overly influenced by short-term issues affecting the economy and the housing market, and that when these factors ease or pass then the rate of household formation will return to a level much more like the pre-recession trajectory.

3.28 For all of these reasons, it is likely to be more robust to take a balanced view of the findings of the recent three series of household projections, rather than rely too heavily on the interim 2011-based ones.

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<sup>13</sup> CLG: 2011-based Interim Household Projections, Quality Report, April 2013, page 9

<sup>14</sup> CLG: 2011-based Interim Household Projections, Quality Report, April 2013, page 13

<sup>15</sup> CLG: 2011-based Interim Household Projections, Quality Report, April 2013, page 13

**Key Conclusions**

- The demography of an area is one of the principal long-term drivers of housing demand. Trends in overall population, household size and population age structure are all drivers of future requirements for market and affordable housing.
- Stafford Borough experienced population growth of 8.4% over the 2001-2011 period which was significantly in excess of regional and national benchmarks. This population growth rate was markedly higher from the preceding 10-year period (1991-2001) which was just 1.0% .
- Household growth in Stafford over the 2001-2011 period was even greater, at 11.4%. This implies that average household size has been falling, driven by an ageing population and societal trends that have resulted in more people living alone.
- Whilst rates of population growth and household formation drive the need for housing, these rates themselves can be constrained by any shortfalls in the availability of housing.
- There has been a pronounced ageing trend in Stafford, with the median age of the population increasing from 40 to 43 over the past decade. There has been a large increase since 2001 – of over 4,850 persons (23.8%) – in the numbers of people aged over 65 residing in the Borough. By 2011, the over-65 group accounted for 19.3% of the overall population, an increase from 16.9% in 2001.
- Ageing of the population and the declining proportion of working age residents pose a threat to the future economic competitiveness of the Borough and highlights the need to intervene to address the decline in young and working age groups to circumvent the impact on business competitiveness and long term prosperity. This includes measures to ensure the provision of adequate housing to support growth and pursuing options to align jobs, homes, services and facilities.
- The most recent forecast in the number of households (CLG 2011-based) implies the formation of an additional 4,200 households over the first 10 years of the 2011-2031 Local Plan period (i.e. 420 households per annum). This is lower than the previous, 2008-based set of projections, despite the fact that the Census has revealed a very significant degree of under-estimation in the level of population growth occurring in Stafford Borough over the 2002-2010 period (i.e. in the 2002 to 2010 MYPE series).
- The 2011-based household projections are interim, and have been produced using assumptions based on data that pre-date the 2011 Census which, for Stafford, implies a continued application of inaccurate assumptions about the scale and nature of demographic change that has been occurring locally. Also, the 2011-based series is likely to have been overly influenced by the short term downturn in the economy and housing markets.
- For these reasons we advise that the 2011-based interim projections should not be relied on in isolation. Instead, it would be more robust to take averages across recent series of population and household projections produced from 2006 onwards.

## 4: Economic Drivers of Demand

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- 4.1 The NPPF states that local planning authorities should ensure that their Local Plan is based on adequate, up-to-date and relevant evidence about the economic, social and environmental characteristics of their area.
- 4.2 The analysis in this chapter draws from the latest available economic, labour market and other relevant datasets from the Office for National Statistics and other sources. It also draws from data and analysis found in a number of documents and reports prepared by or on behalf of the local authority and its partners.

### The Business Base and Enterprise

- 4.3 Stafford has a population of around 4,500 VAT registered businesses<sup>16</sup>, meaning that it has around 38 VAT registered businesses per 1,000 inhabitants. This places Stafford on the 43<sup>rd</sup> percentile of GB local authority areas on this measure (i.e. it performs better than 57% of other GB local authority areas).
- 4.4 An equally important measure of competitiveness is entrepreneurship: the rate at which new businesses are formed. The Government's preferred measure of entrepreneurship (new business formation) is the number of annual VAT registrations per 10,000 adult population. Stafford is a somewhat better than average performer on this measure, with about 34 registrations per 10,000 inhabitants, and thereby sitting on the 39<sup>th</sup> percentile of GB local authority areas on this measure.
- 4.5 However, only about 18.8% of all VAT registered businesses in Stafford qualify as being 'knowledge-intensive' based on the OECD definition. This means that Stafford lies on only the 50<sup>th</sup> percentile of Britain's local authority areas on this measure<sup>17</sup>.

### Employment Base and Business Structure

- 4.6 According to the Annual Population Survey (April 2012-March 2013), there were approximately 68,100 economically active residents in Stafford. This implies a very high local economic activity rate (among working age residents) of 83.4%.<sup>18</sup> This rate of economic activity is well above both the national average (77.1%) and the regional average for the West Midlands (75.2%).
- 4.7 Among the economically active residents, 66,500 (81.3% of working age residents) were in employment. This is a significantly greater proportion than the national average (70.9%) and the regional average (68.4%).
- 4.8 The number of employee jobs in Stafford grew over the period 2000-2007 and reached 62,000 by 2007. Since the onset of the recession of 2008, the number of employee jobs in the area has

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<sup>16</sup> Nomis

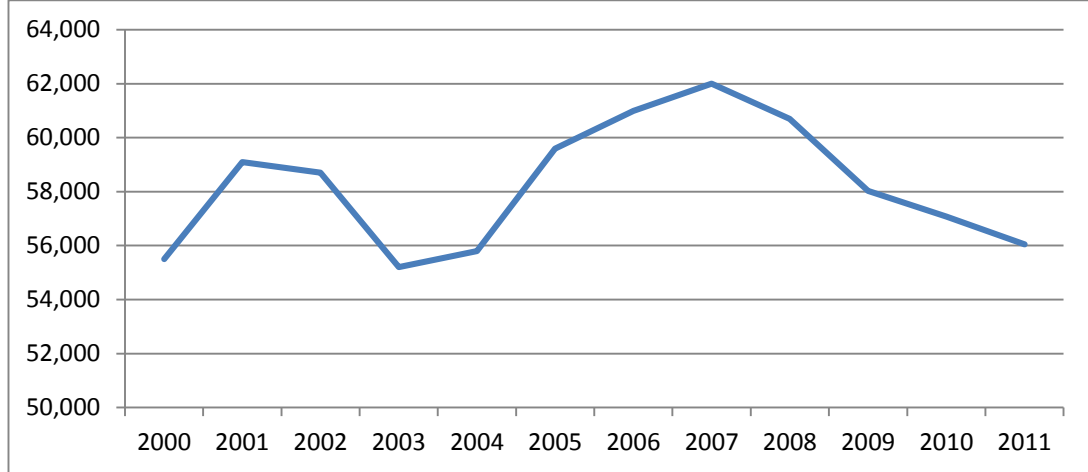
<sup>17</sup> Data on knowledge intensity is from the 2010 UK Competitiveness Index.

<sup>18</sup> Source: NOMIS (data accessed 20<sup>th</sup> September 2013)

fallen by around 6,000, to 56,000.<sup>19</sup> Manufacturing employment in Stafford was particularly hard hit by the economic downturn.

