

EAST HERTS COUNCIL

LOCAL DEVELOPMENT FRAMEWORK EXECUTIVE PANEL – 29
MARCH 2012

REPORT BY EXECUTIVE MEMBER FOR PLANNING POLICY AND
ECONOMIC DEVELOPMENT

POPULATION AND HOUSEHOLD FORECASTS AND THE EAST
HERTS HOUSING REQUIREMENT

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- This report sets out the preliminary findings of the Population and Household Forecasts technical work and presents in the report and accompanying Topic Paper, the issues and considerations necessary to inform a decision on the district housing target to 2031.

RECOMMENDATIONS FOR PANEL: to commend to Council (via Executive): that

(A)	the Population and Household Forecasts - Topic Paper at Essential Reference Paper 'C' to this report, be agreed as the basis for considering a district housing target to 2031; to be included as part of the evidence base for the Local Development Framework (District Plan); and
(B)	on the basis of the key conclusions from the Topic Paper referred to in (A) above, a range of 500 - 850 dwellings per annum be subject to further investigation, to test the feasibility and implications of such a district housing requirement, against national planning policy requirements and the physical and environmental capacity of the district.

1.0 Background

Policy Context

1.1 Regional Spatial Strategies (RSS) were introduced in 2004 through the Planning and Compulsory Purchase Act. They

replaced County Structure Plans as the strategic planning element of the statutory Development Plan. Their role was to provide the strategic planning framework for the region including identifying regional centres for growth and setting the housing requirement or target for each district. As part of the Development Plan, local plans/local development frameworks produced by district councils had to be in conformity with regional plan policies. In East Herts, the East of England Plan 2008 replaced the Hertfordshire Structure Plan.

- 1.2 In July 2010 the Secretary of State for Communities and Local Government advised local authorities of the Government's intention to abolish regional strategies as they were considered to be bureaucratic and undemocratic. The Localism Act 2011 provides the legislation to formally abolish regional strategies. It is anticipated that as of April 2012, regional strategies will cease to form part of the Development Plan and will no longer need to be taken into account in either development control decisions or the plan-making process.
- 1.3 Along side the Localism Act, the Government is also reforming national planning guidance including replacing Planning Policy Guidance notes (PPG) and Planning Policy Statements (PPS) with the simplified and shortened National Planning Policy Framework (NPPF). The final version of the NPPF is expected to be published in March/April 2012.
- 1.4 The net result is that each district has sole responsibility for development planning including setting its own housing target.

Technical Work

- 1.5 In light of this, East Herts Council has undertaken technical work in order to provide robust evidence to support setting its own district-wide housing target. East Herts Council has joined with the Greater Essex grouping of local authorities to commission Edge Analytics Ltd to undertake technical work in respect of population and household forecasting.
- 1.6 The technical work is being undertaken in three stages:
 - Stage 1 (Winter 2011) - Preliminary forecasts
 - Stage 2 (Spring 2012) - Updated forecasts
 - Stage 3 (Summer 2012) - Final forecasts (taking into account publication of the 2011 mid-year estimates and 2011 Census data)

- 1.7 A range of scenarios have been tested for each of the twenty four local authority districts within the study area. To take account of the identification of Harlow as a Key Centre for Development and Change (KCDC) in the East of England Plan, a proportion of the Harlow housing requirement has been added to the existing district housing requirement for East Herts and Epping Forest. Two iterations of this have been run: a 'pure' iteration based on the annualised average rate of dwelling delivery, and a 'realistic' iteration based on a more informed likelihood of dwelling delivery, which assumes a lower annual rate in the first five years and a higher rate in later years. The distribution of the Harlow area housing numbers to each district is based on the findings of the independent Harlow Area Options Appraisal 2010 technical work prepared by Scott Wilson Consultants
- 1.8 As well as for each district, the scenarios have also been tested for a number of macro-areas including Hertfordshire (East) (i.e. Broxbourne and East Herts districts), the Stansted/M11 Corridor (i.e. Broxbourne, East Herts, Epping Forest, Harlow and Uttlesford districts) and the Harlow Joint Working Area (i.e. East Herts, Epping Forest and Harlow districts).
- 1.9 There are two main components to population demographics: natural change (i.e. the difference between births over deaths) and migration (i.e. the movement of people from one area to another). It should be noted that migration refers not to immigration per se, but rather to the movement of people into the district from outside of the district. In East Herts, the majority of migrants come from other parts of the UK.
- 1.10 The scenarios can be grouped into three types: migration-based, economic-based and dwelling-based. They have been run from a 2010 base and a 2033 horizon. Further explanation of the scenarios is included at **Essential Reference Paper B**.
- 1.11 Migration Based Scenarios - assumptions on the future scale of migration are input into the model and outputs forecasting the future population, households, dwellings and labour force that would result from that level of migration are generated.
1. Sub-National Population Projections (SNPP)
 2. Migration-Led
 3. Net-Nil Migration

