



# Bradford Local Plan Core Strategy Examination - Hearing Statement

Representations on behalf of CEG Land Promotions Ltd (CEG)

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Representor Reference: 495  
Date: February 2015

## **Matter 4A: Housing Requirement**

### ***Key issue:***

***Has the Council undertaken its objective assessment of housing need in line with the latest national guidance and good practice (NPPF/PPG)***

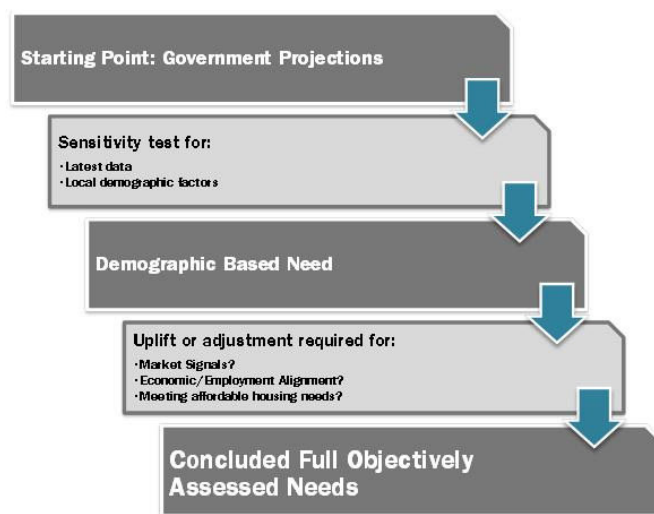
### ***Question 4.1: Policy HO1 – The District’s Housing Requirement***

***a) How has the Council undertaken an objective assessment of housing needs for Bradford, which is justified by robust and proportionate evidence and has been positively prepared, taking account of all the relevant factors, and does the Plan fully meet the objectively assessed needs for market and affordable housing in Bradford, along with any unmet housing requirements from neighbouring authorities, including:***

***i) The Plan proposes to provide at least 42,100 homes (2013-2030). What is the basis, justification, assumptions and methodology for the proposed level of housing provision, having regard to the supporting evidence (including the SHMA & SHLAA, Housing Requirement Study (August 2013 update), Housing Background Paper ), recent population/household projections (including the 2008/2011-based household projections and 2012 sub-national population projections), demographic change, migration, household formation rates, housing market area, key housing drivers, housing demand and market signals, the need for affordable housing and the relationship with the economic strategy, in line with the guidance in the NPPF (¶ 14, 17, 47-55; 159) and Planning Practice Guidance (ID: 2a/3)?***

1.1 The approach taken to setting housing requirements must be grounded in the background evidence of ‘need’ within an area. Applying the Framework and the PPG to arrive at a robust and evidenced housing FOAN is a staged and logical process (see Figure 1). The crucial fourth stage is absent from BMDC’s housing evidence. We comment on this and other failings of the Council’s housing evidence below. Further analysis is provided in the Technical Appendix which accompanies this Matter Statement.

Figure 1 NPPF and PPG Approach to FOAN



### Time period

1.2

Table HO1 draws upon data from 2004-2013 and provides an overall requirement for a 26-year period up to 2030. This Plan period is inconsistent with National Policy on two counts.

- a. The Framework advises that Local Plans should “*be drawn up over an appropriate time scale, preferably a 15 year horizon*” [§157]. The proposed Plan period concludes in 2030. Even if the Plan is found sound and is not subject to delays, it is unlikely to be adopted until 2016, which would result in a 14-year time period.
- b. Policy HO1’s start date is 2004 and is 11 years old. It is unclear why the Council has chosen this year other than it reflects the time period of the now revoked Yorkshire and the Humber Regional Spatial Strategy [RSS]<sup>1</sup>.

BMDC have included the RSS figures in its own FOAN assessment for the period 2004-2011. The RSS housing figures comprised a policy-driven housing requirement and were below the level of household growth for Bradford projected by previous SNHPs<sup>2</sup>, suggesting that the Council failed to take account even of the demographic needs of the area.

<sup>1</sup>Government Office for Yorkshire and the Humber (May 2008): The Yorkshire and Humber Plan Regional Spatial Strategy to 2026, page 159, Table 12.1

<sup>2</sup>The 2004-based SNHP suggested household growth of 2,640 annually between 2004 and 2029; the 2006-based SNHP projected household growth of 3,120 annually between 2006 and 2031.

Recent High Court decisions have confirmed that the former RSS figures should not be used as a proxy for what the Local Plan process might eventually produce by way of a qualified assessment of housing needs. As a result, it is clear that the RSS figures cannot legitimately form any part of the FOAN for Bradford for any phase of the Plan period.