4.9 The overall trend for employee jobs in Stafford since 2000 is illustrated in the chart below.

**Figure 4-1: Number of Employee Jobs in Stafford: 2000-2011**

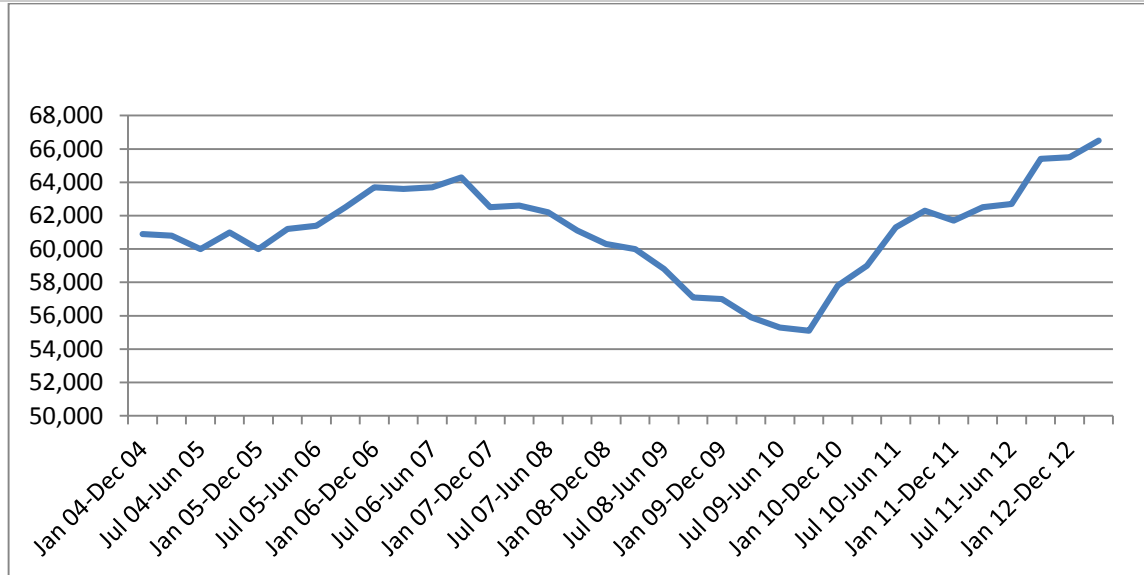


Source: NOMIS

4.10 The chart above considers the numbers of employee jobs **located** in Stafford. An additional relevant consideration is the number of Stafford residents who are in employment, but who may work either within the area or in other local authority areas.

4.11 The trend for the overall number of residents in employment is shown in Figure 4.2 below.

**Figure 4-2: Number of Stafford Residents in Employment, 2004-2012**



Source: NOMIS

4.12 This second chart shows a steady increase over the period up to 2006, peaking at around 64,000 residents in employment, which was followed by a period of decline until the end of 2009, falling to a low point of 56,000 as the national recession affected the local area. Since then

<sup>19</sup> Source: NOMIS (data accessed 20<sup>th</sup> September 2013)

there has been a period of strong recovery, with the number of residents in employment reaching 66,000 by 2012.

- 4.13 It appears, therefore, that the loss of employment opportunity locally has been more than compensated for by the increase in employment opportunity in neighbouring areas. The relationship between Stafford and neighbouring commuting destinations is considered later in this Chapter.
- 4.14 Analysis of the sectoral structure of employment in Stafford reveals that there are a number of sectors which are of absolute (in terms of the number of employees) and relative (the proportion of employees) importance, including:
- Significantly greater proportions of employment in public services (including health and education) compared to national and regional averages. Altogether, around 39.6% of jobs are in these sectors, compared to a regional average of 27.0% (which is the same as the national average).
  - Below average representation of manufacturing (10.8% of local jobs) compared to the regional average (13.8%)
  - Significantly below average representation of financial and professional services (13.4%) compared to regional (18.6%) and national (22.0%) averages
  - Proportions of employment in construction, transport and retail are at about or just below regional and national averages
- 4.15 Stafford's reliance on public sector jobs is something of a concern given the current and short term prospects for employment in this sector, given current pressures on public finances driven by the current Government policy of public spending 'austerity'.

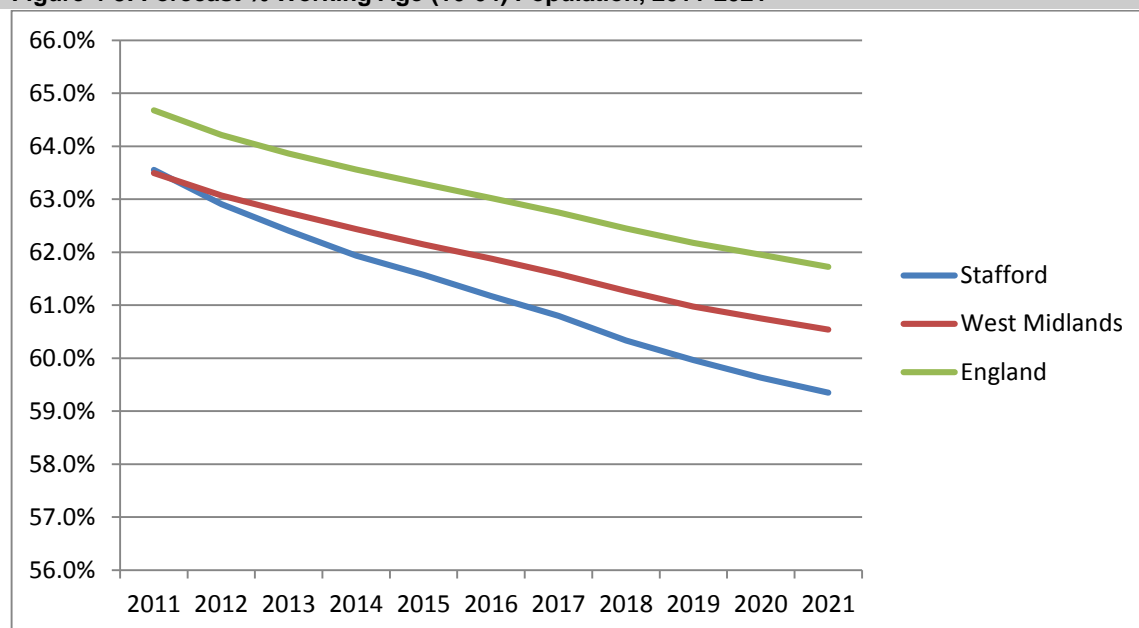
## **Labour Force Characteristics**

- 4.16 According to the 2011 Mid-year Population Estimates (MYPE), Stafford has a working age population (proxied by the age range 16-64) of approximately 82,900 persons, which is 63.0% of the total resident population. This proportion is exactly in line with the regional average, but is slightly lower than the national average (64.2%).
- 4.17 The size of the resident working age (16-64) population in Stafford increased in absolute terms by around 5,100 persons (6.3%) between 2001 and 2011, according to Census data. However, the proportion of people of working age compared with overall resident population has declined somewhat over the same period, from 64.7% to 63.6%.
- 4.18 Moreover, the recently released 2012 MYPE estimates indicate that the working age population in Stafford fell by 300 persons, to 63.0% of the overall population. This is indicative of an expected future ageing trend.
- 4.19 According to 2011-based interim population projections the proportion of residents of working age in Stafford is forecast to decline by around 1,050 persons from 2011 to 2021, and the proportion of 16-64 year olds compared to the population as a whole is expected to decline to just 59.3% by 2021. This is a national trend, linked to an ageing population and fewer workers



per household. However, the rate of decline in Stafford is expected to be faster than the regional and national benchmark areas.