1.12 Economic Based Scenarios - assumptions on the future scale of the labour force are input into the model and outputs forecasting the future migration, population, households and dwellings that would result from that level of labour force.

4. Economic-Led

1.13 Dwelling Based Scenarios - assumptions on the future scale of dwellings are input into the model and outputs forecasting the future migration, population, households and labour force that would result from that level of dwelling provision are generated.

5. Dwelling Trajectory

6. District RSS 2008

7. District Draft RSS Review 2010

8. District + Harlow Area RSS (pure) 2008

9. District + Harlow Area Draft RSS Review (pure) 2010

10. District + Harlow Area RSS (realistic) 2008

11. District + Harlow Area Draft RSS Review (realistic) 2010

1.14 By testing this full range of scenarios, the demographic implications of the various forecasts can help inform policy decisions about the most appropriate level of growth for East Herts. For each scenario, population and household change figures for the period to 2033 are provided as well as annualised statistics enabling comparison between the three types of scenario.

1.15 It should be noted that a pure 'natural change' scenario has not been tested. This is because such a scenario is not particularly realistic since, as outlined above, migration is a key component of demographic change not just in numeric terms (as a driver of population growth) but because migration affects the profile of the population. This is especially important when converting population into households because different population age groups generate different housing requirements. It should also be borne in mind that the age profile of the population and therefore their housing requirements will change over time. Instead, the 'nil-net migration' scenario allows the impacts of a different population profile to be taken into account without increasing the overall numbers of the population.

1.16 East Herts Council is further refining this population and household technical work by engaging the same consultants to undertake scenario testing at the sub-district level. This is a two-

stage piece of work that will test the 'trend-based' scenarios for six parish groupings (to reflect the housing market areas and take into account the towns and their rural hinterland) and the town council areas. Stage 2 will then test a range of 'policy based' scenarios including the Council's draft Development Strategy. This important additional work will enable the Council to understand the demographic and household requirements of each town and its rural hinterland in East Herts, to inform the preparation of the LDF (District Plan). It should be noted that undertaking this work for each parish would not provide robust results because of the small numbers involved.

2.0 Report

2.1 It should be noted that as set out in paragraph 1.6 above, this report presents the preliminary results from the technical work and further testing of more up-to-date figures is still to be undertaken.

Preliminary Forecasts - Results

2.2 The preliminary results from the scenario testing for East Herts are shown in Figure 1.

2.3 The conversion from population to households is shown in columns 1 and 3. The Dwellings column (column 6) is the resulting annual housing target, which would need to be multiplied by 20 to generate the housing target for the plan period 2011 to 2031. Columns 5 and 6 show the number of migrants and jobs (within the district) generated by the scenario, respectively.

2.4 The results range from 240 to 1,149 dwellings per annum. The current district housing figure of 660 as set by the East of England Plan falls somewhere in the middle of this range, and is very similar to the SNPP forecast. It should be noted that at the examination of the East of England Plan, East Herts Council did not object, as such, to the district wide housing target.

Figure 1: Preliminary Results (see ERP 'C' for further details)

	1	2	3	4	5	6	7
	Change 2010 - 2033				Average Per Year		
	Population		Household		Net Migration	Dwellings	Jobs
	No.	%	No.	%			
1. SNPP	22,480	16.4	14,848	25.9	525	661	318
2. Nil-Net Migration	3,415	2.5	6,554	11.6	0	292	-184
3. Migration Led	27,296	19.7	17,850	31.5	823	794	434
4. Economic	21,504	15.5	15,458	27.3	608	688	307
5. Dwelling Trajectory	-2,875	-2.1	5,403	9.5	-322	240	-234
6. District RSS 2008	19,924	14.4	14,829	26.2	553	660	274
7. District Draft RSS Review 2010	13,911	10.0	12,358	21.8	331	550	142
8. District + Harlow Area RSS (pure) 2008	46,630	33.7	25,771	45.5	1,550	1,147	865
9. District + Harlow Area Draft RSS Review (pure) 2010	29,106	21.0	18,590	32.8	893	827	475
10. District + Harlow Area RSS (realistic) 2008	46,773	33.8	25,819	45.6	1,559	1,149	865
11. District + Harlow Area Draft RSS Review (realistic) 2010	29,553	21.3	18,776	33.2	920	836	486