#### *Household Formation Rates*

- 1.3 The figure of 2,200 dpa taken forward in the BLPCS is the ‘mid-point’ between two book-end scenarios in the 2013 Housing Requirements Addendum. It is arbitrary and affords no weight to a reasoned analysis about the scenarios. This is despite BMDC’s evidence repeatedly stressing that the 2011-based SNHP (which inform the bottom end of the range) imply a continuation of the recession, which would not be supportive of the Council’s economic growth and regeneration ambitions.

#### *Economic Activity Rates*

- 1.4 Edge Analytics’ September 2014 Update applies optimistic uplifts to the economic activity rates that are based primarily on data<sup>3</sup> that is out of date and failed to take into account the recession.
- 1.5 The implication of this adjustment is that a lower level of in-migration is required to support existing or new jobs, and hence it can be associated with a much lower level of population and housing growth. If this degree of change was to be even slightly lower (as alternative approaches suggest could be the case), the planned level of housing provision would result in a shortfall in housing to deliver against the forecast level of employment.

#### *Market Signals*

- 1.6 The Council has failed to properly assess the key market signals as set out in the PPG. Summarising contextual housing data in the 2010 and 2013 SHMAs is not the same as testing whether an uplift to the housing need figure is appropriate.
- 1.7 To rectify this omission NLP has undertaken an overview of the headline market signals for Bradford in Technical Paper 1.
- 1.8 Across the different market signals, the district appears to have a high rate of change in house prices, overcrowding and the number of homeless households when compared to neighbouring authorities. A number of market signals (most notably house prices) have deteriorated over recent years. Furthermore, BMDC’s 2013 SHMA concludes that the total gross affordable housing requirement is 769 dwellings annually. This pressure serves to further justify an uplift to the demographic starting point.

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<sup>3</sup>The ONS’s 2006 Labour Force Projections

- 1.9 In addition, Bradford has under-delivered housing when set against the previous adopted Development Plan targets by some 7,687 dwellings over the period 2004-2013 (854 dpa). The PPG states that in cases of past under-delivery, “future supply should be increased to reflect the likelihood of under-delivery of a plan.” [§2a-020-20140306]
- 1.10 The PPG<sup>4</sup> states that a worsening trend in any of these indicators will require upwards adjustment to planned housing numbers compared to ones based solely on household projections, and so an adjustment should be made to the demographic based housing need.
- 1.11 Balancing the various key market indicators and given the extremely high level of past under-delivery, an uplift in the region of 20% is required.

***ii) What is the current and future 5, 10 & 15-year housing land supply position, including existing commitments, future proposed provision, allowance for windfalls, phasing, balance between brownfield and greenfield sites, and provision identified in the latest SHLAA; and how will the proposed housing provision be effectively delivered?***

- 1.12 The BLPCS recognises that it has failed to identify sufficient housing land to meet the housing requirement set out in Policy HO1:
- “The AMR and the SHLAA ‘Suitable Now’ category give an indication of the level of supply which is deliverable without the need for new Local Plan allocations. Even if all of this supply was implemented it would still only meet approximately 46% of the total district-wide housing requirement of 42,100”* [§5.3.27]
- “This means that more than half of the new homes required over the Plan period will need to come from new site allocations which will be brought forward via the Allocations DPD and the two AAP DPDs”.* [§5.3.28]
- 1.13 It is not acceptable to state that strategic sources of housing supply to address unmet needs will come forward as part of subsequent DPDs and SHLAA updates [§5.3.37]. The BLPCS is not deliverable and is therefore unsound.
- 1.14 Even taking the Council’s figures at face value, Bradford cannot demonstrate a five-year housing land supply. Insufficient evidence has been provided to demonstrate that suggest that it can adequately meet its medium-long term housing requirements.

***iii) How does the Plan address the need for a 5/20% buffer to 5-year housing land supply, as required by the NPPF (¶ 47) to significantly boost housing supply, and how does it address previous shortfalls in housing provision, both during and before the current Plan period?***

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<sup>4</sup>2a-020-20140306

- 1.15 Bradford has failed to deliver its net annual housing requirement in seven of the past nine years, and hasn't met its requirement at all since 2007/08<sup>5</sup>. This has resulted in a very substantial residual unmet need of 7,687 dwellings – judged against a target that is not considered to constitute an appropriate indication of need. By any reasonable definition, Bradford has persistently under-delivered and so the 20% buffer must be applied.
- 1.16 Set against the Council's annual target of 2,200 dpa, the 20% buffer equates to a need for 13,200 dwellings over the next five years.
- 1.17 The PPG<sup>6</sup> indicates that LPAs should aim to deal with any undersupply within the first five years of the plan period where possible. Adding the 7,687 backlog to the 13,200 dwelling requirement results in a five year housing land supply requirement of **20,887 dwellings (4,177 dpa)**.
- 1.18 The Council has failed to provide any compelling evidence that it has a 5-year supply of deliverable sites in the BLPCS. Indeed, BMDC's latest AMR accepts that the deliverable supply amounts to only 8,554 dwellings, which equates to less than half the level needed to demonstrate a 5-year housing land supply. It has also failed to provide any evidence that it has sought to address the housing shortfall in adjoining local authority areas through the duty to cooperate.