**Figure 4-3: Forecast % Working Age (16-64) Population, 2011-2021**



Source: Sub-National Population Projections 2011-based

- 4.20 This decline in the proportion of people of working age could pose considerable longer term challenges to the competitiveness of the Stafford economy. The threat to the economic competitiveness of Stafford exists because business investment may increasingly be deterred if it becomes more difficult to recruit and retain workers. This will require the provision of extra housing in Stafford to accommodate an augmentation to the area’s working age population.
- 4.21 Data on skills and qualifications from the Annual Population Survey (December 2012) suggests that the proportion of the resident working age population of Stafford qualified at degree level or higher (33.5%) is significantly greater than the regional average (27.8%) but slightly lower than the national average (34.4%). Also the proportion qualified to NVQ level 3 or higher is greater than the equivalent proportions at regional and national level.
- 4.22 Meanwhile, the proportion of the resident population with no qualifications (7.7%) is below the national average of 9.7% and the regional average of 13.6%. Analysis of the occupation profile indicates that 44.6% of Stafford residents work in managerial and professional occupations, which is a level slightly above the national average (44.0%) but above the regional average of 39.5%. Overall, local residents in full time work are paid on average 11.1% more than the regional average, and around 2.6% more than the national average.<sup>20</sup>
- 4.23 The relatively high level of qualifications among the local resident population, coupled with above average (compared to the national average) earnings levels, has a potential implication for future housing affordability trends in Stafford. This is because workers with higher levels of qualifications tend to enjoy above-average rates of earnings increases, meaning that their ability to participate in the housing market can improve relative to other households over time.

<sup>20</sup> Source: ONS Annual Survey of Hours and Earnings, 2012

## Travel-to-work Patterns

- 4.24 Stafford possesses a jobs-to-economically active residents ratio of 0.85:1.00, indicating that there are fewer jobs than residents that are either in work or actively seeking work. There were an average of 56,000 jobs<sup>21</sup> and 65,500<sup>22</sup> economically active residents found in the area during 2011. Accessibility of employment opportunities in neighbouring areas is therefore important to the prosperity of the working age population in Stafford.
- 4.25 Updated detailed travel-to-work data from the 2011 Census are not expected to be released until after October 2013.<sup>23</sup> However, indications of the current trends in the strength and direction of commuting patterns can be obtained from the Annual Population Survey (APS).
- 4.26 APS Data from 2011 suggests that particularly important out-commuting destinations for Stafford residents include: Stoke-on-Trent (3,200 residents); Cannock Chase (2,400); Telford (1,900); Walsall (1,500); and Wolverhampton (1,050). Other important destinations include Birmingham, Newcastle-under-Lyme, Shropshire and Cheshire East (all between 750 and 1,000).
- 4.27 However, in-commuting is also important to the economy of Stafford, with important sources of workers originating from Stoke, Newcastle, Staffordshire Moorlands and South Staffordshire.

## Future employment growth

- 4.28 The NPPF also states that planning authorities' assessments of and strategies for housing and employment uses should take full account of market and economic signals.<sup>24</sup>
- 4.29 Unfortunately, there do not appear to have been any recent independent econometric forecasts produced on behalf of Stafford Council. Normally, such forecasts would be utilised as part of a CLG-compliant approach to employment land needs assessment, but the most recent such study – that produced for the Council as part of the 2012 employment land study – utilises economic forecasts (sourced from Cambridge Econometrics) that date from 2008
- 4.30 These forecasts appear to predict substantial losses in employment across Stafford Borough from 2006 to 2026 amounting to around 9,800 jobs. Moreover, the losses – according to these forecasts – are expected to occur at a fairly uniform rate across each of the five-year periods of the Plan.
- 4.31 In our view these 2008-based forecasts are overly conditioned by the outlook that prevailed when the 2007/8 recession had commenced and economic activity had declined steeply. As we have already noted, substantial job losses did occur in Stafford during the 2008-2011 period, but the data suggests that recovery is now taking place: it is difficult at this stage to foresee that

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<sup>21</sup> Source: BRES, 2011

<sup>22</sup> Source: APS, Jan 2011-Dec 2011

<sup>23</sup> Based on a discussion with an ONS officer on 6<sup>th</sup> November 2012

<sup>24</sup> NPPF paragraph 158

very substantial job losses will continue to occur over the next five year period and beyond in Stafford.<sup>25</sup>

4.32 We are not aware of any more recent forecasts commissioned or used by the Council, and in our view the 2008-based forecasts are too dated to be of much practical use at this stage, as they were overly conditioned by a recessionary outlook.

4.33 The key issue, however, is that the Submission Local Plan for Stafford appears to have been predicated on a view that employment opportunity in the Borough can be expected to diminish over the next 20 years. For example, in paragraph 6.16 of the Submission Local Plan it is stated that:

*However, the labour supply approach, which seeks to predict levels of land needed to serve predicted future growth in employment, provides a yield of only 25 hectares over the same period. This is because in the future the new economic sectors predicted to grow in the Stafford Borough area need less land and, in addition, **the number of employee jobs is anticipated to decrease over the next 20 years***

*(Stafford Borough Submission Local Plan para 6.16, emphasis added)*

4.34 In order to test the assumptions that the Council appear to have embraced regarding future economic prospects, we have accessed alternative economic forecasts for Stafford based on growth assumptions from an alternative source, namely Oxford Economics. Moreover, to illustrate the potential impact that the timing of the economic forecasts can potentially make, we have sourced forecasts from two different runs of the model:

- first, the results of the model run in mid-2011; and
- second, a more recent run of economic forecasts from the same source, but this time dating from September 2013

4.35 The May 2011 forecasts – which post-date the credit crunch and the worst impacts of the recession – predict reasonably strong employment growth in Stafford over the period relevant to the Submission Local Plan (i.e. to 2031). In summary, the forecasts anticipate:

- overall growth in the employment base (2011-2031) of just over 3,800, representing growth of about 6.8%;
- the forecasts take into account the potential vulnerability of Stafford to job losses in the public sector in the short-to-medium term; and
- the main source of employment growth is expected to be business and professional services.

4.36 The more recent forecasts indicate even stronger growth for Stafford Borough over the relevant period. These more recent forecasts anticipate that net growth of around 6,000 jobs can be expected across the Borough from 2011-2031 at an average rate of growth of 300 per annum.

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<sup>25</sup> Unfortunately, the release of 2012 employment data by ONS (originally scheduled for 27<sup>th</sup> September 2013) has been delayed until later in October and wasn't available at the time of writing this report.