Legal and National Planning Policy Requirements

2.5 The legislative framework for the preparation of Development Plan Documents (DPDs) is set by the Planning and Compulsory Purchase Act 2004 (as amended). Before the Council can adopt a DPD and use it for planning purposes, it must be examined and found sound (i.e. fit for purpose) by an independent Planning Inspector appointed by the Secretary of State.

2.6 Although the Localism Act removes the ability for Inspectors to produce legally binding reports, the Council would be open to legal challenge in the courts, if it sought to ignore major conclusions or alterations recommended by the Inspector, or sought to adopt a DPD that the Inspector concluded was unsound. The courts could then quash the plan in part or whole.

2.7 As set out in paragraph 48 of the Draft NPPF, a local planning authority should submit a plan for examination which it considers is 'sound':

- *Positively prepared* – the plan should be prepared based on a strategy which seeks to meet objectively assessed development and infrastructure requirements, including unmet requirements from neighbouring authorities where it is practical to do so consistently with the presumption in favour of sustainable development
- *Justified* – the plan should be the most appropriate strategy, when considered against the reasonable alternatives, based on proportionate evidence
- *Effective* – the plan should be deliverable over its period and based on effective joint working on cross-boundary strategic priorities; and
- *Consistent with national policy* – the plan should enable the delivery of sustainable development in accordance with the policies in the Framework.

2.8 In respect of housing, the Draft NPPF states:

- Planning should proactively drive and support the development that this country needs. Every effort should be made to identify and meet the housing, business and other development needs of an area, and respond positively to wider opportunities for growth (Paragraph 19);
- Plans should be prepared on the basis that objectively assessed development needs should be met, unless the adverse impacts of doing so would significantly and demonstrably outweigh the benefits (Paragraph 20)
- Local planning authorities should have a clear understanding of housing requirements in their area [...which...]:
 - meets household and population projections, taking account of migration and demographic change

- caters for housing demand and the scale of housing supply necessary to meet this demand (Paragraph 28)

Population and Household Forecasts Topic Paper

- 2.9 The Population and Household Forecasts Topic Paper is attached at **Essential Reference Paper C** to this report. Sections 1 to 5 of the Topic Paper set out the background to the household and population forecasting work. The Topic Paper then considers the various social and economic implications/consequences of the different scenarios, including in terms of:
- Demographics (Section 6)
 - Dwellings (Section 7)
 - Affordable Housing (Section 8)
 - Migration (Section 9)
 - Economics (Section 10)
 - Land Take and New Homes Bonus (Section 11)
- 2.10 Section 12 presents a summary of the considerations using a simple colour-coded rating system to assist with interpretation. Because the results are draft, the eleven scenarios are grouped (low, lower-middle, upper-middle, high) to ensure that numerical variations between the scenarios are not given undue significance at this stage. For example, it can be considered that there is no statistical difference between 688 and 661.
- 2.11 Conclusions are set out in Sections 14 and 15 of the Topic Paper, which leads to the recommendation. The Topic Paper also acknowledges that other issues such as the impact of development on the environment, resources, services and facilities also need to be considered. However, this can only effectively be done when the spatial distribution or geographic locations are known and this work is being undertaken as part of the plan-making process in preparing the LDF (District Plan). Notwithstanding this, Section 13 considers, in general terms, the likely effects of housing growth.
- 2.12 Whilst this Topic Paper considers the issues around housing growth in order to identify the most appropriate housing requirement for East Herts and fully understand the implications, the spatial or geographic effects of any such requirement need to be tested and appraised through the plan-making process. Demographic information alone cannot and does not provide the final answer: it is only one part of the plan-making evidence base,

just as housing is only one part of achieving sustainable communities.