***iv) How does the Plan address previous backlogs in housing provision?***

- 1.19 The Council has added an additional allowance of 7,687 dwellings to cover the past under-delivery of housing when set against the RS targets for 2004-11, and the August 2013 Housing Requirement Study's 2,200 dpa target between 2011-13, but without responding to other market signals. In so doing, it has taken the RSS housing requirements at face value rather than considering whether they equated to actual 'need' over the 7-year period.
- 1.20 Whilst it is essential that this past under-delivery is recognised, BMDC's approach does not represent a measured and considered analysis of the housing market indicators and a staged approach to judging the extent of the uplift necessary in accordance with the PPG.

***v) Is the allowance for vacant dwellings fully justified with evidence?***

- 1.21 The assumptions concerning bringing empty homes back into use are supported by the PPG and can be justified through evidence of high and sustained levels of refurbishments across Bradford in recent years.
- 1.22 However, BMDC has failed to demonstrate that the location of the properties to be brought back into use aligns with those areas with the greatest need for new homes. There is a risk that the renovated empty properties will merely

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<sup>5</sup>Bradford AMR 2012-13 (March 2014)

<sup>6</sup> Practice Guidance - §3-035-20140306

increase supply in areas that are already suffering from market failure, rather than in locations where homes are most needed, most notably in areas such as Wharfedale.

- 1.23 This is a supply-side matter and BMDC appears to have taken it forward as part of the FOAN calculation. This confuses matters and highlights the lack of clarity in approach.

**vi) How will the Plan fully meet the need for affordable housing (c.587 units/year)?**

- 1.24 The Framework states that LPAs should “*use their evidence base to ensure that their Local Plan meets the FOAN for market and affordable housing in the HMA*” [§47]. In this regard, BMDC’s 2013 SHMA update concludes that the total gross affordable housing requirement is 769 dpa, based on eliminating the backlog over ten years. The net figure is 587 dpa and the Council considers that this is the relevant target to plan for. CEG disagrees for two reasons:

- a. The 587 figure is derived by assuming that an annual over-supply of three bed properties (-129) can simply be ‘netted off’ a very high level of need for one bedroom general needs properties (586 dpa). This approach is inappropriate, particularly given that the over-occupation penalty means that the option of housing an individual in need of a 1-bed property in a larger house may not be financially viable.
- b. The SHMA seeks to address backlog over an unsatisfactory ten-year period, whereas it is the Government’s intention that housing need be addressed as soon as possible<sup>7</sup>. The 2013 SHMA indicates that if the backlog were met in full in five years, the net requirement would increase 1,302 dpa<sup>8</sup>.

- 1.25 On this basis, the gross figure of 769 dpa is the absolute minimum that should be provided, but a sound approach would justify a figure in excess of 1,300 dpa.

- 1.26 Policy HO8 of the BLPCS seeks between 20%-25% of total gross housing completions as affordable housing. On this basis, if we were to attempt only to eliminate the 769 dpa affordable housing need over a five year period, a minimum of 3,076 dpa overall would need to be provided.

- 1.27 Even this level of delivery is likely to be a considerable under-estimate. As BMDC themselves have commented in their response to our 2014 representations, “*given viability levels, affordable housing quotas proposed for*

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<sup>7</sup>See, for example, the former CLG SHMA Practice Guidance Version 2 (2007), which stated that the affordable homes quota should “*be based on meeting need over a period of five years*” [page 52]. Whilst less detailed guidance on modelling affordable housing need is provided in the Practice Guidance, it is the Government’s intention that housing need must be addressed as soon as possible: “*LPAs should aim to deal with any undersupply within the first 5 years of the plan period where possible*” [3-035-20140306]

<sup>8</sup>Note: the evidence is not provided in the SHMA to enable a comparable calculation to be carried out to convert the 10-year 769 annual gross requirement to a 5-year requirement.