4.37 The sources of employment change identified by the latest forecasts are set out in the table below, broken down by broad sector and ranked from greatest expected increase to greatest expected decrease (loss):

**Table 4-1: Stafford Borough: Expected Employment Change by Sector, 2011-2031**

Sector	Expected Employment Change 2011-2031
Health	1,412
Business administration & support services	1,372
Professional, scientific & technical	1,190
Arts, entertainment, recreation & other services	975
Retail	839
Accommodation & food services	611
Construction	591
Transport & storage	461
Property	370
Wholesale	289
Motor trades	211
Information & communication	88
Education	67
Financial & insurance	45
Agriculture, forestry & fishing	-8
Mining, quarrying & utilities	-112
Public administration & defence	428
Manufacturing	-1,973
<b>Column Total</b>	<b>6,001</b>

Source: Development Economics Ltd based on OEF

- 4.38 The time elapse between the May 2011 forecasts and the September 2013 forecasts using the same model illustrate the generally much more positive national and regional economic outlook, and also reflect the resilience that the Stafford employment base has evinced over the past two years.
- 4.39 Both sets of forecasts, moreover, confirm that net overall employment growth is a realistic expectation for Stafford Borough over the period that is relevant to the Local Plan, and that economic (i.e. employment) growth will continue to underpin demand for housing in the area over the Local Plan Period.
- 4.40 It is therefore concerning that the currently proposed housing target put forward by the Council is one that (on the Council's own evidence) is predicated on a declining local employment base, to the extent that the Council appear to be expecting that 10,000 jobs will be lost by 2031.
- 4.41 This is a fundamental issue with respect to the economic development and housing policies contained in the Submission Local Plan, and it is a viewpoint that we consider is difficult for the Council to maintain given recent evidence regarding the performance of the local economy.

**Key Conclusions**

- The economy influences future housing demand through productivity, the supply of jobs and household income. The Local Plan needs to ensure that it can create and sustain quality places to live, work, visit and do business in Stafford Borough as a key economic objective.
- The Borough has a relatively diverse economy and the area also benefits from above average levels of entrepreneurship and significantly better than average skills and qualifications of its working age population. The Borough also has high levels of economic activity and employment.
- The number of residents in employment across the Borough declined sharply in the immediate aftermath of the 2007/08 recession, but has since recovered to a level that is greater than the level that existed before the onset of the most recent recession.
- The relatively high level of qualifications among the local resident population, coupled with above average earnings levels, has a potential implication for future housing affordability trends in Stafford. This is because workers with higher levels of qualifications tend to enjoy above-average rates of earnings increases, meaning that their ability to participate in the housing market can improve relative to other households over time.
- Looking forward, independent econometric forecasts suggest that net job growth of around 6,000 jobs can be expected between 2011 and 2031 which indicates that future economic growth will be a key driver of housing demand in the Local Plan period. This contrasts with the Council's view that the local employment base is destined to shrink markedly – by around 10,000 jobs – over the Plan period.
- A key area of concern is the trend towards an ageing population and fewer workers per household, leading to a declining proportion of residents of working age. Between 2011 and 2021 there is expected to be a net decline of 1,050 persons in the 16-64 age group. The implication of this demographic trend is that additional housing will be needed to accommodate replacements for existing working residents retiring from the workforce over the remainder of the Plan period. It also implies that additional housing will be needed to attract a workforce to the area so that businesses can recruit to both meet the net growth in job opportunities as well as the replacement of retiring workers.
- All of this underscores the point that, in order for the Development Plan policies to support the local economy and help achieve its growth potential (and thereby conform with the requirements of the NPPF), the Plan must provide for sufficient new housing to ensure that future availability of workers and their skills will not be a constraint to the local area's business base. The Council's current proposals are likely to deliver a shrinking local labour supply, rather than help accommodate the expected need for a growing local workforce.
- In particular, there is a significant risk that a failure to provide sufficient housing to accommodate the future requirements of the business base will make it increasingly difficult for local employers, inward investors and new start businesses to recruit and retain labour in the area.
- Moreover, any policy of restricting future housing delivery below the levels required to meet future needs would likely result in a constraint to future economic growth and prosperity, and would be in direct conflict with the sustainable development and economic growth objectives of the NPPF, as is specified in paragraph 19 of that document.<sup>26</sup>

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<sup>26</sup> The NPPF makes clear that the planning system “*should operate to encourage and not act as an impediment to economic growth*” (NPPF paragraph 19).

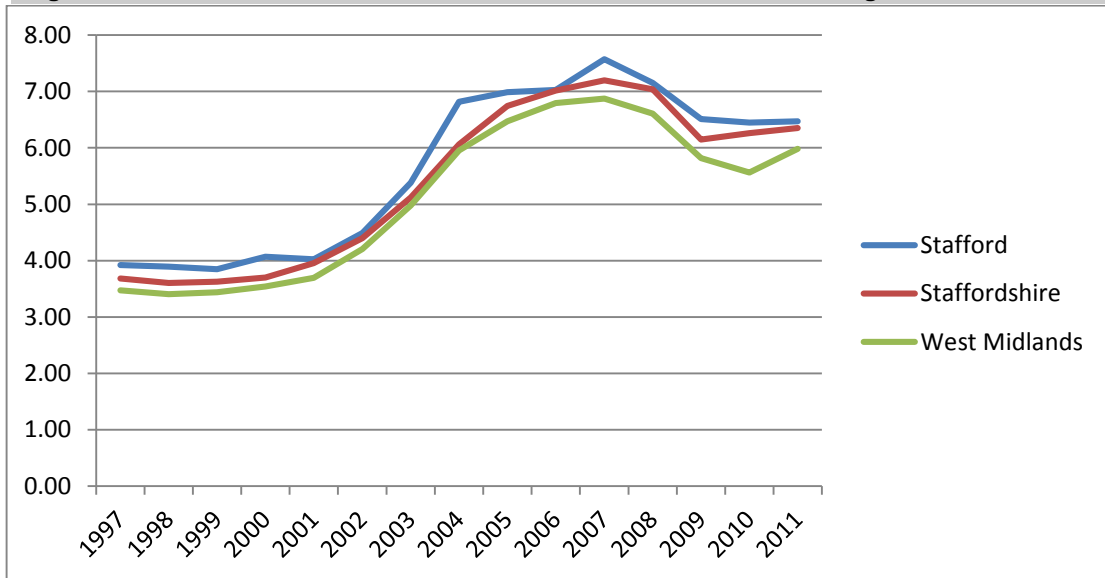
## 5: Housing Affordability

- 5.1 The NPPF states that local planning authorities should plan for a mix of housing based on current and future demographic trends, market trends, and the needs of different groups in the community in order to deliver a wide choice of high quality homes, widen opportunities for home ownership, and create sustainable, inclusive and mixed communities.
- 5.2 This Chapter presents recent evidence on the need for and recent supply of affordable housing in Stafford Borough.

### CLG Metrics of Relative Affordability

- 5.3 CLG data confirms that affordability remains a problem in Stafford despite the downward trend on house prices since the advent of the credit crunch and associated recession.
- 5.4 Revised data for 2011 indicates that the ratio of lower quartile house prices to lower quartile earnings is 6.47:1.00 in Stafford. This is the third highest ratio in Staffordshire (after South Staffordshire and Lichfield), and is greater than the average for the County (6.35). It is also significantly greater than the regional average of 5.98:1.00.
- 5.5 The ratio for Stafford has declined slightly over period since the onset of the 2007/2008 credit crunch and recessionary aftermath, but the long term trend is still upwards. The chart below illustrates the long term trends for the Borough and sub-regional and regional benchmarks.