- 2.13 Indeed, as the foreword to the technical work states (page 2) *'it is not the intention of this project to produce a recommended or preferred demographic forecast for any area. Rather, the approach is to encourage the examination of the demography of each area from different perspectives. Hopefully this will allow appreciation of how the demography of an authority can be influenced by local circumstances and local policy choices. It will be for each local planning authority to determine its use of the forecasts and other outputs from this project to inform its future spatial policy development.*
- 2.14 Rather, the rationale for undertaking household and population forecasting technical work is the Government's reforms to the planning system and the requirement in paragraph 20 of the Draft NPPF that *objectively assessed development needs should be met.*
- 2.15 Key conclusions are:
- Demographic Considerations: even to maintain the existing population, additional dwellings are needed, due to the continuing trend of increasing rates of household formation and smaller household size.
 - Affordable Housing Considerations: based on recent trends on all sites, to achieve the Council's target of delivering 200 affordable homes per annum on average over a five year period, would require a total dwelling requirement for the district of at least 833 additional homes per annum. However, should the Council seek to principally meet its housing requirement from 'larger sites', a housing requirement of at least 500 dwellings per annum would facilitate 200 of these being provided as affordable.
 - Migration Considerations: it was found that a lower housing target which limits supply unreasonably, would increasingly out-price local people from purchasing in the district. Unaffordability would increase, with local people being forced to move outside the district to cheaper areas, away from family, social and community networks.
 - Economic Considerations: the economic consequences of a lower housing target can be seen to lead to a shrinking of the East Herts local economy over time. Not only would the economy become smaller, but as a result, it would have the

effect of increasing the number of commuters as a proportion of the workforce. This then has knock-on economic consequences. To ensure the economy of the district continues to grow, a dwelling requirement of at least 688 homes per annum would be required.

- 2.16 A housing requirement range based on the low scenario grouping (Scenarios 2 and 5), which would generate a housing figure below 300 dwellings per annum, is not considered realistic because it would be likely to cause negative consequences in terms of demographics, affordable housing, migration and the local economy. Equally, it is considered that a housing requirement range based on the high scenario grouping (Scenarios 8 and 10), which would generate a housing figure over 1,100 dwellings per annum, is not considered realistic because it would be likely to be undeliverable and result in an unacceptable level of land-take.
- 2.17 Thus, it is considered that the lower-middle scenario grouping (scenarios 1, 4, 6 and 7) and the upper-middle scenario grouping (Scenarios 3, 9 and 11), which would generate a housing figure of between 500 and 850 dwellings per annum is considered realistic because it would be likely to produce positive consequences in terms of demographics, affordable housing, migration and the local economy, whilst at the same time result in an acceptable level of land-take.
- 2.18 It is, therefore, recommended that the range of 500 to 850 dwellings per annum (i.e. 10,000 to 17,000 for the period 2011 to 2031) be subject to further investigation through the plan-making process, to test the feasibility and implications of such a district housing requirement, against national planning policy requirements, and the physical and environmental capacity of the district.

3.0 Implications/Consultations

- 3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers

- Draft National Planning Policy Framework (CLG, July 2011), <http://www.communities.gov.uk/planningandbuilding/planningsystem/planningpolicy/planningpolicyframework/>

- Greater Essex Demographic Forecasts - Phase 2: Scenario Development incorporating Phase 1: Model Development (March 2012, Edge Analytics on behalf of the Essex Planning Officers Association (EPOA) and East Herts and Welwyn Hatfield Councils)

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ESSENTIAL REFERENCE PAPER 'A'

<p>Contribution to the Council's Corporate Priorities/ Objectives (delete as appropriate):</p>	<p>Promoting prosperity and well-being; providing access and opportunities <i>Enhance the quality of life, health and wellbeing of individuals, families and communities, particularly those who are vulnerable.</i></p> <p>Pride in East Herts <i>Improve standards of the built neighbourhood and environmental management in our towns and villages.</i></p> <p>Shaping now, shaping the future <i>Safeguard and enhance our unique mix of rural and urban communities, ensuring sustainable, economic and social opportunities including the continuation of effective development control and other measures.</i></p> <p>Leading the way, working together <i>Deliver responsible community leadership that engages with our partners and the public.</i></p>
<p>Consultation:</p>	<p>Engagement with appropriate stakeholders as required.</p>
<p>Legal:</p>	<p>N/a</p>
<p>Financial:</p>	<p>LDF technical work is being funded from the Planning Policy / LDF Upkeep Budgets.</p>
<p>Human Resource:</p>	<p>Existing Planning Policy staff resources will undertake this study.</p>
<p>Risk Management:</p>	<p>In order to be found sound at examination, it is essential that the Core Strategy should be based on a robust evidence base.</p>