*Bradford are low (15%) and thus the increase in the housing targets for Bradford needed to make much difference to the overall amount of affordable homes delivered would be considerable and mostly likely undeliverable”.*

- 1.28 BMDC also responds that not all affordable housing need will be met via s.106 contributions as a significant contribution will be made from 100% social housing schemes provided by RPs or the Council. It has not produced any evidence to demonstrate how it would meet the substantial affordable housing shortfall likely to arise from delivering just 2,200 dpa in this way, particularly considering the substantial funding cutbacks.
- 1.29 The PPG is quite clear that the affordable housing requirement should be met ‘in full’. The Council appears to be suggesting that this is not possible for viability reasons, but this does not affect the need to identify correctly the FOAN and analyse issues of viability when formulating the housing strategy.
- 1.30 The Guidance also states that “*an increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes*”<sup>9</sup>. It is clear that such an increase is necessary in this case.

***b) Has the overall housing provision level been set too high or too low? And...***

***c) What alternative levels of housing provision have been considered, having regard to any significant and demonstrable adverse impacts of proposing increased levels of housing provision within Bradford; what would be the basis and justification for any alternative level of housing provision?***

- 1.31 The following guiding principles should have been applied by BMDC in defining the FOAN:
- 1 Household projections provide the ‘starting point’ estimate of housing need. However, they make no allowance for BMDC’s economic growth aspirations or national policy requirements to ‘boost significantly’ the supply of housing;
  - 2 High and worsening market signals in BMDC provide an indication of tightening demand and suggest that there needs to be some improvement in affordability to stabilise increasing house prices and address past under-delivery. This would require an uplift to the demographic projections;
  - 3 There is a need to provide a housing target that demonstrates an ambition to plan for growth and is aligned with the economic aspirations for the area;
  - 4 The FOAN should meet the affordable housing needs of the local population;

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<sup>9</sup> 2a-029-20140306

5 BMDC should seek to meet its housing requirements within its own boundaries. If this is not possible, then it should demonstrate how any unmet need is to be addressed through the Duty to Cooperate.

1.32 NLP has modelled 7 scenarios to identify the FOAN for Bradford. These are reproduced in Table 1, with analysis in Technical Appendix 1.

Table 1 Summary of NLP Demographic and Economic Scenarios for Bradford 2013-2030

Scenario	Explanation	Population Change	Household Change	Dwelling Change	Dpa	Annual New Jobs
Edge Analytics Jobs-led REM Option A 2011-based headship rates (September 2014) <i>note – figures relate to 2011-30</i>					1,791	1,536
Edge Analytics Jobs-led REM Option B 2008-based headship rates (September 2014) <i>note – figures relate to 2011-30</i>					2,307	1,536
A. CLG 2011-based household projections	2011-based CLG Projections adjusted for vacancy rates and trended post 2021	-	27,022	28,486	1,676	-
B. Baseline – 2012-based SNPP	PopGroup baseline incorporating latest CLG household and SNPP - Indexed	52,259	30,114	31,746	1,867	1,258
C. Partial Catch Up Headship Rates	Change post 2021 is targeted to end at a point halfway between the CLG 2011-based end rates trend and the CLG 2008-based H'hold Projections Catch Up end rates by 2033		30,638	32,298	1,900	
D. Catch Up Headship Rates	As above, although post 2021 a higher rate of household formation has been assigned to 'catch up' to the earlier 2008-based rate post 2021		35,680	37,613	2,213	
E. Bradford Core Strategy Jobs	A 'policy-on' scenario based upon the BLPCS Policy EC2 target of 2,897 new jobs annually.	120,244	53,180	56,061	3,298	2,897
F. Bradford Core Strategy Jobs 3% Unemployment	A 'policy-on' scenario based upon the BLPCS Policy EC2 target of 2,897 new jobs annually, but with unemployment rates reducing to 3% by 2030	87,681	42,268	44,558	2,621	
G. Experian Job Growth	A 'policy-off' scenario based upon December 2014 Experian projections of 2,168 new jobs annually	90,193	43,050	45,383	2,670	2,168
H. 2014 REM	A 'policy-off' scenario based upon 2014 REM projections of 1,604 new jobs annually	66,215	34,765	36,649	2,156	1,604

Source: NLP PopGroup Model Runs / Edge Analytics September 2014

1.33 The projections suggest that it would be appropriate to adjust the CLG's 2011-based household projection figure of 1,676 upwards. Scenario B, the 2012-based SNPP of 1,867 dpa, represents an appropriate demographic starting point for defining housing FOAN before market signals, economic growth and affordable housing issues are analysed.

1.34 Balancing the market indicators, an uplift of 20% if not more, is required on top of the demographic starting point. This would equate to a minimum of **2,240 dpa**, or 38,087 dwellings in total over 17 years.