**Figure 5-2: Ratio of Lower Quartile House Prices to Lower Quartile Earnings**



Source: CLG Live Table 576

- 5.6 Provisional data for 2012 indicates that ratios are increasing: the provisional ratio for Stafford for 2012 was 6.68:1.00.

## Local authority housing waiting list data

- 5.7 According to CLG's Live Table 600<sup>27</sup>, the number of households on the local authority's housing list increased from 1,688 in 2007 to 2,850 in 2011, representing an increase of 69%.
- 5.8 However, there has been a recent drop in the numbers: for 2012 the number of households on the list dropped to 1,512. This decrease is likely to reflect changes in the way that the list is managed (e.g. the introduction of Choice Based Lettings, which in many local authority areas has prompted a re-registration of applicants, and a temporary drop in applicants while the switchover happened).

## SHMA assessment

- 5.9 A bespoke Stafford SHMA was produced for the Council by Arc4 in 2012. The key findings include the following:
- **Current Need:** the existing (2012) current housing need is estimated at 1,013 households
  - **Future households requiring affordable housing:** the 2012 SHMA update estimated the future rate of household formation to be 955 per year. Of these, the SHMA estimates that 234 households per year will require affordable housing, with an additional 19 households falling into need. Hence, future need is estimated to be 253 households per year.
  - **Annual supply of affordable housing:** is estimated to amount to 313 dpa.
  - **Backlog of need:** the total backlog of need is estimated to be 450 units.
  - **Net annual shortfall** Assuming reduction of backlog over 5 years, the annual net shortfall is estimated by Arc4 to be 210 dpa.
- 5.10 The delivery of affordable housing in Stafford Borough in recent years has been much lower than the levels of delivery identified by the 2007 SHMA and the 2012 update. The table below illustrates the trajectory of affordable housing provision in the Borough since 2001/02, using data produced by the Council in its annual monitoring reports.
- 5.11 As can be seen in the table, the total delivery of affordable dwellings in the Borough since 2006/07 has only amounted to 384 dwellings, which is less than a quarter of the provision that the two most recent SHMAs have estimated would be needed in Stafford. This amounts to a chronic failure to meet the affordable housing needs of the area and its population.
- 5.12 Long term failure to provide a sufficient supply of affordable housing can have very significant adverse consequences for social and community cohesion, as well as very negative impacts on the well-being of families and prospects for children: these potential consequences are considered in Chapter 7 of this report.

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<sup>27</sup> Data accessed on 22<sup>nd</sup> September 2013

**Table 5-1: Provision of affordable housing in Stafford since 2001/02**

Year	Affordable dwellings	Affordable dwellings as a proportion of all completions
2001/2	80	12%
2002/3	33	6%
2003/4	126	21%
2004/5	85	26%
2005/6	10	2%
2006/7	0	0%
2007/8	42	7%
2008/9	100	19%
2009/10	46	24%
2010/11	65	30%
2011/12	83	20%
2012/13	48	16%
<b>2001/2-2012/23</b>	<b>5,301</b>	<b>14%</b>

Source: Stafford BC Annual Monitoring Reports (in particular, 2009/10 and 2012/13)

- 5.13 The 2012 SHMA also concludes that 350 households per annum will require market housing in Stafford borough. However, this estimation is based on a very simplistic approach, i.e. net increase in the number of households (from CLG projections) = 500 p.a. (and which is also the Council’s proposed housing delivery target) multiplied by the target proportion of non-affordable housing (65%) = 350 p.a.
- 5.14 The main weaknesses of the SHMA with respect to the approach to the assessment of future requirements for market housing is that the estimation is driven by the implications of the Council’s proposed affordable housing policy (in terms of the use of the 35% target), hence it is entirely policy driven rather than being evidence based, which is contrary to the requirements of the NPPF.

**Key Conclusions**

- Recent data from CLG confirms that housing affordability is a challenge for Stafford Borough, despite the downward trend on house prices since the advent of the credit crunch and associated recession.
- The 2012 SHMA estimates that 234 households per year will require affordable housing. However, the recent trajectory of affordable housing provision is much lower: a total of 384 affordable housing units have been provided since 2006/07, at an average rate of just 55 affordable dwellings per annum. On this basis, actual provision has been running at less than one-quarter of the rate identified as being necessary by the SHMA (the proportion of provision that is affordable over the period since 2001/02 is even lower, at just 14%).
- Long term failure to provide a sufficient supply of affordable housing can have very significant adverse consequences for social and community cohesion, as well as very negative impacts on the well-being of families and prospects for children.



## 6: The Adequacy of the Proposed Housing Target

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- 6.1 The purpose of this Chapter is to analyse the available demographic, economic and housing affordability evidence in order to assess the adequacy of the currently proposed housing delivery target for Stafford Borough and, if determined to be inadequate, to provide comment on what a more appropriate future housing target for the Borough is likely to be. This assessment reflects the issues and drivers of future housing requirements as set out in the NPPF, and the evidence discussed in the previous Chapters of the report.

### ***Demographic change***

- 6.2 The NPPF requires that an authority's assessment of future housing requirements takes into account the way that its population, economy and labour market is expected to change over the relevant Plan period.
- 6.3 The most recent available household projections (2011-based) suggest that an average of 420 households per annum can be expected to form over the first half (2011-2021) of the Plan Period. This assessment takes into account anticipated population growth, plus other demographic trends that influence average household size.
- 6.4 This is a lower level of increase than identified by the previous, 2008-based set of projections (472 dpa), despite the fact that the Census has revealed a very significant degree of under-estimation in the level of population growth occurring in Stafford Borough over the 2002-2010 period (i.e. in the 2002 to 2010 MYPE series).
- 6.5 The 2011-based household projections are interim, and have been produced using demographic assumptions based on data that pre-dates the 2011 Census which, for Stafford, implies a continued application of inaccurate assumptions about the scale and nature of demographic change that has been occurring locally.
- 6.6 Therefore, we consider that caution is needed before the findings of the latest (2011-based) household projections are accepted at face value. This is because the 2011-based series have been overly influenced by short-term issues affecting the economy and the housing market, that are likely to have temporarily suppressed the rate of household formation to a level below its natural trajectory.
- 6.7 Also, in Chapter 3 we set out a number of caveats issued by CLG which underscore the interim nature of these projections and the difficulties of comparing their results with those from previous series.
- 6.8 On this basis, we consider that a blended average of the last three series of household projections (i.e. 2006-, 2008- and 2011-based) might provide a more realistic assessment of the likely future longer term trajectory of household formation in Stafford Borough. These are 500 dpa, 472 dpa and 420 dpa respectively. The average of these three trajectories is 464 dpa.

### ***Economic Growth***

- 6.9 The analysis provided in Chapter 4 of this report confirms that Stafford Borough benefits from average levels of entrepreneurship and a skills and qualification base that exceeds regional averages. Although jobs have been lost locally in the 2006-2011 period, the number of residents in employment has been growing strongly since 2010, seemingly as a result of greater levels of out-commuting to neighbouring centres of employment.
- 6.10 The most up-to-date source of employment forecasts used by the Council in their Plan preparation anticipate substantial net losses in employment across Stafford Borough from 2006 to 2026 amounting to around 9,800 jobs and which, moreover, are expected to be lost at a more-or-less uniform rate across each of the five-year periods of the Plan.
- 6.11 However, we are concerned that these forecasts are overly conditioned by a recessionary outlook, and although it is the case that substantial job losses did occur in Stafford during the 2008-2011 period, more recent data suggests that recovery is now taking place. It is therefore difficult at this stage to foresee that very substantial job losses will continue to occur over the next five year period and beyond in Stafford Borough.
- 6.12 As we discussed in Chapter 4, more recent forecasts indicate that employment in Stafford Borough is likely to grow by around 6,000 net jobs over the Plan Period (2011-31).
- 6.13 On this basis, we consider that the overall economically-driven requirement for housing – incorporating growth and the need to maintain the current labour force – is expected to imply a housing target for Stafford Borough in the range 600 to 650 dpa.