1.35 The Council has set out clear aspirations to target an annual job growth figure of 2,897 per annum. Around 3,300 dpa would be required in order to ensure alignment with this level of growth. This informs the top end of the Council's housing need. This figure would fall to 2,621 dpa if unemployment were to reduce to 3% by 2030 (from 11.3% currently).

1.36 The Experian projections, which comprise realistic, policy-off baseline job



growth projections, suggest that 2,670 dpa would align with likely job growth forecasts, but without dealing with the Council's stated policy aspirations. This level of need sits only midway between the 2014 REM (2,156 dpa) and the BLPCS jobs target (3,298 dpa).

1.37 **CEG considers that the housing FOAN is a minimum of 2,670 dpa (Scenario G Experian job growth) over the period 2013-2030. This would equate to 45,390 dwellings over 17 years, before any deduction is made for empty properties being brought back into use.**

1.38 This minimum figure is only just above the 2,652 dpa target set out in Table HO1 of the BLPCS (before vacant homes are netted off). If the BLPCS is to reflect the Council's strategy to pursue the higher jobs target of 2,897 annually, then a higher figure anywhere up to 3,300 dpa is required.

#### *2012-based Household Projections*

1.39 The 2012-based SNHP are expected to be released by CLG on 26<sup>th</sup> February 2015. These will comprise the starting point for identifying housing FOAN, and we request the right to revisit our evidence in the light of this data should it be released before / during the BLPCS EIP.

1.40 Whilst we cannot know for sure exactly what the SNHP will mean for Bradford, the expectation is that it will generally demonstrate a reduction in the level of future household change when compared to the interim 2011-based SNHP. This is because they are based on a continuation of trends that were experienced between 2007 and 2012 – a period that even more heavily influenced by the recession than 2006-11 which informed the 2011-based interim SNHP. It is not anticipated that the 2012-based SNHP will take any account of recent changes to the economy or the evidence that shows how household formation rates are expected to improve as the economy recovers<sup>10</sup>. For this reason, it does not follow that the OAN for Bradford should automatically be reduced as a result of the new 2012-based SHNP. Rather, we urge caution in seeking to apply the latest figures and emphasise that they should not be taken at face value.

#### ***d) How does the objective assessment of housing needs relate to the employment and jobs strategy?***

1.41 Policy EC2 of the BLPCS identifies a specific target for the delivery of at least 2,897 new jobs annually in the District in the period to 2030.

1.42 However, the September 2014 Edge Analytics HRS Update sought to explore the housing implications of the June 2014 REM, which increased annual job

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<sup>10</sup> This is demonstrated particularly clearly in the work of Alan Holmans – “*New estimates of housing demand and need in England, 2001 to 2031*”, Town & Country Planning Tomorrow Series Paper 16.

growth from 1,591 per annum to 1,640 between 2013/14 and 2030/31. It did not consider the Policy EC2 target.

1.43 The Framework is clear that LPAs 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*” [§158]. Policies EC2 and HO1 of the BLPCS are not aligned.

1.44 From the Council’s evidence, we therefore draw the following conclusions:

1. The supporting text to Policy EC2 dismisses the earlier 2011 job projections produced by the REM on the grounds that they are “*based largely on trend-based modelling of how the economy might perform in future years. In this respect they are not wholly complete assessments of jobs growth and related land requirement*”. [§5.1.14]
2. Although the Council has subsequently sought to cast doubt on the achievability of the 2,897 figure quoted in Policy EC2, it is nevertheless a stated target of the BLPCS, but one that has not featured in any of the FOAN housing modelling work;
3. On this basis, there is a clear disconnection between the job target set out in the BLPCS and the job targets underpinning the housing requirement figure - the former is more than 75% higher than the REM job figure;
4. Planning for housing growth on the basis of the figures that have been tested by Edge Analytics could undermine the economic vision for the area and lead to unsustainable outcomes in terms of in-commuting, congestion and escalating house prices;
5. An analysis of Experian’s latest December 2014 job projections suggest that annual job growth in the order of **2,168** could be achieved in Bradford City between 2013 and 2030. **This is close to the mid-point between the 2014 REM figure of 1,604 and the Policy EC2 target of 2,897, which suggests it represents a reasonable compromise between the Council’s range of job targets.**

***e) Does Policy HO1 effectively address cross-boundary housing issues, including the relationship with the Leeds City Region, in line with the NPPF (¶ 178-181), and has it taken into account the housing and economic strategies, plans, priorities and projects of adjoining local authorities and other bodies/agencies?***

1.45 No comment.