### ***Affordability Needs***

- 6.14 A third domain that needs to be taken into account is affordable housing need: that is, meeting the housing needs of those existing and future residents of Stafford Borough unable to afford to pay market prices for houses or rent.
- 6.15 Data from CLG confirms that the problems of housing affordability are acute in Stafford Borough. Revised data for 2011 shows that the ratio of lower quartile house prices to lower quartile residents' earnings in the area are at a ratio of 6.47:1.00. This is higher than the West Midlands regional ratio of 5.98:1.00 and is among the highest ratios of local authorities across Staffordshire.
- 6.16 The 2012 SHMA commissioned by the Council estimates that 234 households per year will require affordable housing. However, the recent trajectory of affordable housing provision is much lower: a total of 384 affordable housing units have been provided since 2006/07, at an average rate of just 55 affordable dwellings per annum.
- 6.17 On this basis, actual provision has been running at less than one-quarter of the rate identified as being necessary by the SHMA (the proportion of provision that is affordable over the period since 2001/02 is even lower, at just 14%).

## Overall Assessment of Future Housing Needs

- 6.18 In summary, therefore, the annual future housing needs suggested by each of three NPPF-compliant approaches individually are as follows:
- **demographic:** 464 dpa, based on a balanced review of the most recent household and population projections, as well as the 2006-based, 2008-based projections and the implications of the 2011 Census findings so far released;
  - **economic:** 600-650 dpa, to allow for the expected net increase in employment anticipated to occur in Stafford Borough, as well as providing additional housing needed to accommodate additional workers to compensate for the anticipated decline in the relative numbers of working age residents that would otherwise occur; and
  - **affordable:** 234 affordable dwellings per annum, based on the findings of the 2012 SHMA. Assuming an average of between 30% and 40% affordable housing achieved as a result of development (as per Policy C2), this implies a minimum overall target of between 585 dpa and 780 dpa. An average of 35% affordable provision from development would imply an overall housing target of 683 dpa.
- 6.19 However, setting aside this caveat, balancing the three drivers, our assessment is that **a housing delivery target of between 600 dpa and 650 dpa** would provide a balance between fully meeting demographic and economic drivers of housing demand, as well as making a substantial contribution towards meeting both the newly arising need for affordable housing on the one hand, and making a significant contribution towards addressing backlog on the other.
- 6.20 On this basis, the Council's proposed target of 500 dpa is revealed to be inadequate to meet the area's future housing needs, as measured against the three key NPPF criteria (i.e. demographic and economic change, as well as the need to provide an adequate supply of affordable housing).

## 7: Potential Consequences of Inadequate Provision

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- 7.1 The conclusion of the assessment undertaken in this report is that the Council's currently proposed target of 500 dpa for Stafford Borough would represent under-provision against the objectively assessed requirement for housing, in particular that driven by economic growth considerations and affordability needs.
- 7.2 Thus, there is a danger that unless the Council's proposed target is increased significantly, there is a consequential danger that the failure to deliver the required future supply of housing would generate a range of adverse consequences across a range of economic and equity considerations.
- 7.3 Paragraph 152 of the NPPF requires local planning authorities to seek opportunities to achieve each of the economic, social and environmental dimensions of sustainable development and achieve net gains across all three. The implication of the NPPF, however, is that where local planning authorities do not propose to provide for the full, objectively assessed need for housing in their area, they need to have tested any potential negative consequences of such policies and should have assessed how these could be avoided, mitigated or compensated for through an alternative approach to the delivery of the full, objectively assessed needs.
- 7.4 Nothing the Council has prepared thus far appears to amount to an assessment of the potential consequences of failing to address the full objectively assessed requirement for housing, as appears to be envisaged by the NPPF. The purpose of this chapter, therefore, is to assess further what might be the negative consequences for Stafford Borough – in social and economic terms – if the Council fails to propose a housing delivery target that would provide for the full, objectively assessed future need for housing across the Borough.

### **Potential Economic Consequences**

- 7.5 We have assessed the scale of housing need driven by economic factors to amount to between 600 and 650 dpa. A key consequence of inadequate housing supply would be to hinder the efficient working of the local labour market and the local economy more generally.
- 7.6 An under-supply of housing – such as that associated with the Council's proposed delivery target of 500 dpa – can cause problems for the local labour market as it can reduce the mobility of labour, and make it more difficult for labour demand and labour supply to be adequately matched. Resulting labour and skills shortages can result in lost productive potential, reduced overall productivity and lower business profitability. The impact of such labour market difficulties might be to deter new business investment and, ultimately, to encourage existing local businesses to consider re-location.
- 7.7 This is because employers require adequate access to a workforce of various skill levels. The process of recruiting new workers and replacing workers who leave can be a significant cost to

many businesses, and an inability to fill vacancies is a key source of lost productive potential for both individual businesses and the local economy as a whole.<sup>28</sup>

- 7.8 Any increase in difficulties of recruiting and retaining staff, such as might be caused by a shortage of housing would, in the medium term, potentially increase the burden of the constraint on the local supply of workers and skills and, as a consequence, serve to provide an upward pressure on the cost of labour. Moreover, increasing the difficulties of recruiting and retaining an appropriately skilled workforce and potentially increasing the direct cost of labour would serve to reduce the competitiveness of local businesses compared to their competitors located in places where labour supply is less constrained.
- 7.9 Moreover, an artificially constrained labour supply – imposed by a housing development constraint – would likely act as a significant and substantial deterrent to international and national businesses that might otherwise regard the Borough as a potential location to host a new branch or establishment. Failure to attract new investment would be detrimental to the long-term productive potential of the area and long-term competitiveness and prosperity.
- 7.10 A failure to provide sufficient housing to meet local needs can only exacerbate current housing shortages, leading to further upwards pressure on house prices and worsening affordability problems. This would likely have particular consequences for local employers, who would increasingly struggle to fill job vacancies from a rapidly ageing local population, with local young people increasingly forced to relocate to more affordable areas in order to access housing and resultant negative sustainability consequences linked to extended commuting patterns.
- 7.11 Furthermore, additional stimulation of house-building activity has considerable potential to stimulate additional local economic activity, through direct employment, supply chain activity and the induced expenditure resulting from this additional employment and procurement activity. Estimates produced by CLG and Offpat, for example, estimate that for each additional £1 million of housing investment around 20 additional construction sector and other jobs can be supported.

### ***Potential Social and Equity Consequences***

- 7.12 An obvious consequence of growing housing under-supply is rising house prices and housing rents in real terms, with consequential impacts on housing affordability. To an extent, the potential negative social consequences are recognised by the Council through the findings of the 2012 Strategic Housing Needs Assessment, which was discussed in Chapter 5 of this report.
- 7.13 Other research confirms that insufficient supply of affordable housing can result in significant adverse social consequences, including for health outcomes, children's educational performance and other metrics of societal well-being. For example, well-regarded research undertaken by Shelter has identified a clear link between over-crowded housing conditions or a lack of housing and a number of medical conditions, including the following:<sup>29</sup>
- higher rates of cardio-vascular and respiratory diseases

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<sup>28</sup> The impact of housing market under-supply on labour market efficiency was identified in the Interim Report of the Barker Review commissioned by HM Treasury in December 2003.

<sup>29</sup> Shelter: Living in Limbo (2004)

- higher numbers of accidents needing medical treatment
- hypothermia
- higher risk of meningitis
- greater risk of substance misuse

7.14 Other research undertaken by Shelter has also highlighted the adverse impacts of poor housing on the life chances of children, including the following key findings:<sup>30</sup>

- up to 25% higher risk of severe ill health throughout childhood and into early adulthood
- greater risk of mental health problems and problems with behaviour
- increased risk of meningitis, respiratory problems such as asthma, and slow-growth
- poor health leads to greater incidence of missed schooling, with consequent problems for school attainment and achieving qualifications
- poor health leading to missed opportunities to participate in sport and physical recreation, leading to longer term problems linked to inactivity, such as obesity
- lower educational attainment, and greater likelihood of unemployment and poverty when reaching adulthood

7.15 One of the most visible aspects of an undersupply of housing is homelessness, although this results from a number of social as well as economic causes. If they are not able to afford housing, and cannot immediately be given a permanent dwelling in the social housing sector or be subsidised through Housing Benefit, then local authorities may be left with few options other than to house affected individuals or families in temporary dwellings, such as bed and breakfast accommodation, at considerable cost to the local taxpayer.

7.16 There are also wealth distribution implications associated with rising house prices and rents. Data from HMRC<sup>31</sup> confirms that wealth inequalities have been increasing in the UK in line with rising house prices; one consequence is the long-term transfer of wealth in favour of home-owners and at the expense of non-owners of homes. The substantial increase in the average age of first time buyers over the past two decades is another cause of rising inequality and a symptom of inter-generational wealth transfer.

7.17 The net result over the longer term would be to further stimulate the trend of wealth transfer towards existing home owners from future entrants to the housing market, with negative consequences for social equity in the area.

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<sup>30</sup> Shelter: Chances of a lifetime: the impact of poor housing on children's lives (2006)

<sup>31</sup> HMRC Statistics on the Distribution of Personal Wealth

## **8: Summary, Conclusions and Implications**

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- 8.1 The overall thrust of the NPPF is that although local authorities have the responsibility to set their own targets, there is now a much more onerous requirement to meet the full identified need for housing than existed under the previous policy regime. This report has considered three key drivers of future housing requirements in Stafford Borough, based on the factors identified as important by the NPPF: demographic change; economic growth; and affordable housing need.

### **Policy Context**

- 8.2 The emerging Local Plan for Stafford includes a proposed housing target set at 500 dpa over the Plan period 2011-2031. This compares to the West Midlands RSS Preferred Option target of 505 for the 2006-2026 period, and the revised West Midlands RSS Phase 2 Panel Report recommendation of 550 dpa for Stafford, also for 2006-2026.
- 8.3 A number of local strategies identify strategic housing priorities, including the Council's Corporate Plan, the Community Action Plan, the Housing Strategy and the Economic Prosperity Strategy. Particular themes include the need to provide for affordable housing and the need to provide housing to facilitate economic growth.
- 8.4 A Strategic Housing Market Assessment (SHMA) was prepared for the Borough Council by Arc4 in 2012, which updates the previous SHMA produced on a sub-regional basis in 2008. The key finding of the 2012 SHMA is that the Borough was estimated to have an annual need for affordable housing of around 234 households per year. In addition, a current backlog of need in the Borough amounting to around 450 affordable dwellings was also identified.

### **Demographic Drivers**

- 8.5 The most recent available household projections (2011-based) suggest that an average of 420 households per annum can be expected to form over the first half (2011-2021) of the Plan Period. This is a lower level of increase than identified by the previous, 2008-based set of projections (472 dpa), despite the fact that the Census has revealed a very significant degree of under-estimation in the level of population growth occurring in Stafford Borough over the 2002-2010 period.
- 8.6 The 2011-based household projections are interim, and have been produced using demographic assumptions based on data that pre-dates the 2011 Census which, for Stafford, implies a continued application of inaccurate assumptions about the scale and nature of demographic change that has been occurring locally. This is because the 2011-based series have been overly influenced by short-term issues affecting the economy and the housing market, that are likely to have temporarily suppressed the rate of household formation to a level below its natural trajectory.
- 8.7 Moreover, the ONS set out a number of important caveats with respect to the interim population projections, such as the assumptions regarding fertility and migration, which are

based on estimated trends from the 2010-based population projections rather than being consistent with data from the 2011 Census.<sup>32</sup>

- 8.8 The 2011-based projections are also likely to have been influenced by the economic markets downturn from 2008-onwards, which is likely to have led to a reduced ability to participate in the housing market (buy or rent) for many would-be households. In addition, post-2008 problems in the housing finance market meant that some households – particularly would-be first-time buyers – were not able to enter the market, leading to lower household formation rates and increased occurrence of “hidden households”.
- 8.9 For all these reasons we consider that a blended average of the last three series of household projections (i.e. 2006-, 2008- and 2011-based) provides a more realistic assessment of the likely future longer term trajectory of household formation in Stafford Borough. These are 500 dpa, 472 dpa and 420 dpa respectively. The average of these three trajectories is 464 dpa

## **Economic Drivers**

- 8.10 Stafford Borough benefits from average levels of entrepreneurship and a skills and qualification base that exceeds regional averages. Although jobs have been lost locally in the 2006-2011 period, the number of residents in employment has been growing strongly since 2010, due in part to greater levels of out-commuting to neighbouring centres of employment.
- 8.11 Despite these economic attributes and strengths, the Council appears to be continuing to rely on economic forecasts that date from 2008 and which predict substantial net losses in employment to around 9,800 jobs between 2006 and 2026. Moreover, the losses – according to these forecasts – are expected to occur at a fairly uniform rate across each of the five-year periods of the Plan. This last point is important because it appears that the Plan is based on a scenario of on-going economic decline, not just a continuation of short-to-medium term difficulties that might be associated with the most recent recession.
- 8.12 These forecasts appear to be overly conditioned by a recessionary outlook, and recent data suggests that recovery is now taking place. It is therefore difficult at this stage to foresee that very substantial job losses will continue at the rate that the Council appears to be planning for (for example, paragraph 6.16 of the Submission Local Plan clearly states that the number of employee jobs is expected to decrease in Stafford over the next 20 years).
- 8.13 More recent (2013) forecasts produced for this report indicate that employment in Stafford Borough is likely to grow by around 6,000 net jobs over the Plan Period (2011-31).
- 8.14 A key area of concern for the economy of Stafford is the trend towards an ageing population and fewer workers per household, leading to a declining proportion of residents of working age. The latest (2011-based) population projections from ONS anticipate a net decline of 1,050 persons in the 16-64 age group between 2011 and 2021. The implication of this demographic trend is that additional housing will be needed to accommodate replacements for existing working residents retiring from the workforce over the remainder of the Plan period. It also implies that additional housing will be needed to attract a workforce to the area so that

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<sup>32</sup> According to the CLQ Quality Report (page 8) “The special circumstances of an interim set of sub-national population projections led to some modifications to the methodology and best trend data available”.



businesses can recruit to both meet the net growth in job opportunities as well as the replacement of retiring workers.

## Housing Affordability

- 8.15 Data from CLG confirms that housing affordability remains a challenge in Stafford Borough. Revised data for 2011 shows that the ratio of lower quartile house prices to lower quartile residents' earnings in the area are at a ratio of 6.47:1.00. This is higher than the West Midlands regional ratio of 5.98:1.00 and is among the highest ratios of local authorities across Staffordshire.
- 8.16 The 2012 SHMA commissioned by the Council estimates that 234 households per year will require affordable housing. However, the recent trajectory of affordable housing provision is much lower: a total of 384 affordable housing units have been provided since 2006/07, at an average rate of just 55 affordable dwellings per annum.
- 8.17 On this basis, actual provision has been running at less than one-quarter of the rate identified as being necessary by the SHMA (the proportion of provision that is affordable over the period since 2001/02 is even lower, at just 14%).

## Overall Assessment of Future Housing Needs

- 8.18 In our view, the annual future housing needs suggested by each of the three NPPF-compliant approaches individually are as follows:
- **demographic:** 464 dpa, based on a balanced review of the most recent household and population projections, as well as the 2006-based, 2008-based projections and the implications of the 2011 Census findings so far released;
  - **economic:** 600-650 dpa, to allow for the net increase in employment anticipated by more recent forecasts, as well as providing additional housing needed to accommodate additional workers to compensate for the anticipated decline in the relative numbers of working age residents that would otherwise occur; and
  - **affordable:** 234 affordable dwellings per annum, based on the findings of the 2012 SHMA. Assuming an average of between 30% and 40% affordable housing achieved as a result of development (as per Policy C2), this implies a minimum overall target of between 585 dpa and 780 dpa. An average of 35% affordable provision from development would imply an overall housing target of 683 dpa.
- 8.19 Our assessment is that **a housing delivery target of between 600 dpa and 650 dpa** would provide a balance between fully meeting demographic and economic drivers of housing demand, as well as making a substantial contribution towards meeting both the newly arising need for affordable housing on the one hand, and making a significant contribution towards addressing backlog on the other.
- 8.20 On this basis, the Council's proposed target of 500 dpa is revealed to be inadequate to meet the area's future housing needs, as measured against the three key NPPF criteria (i.e. demographic and economic change, as well as the need to provide an adequate supply of affordable housing).

## Consequences of Inadequate Provision

- 8.21 Given that the Council's currently proposed target lies significantly below the level that – on currently available evidence – appears to be the full, objectively assessed need for the future delivery of housing across Stafford Borough, it is necessary to consider the potential consequences of seriously inadequate supply over the Plan Period as a whole.
- 8.22 From the perspective of **economic development and future prosperity**, a key consequence of an inadequate future housing supply in Stafford Borough would be to hinder the efficient working of the local labour market and the local economy more generally. This could be manifested in the following:
- difficulties for local employers in terms of recruitment and retention of appropriately skilled staff, especially given the expected trend towards further ageing of the area's population and, in particular, an expected decline in the number of working age residents over the Plan Period as anticipated by ONS population projections
  - upward pressures on the cost of labour, with potential adverse consequences for employers who are competing in national and/or international markets
  - a potential deterrent to new inward investment, given that the availability of an appropriately skilled workforce is a key location determinant of business location decisions
  - a potential deterrent effect on entrepreneurship and new business formation and growth
  - in the longer term, businesses already established in the area may look to relocate elsewhere so they can recruit sufficient supplies of appropriately skilled workers in order to remain competitive
  - a failure to secure direct and indirect local economic benefits in the construction sector and the wider economy that would be expected to occur if a higher level of house-building were to be planned for in Stafford Borough.
- 8.23 From the perspective of **social equity**, given that demand for housing is expected to remain strong, a reduction in supply would thereby serve to increase the cost of housing, and to reduce the affordability of that housing for both first time buyers and existing home-owners who need a larger house (e.g. for growing families). The result over the longer term would be to further stimulate the trend of wealth transfer towards existing home owners from future entrants to the housing market, with negative consequences for social equity in the Borough.
- 8.24 For example, a lack of supply of affordable housing can result in significant adverse social consequences, including for health outcomes, children's educational performance and other metrics of societal well-being. Research undertaken by the charity Shelter<sup>33</sup> has highlighted in particular the adverse impacts of poor housing on the life chances of children, including risks of: physical and mental ill-health; problems with behaviour; increased risk of meningitis, respiratory problems such as asthma, and slow-growth; poor educational performance of

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<sup>33</sup> Shelter: Chances of a lifetime: the impact of poor housing on children's lives (2006)

children, with consequent problems for school attainment; poor health leading to missed opportunities to participate in sport and physical recreation, leading to longer term problems linked to inactivity, such as obesity; and lower educational attainment, and greater likelihood of unemployment and poverty when reaching adulthood.

## Overall Conclusions on the Soundness of the Proposed Target

- 8.25 The overall conclusion is that the Council's currently proposed housing delivery target of 500 dpa would fail by some considerable margin to meet in full the objectively assessed need for housing. In particular, the proposed range provides insufficient supply to meet the additional demands required to accommodate replacement workers needs to offset the ageing trend in the area's working age population, and nor would it provide a sufficient boost to meeting the needs for affordable housing.
- 8.26 Moreover, our conclusion is also that the Council's currently proposed housing target is not based on a sound analysis of the available and relevant evidence, and nor does it reflect the full, objectively assessed need for housing over the Plan Period. In particular:
- the Council's proposed target appears to have been formulated based on evidence that includes badly out-of-date econometric forecasts that anticipate a substantial and continuing decline in the area's employment base, and that this anticipated trend of decline is not supported by more up-to-date evidence;
  - for related reasons, it is unsatisfactory that the Council's proposed target has remained unchanged despite the release of more recent information and data relevant to each of the three drivers of housing requirements, and in particular the evidence that employment growth is returning to the Borough; the 'stickiness' of the Council's proposed target is contrary to the expectations of the NPPF, which requires that the target be grounded in up-to-date and relevant evidence;
  - we are concerned that the proposed housing delivery target of just 500 dpa makes insufficient allowance for the need to house replacement workers for the proportion of the ageing local resident workforce who will reach retirement age over the period of the Plan;
  - the proposed target would deal inadequately with the need for a substantial increase in affordable housing delivery in the area, as identified by the most recent affordability evidence that is available; and moreover
  - the Council has failed to assess the potential social, economic and sustainability implications of failing to address in full the objectively assessed need for additional housing supply in its area of responsibility, as is required by the NPPF
- 8.27 Our recommendation is that a minimum housing delivery target of 600 to 650 dpa should be considered for adoption instead of the target of 500 dpa that has been proposed by the Council because, in our view, this range of provision is more reflective of the objectively assessed need of the Borough.