Representations on behalf of CEG to the West of England Joint Spatial Plan Issues and Options Consultation Document

LAND TO THE WEST OF PUCKLECHURCH, BRISTOL

29 JANUARY 2016
INTRODUCTION

1. This Representation is submitted by Colliers International on behalf of CEG at the request of a consortium of landowners, in relation to land to the West of Pucklechurch, Bristol. Colliers International is instructed to promote this land through the Local Plan making process. The site is approximately 934 acres of agricultural land, paddocks and previously developed land located on the western edge of Pucklechurch and extending to approximately the Bristol and Bath Cycle Path. The land is predominantly within the Green Belt. A site location plan has been included at Appendix 1.

2. The site extends from the M4 to the North, Pucklechurch to the East, Shortwood Road to the South and Lyde Green and the Avon Ring Road to the West. The land does not have any additional designations over and above Green Belt and sits outside of the Siston Conservation Area.

3. There are a number of residential properties located within the site and these also include areas of employment and leisure, mainly related to private equestrian related activities.

4. The site is well located in relation to the settlement of Pucklechurch and has good access links to both Bristol City Centre and the M32 Motorway via the Avon Ring Road. The site connects to the Westerleigh Road, which provides access to the north across a motorway bridge on the M4 and connectivity to the M4 at J18, via the B4465.

5. Pucklechurch benefits from having a C of E Primary School; two public houses; community hall; community sports pitch; a bakery and an industrial estate. The primary highway infrastructure within Pucklechurch is not sufficient to take much additional development without significant improvements as the B4465 that connects Pucklechurch to the Avon Ring Road is constrained by a number of unsafe turns and junctions, especially at the Abson Road junction at the historic core of the town.

6. The prison and the industrial estate are both key employers for Pucklechurch, however the town is more a commuter hub than self sufficient, in employment terms.

7. The whole site if brought forward would be capable of accommodating upwards of 7,500 dwellings, employment/light industrial zones, small retail offerings and public open space provision, subject to a constraint analysis, any topographical issues and any proposed technical solutions. The site is within Flood Zone 1.

9. In answering the specific questions posed by the consultation, these representations draw attention to the requirements for plan making set out in the National Planning Policy Framework (NPPF) tests of soundness and the Duty to Co-operate legal and procedural requirements.
QUESTION 1: HAVE THE MOST APPROPRIATE CRITICAL SPATIAL ISSUES BEEN IDENTIFIED IN ADDRESSING HOUSING AND WELLBEING; THE ECONOMY; THE ENVIRONMENT; AND TRANSPORT

10. The issues and options document considers the majority of issues that need to be addressed over the period until 2036. The spatial objectives indicate that the strategy should “meet the full need for market and affordable housing in a way which enables demonstration of a 5 year housing land supply within each Authority”.

11. The document makes specific reference to the increasing need for housing in the wider Bristol Housing Market Area (HMA) only and particularly for affordable homes. Although the JSP includes the Bath and North East Somerset Area, the Wider Bristol Housing Market Area comprises only Bristol, North Somerset and South Gloucestershire.

12. The JSP states that in order to maintain current prosperity the West of England Housing Market Area needs to provide at least 85,000 new homes between 2016 and 2036, of which 29,100 are required to be affordable. This is in addition to the needs arising from the Bath and North East Somerset Housing Market Area. The Bath and North East Somerset Core Strategy identified the need for 13,000 dwellings across the plan period from 2011 to 2029, with a review during 2019.

13. In order to meet at least these needs, it is important that the partnership consider the requirement to address the Full Objectively Assessed Needs for the plan area. Local Planning Authorities must have a clear understanding of the housing needs for their administrative area and also the Housing Market Area as a whole.

14. The JSP area is significantly constrained by policy designations, including the Bristol and Bath Green Belt and the Cotswolds Area of Outstanding Natural Beauty; but the JSP area is significantly constrained because of high levels of flood risk to the west along the severnside area; steep and inclement topography and priority habitats to the south and west of Bristol extending into North Somerset; and poor highways infrastructure to the north, east and south east, in particular to the east of the M5 across to Yate, and from Siston across to Bath and the rural hinterlands. The local highway network is significantly constrained and connectivity to the Strategic Road Network is poor outside of North Bristol and West Bristol through to Weston Super Mare.
15. To fully address the issues set out in the JSP it will be essential for the Partnership to consider that to meet the requirement for an adequate supply of deliverable housing the contribution that unconstrained greenfield sites located outside, but adjacent to settlement boundaries can make, as these sites often deliver quickly and provide essential s106 and betterment of existing facilities. Notwithstanding the contribution that can be made to market housing, on greenfield sites, a higher percentage of affordable housing can be achieved as these sites are unburdened by many of the viability issues that reduce the levels that can be achieved on brownfield sites and sites that are remote from existing services.

16. Given the requirement set out in the JSP to demonstrate “a 5 year housing land supply within each Authority” there must also be a consideration as to how much land will be required to be released from the Green Belt and the rationale for doing so must be to consider how each location performs when measured against the purposes of maintaining land within the Green Belt and the presence of very special circumstances.
QUESTION 2: IS THE ABOVE VISION THE MOST APPROPRIATE ONE FOR GUIDING DEVELOPMENT AND GROWTH IN THE WEST OF ENGLAND UP TO 2036? ARE THERE ANY CHANGES YOU WOULD LIKE TO SEE TO THE VISION?

17. A vision is required to set out the spatial portrait for the Plan area as it would appear at the end of the plan period. Therefore the vision set out in the JSP requires further specificity that seeks to identify how the JSP area will be functioning and how each Authority Area will have progressed towards meeting the objectives set out in the JSP.

18. A vision should be capable of setting the main objectives for the area by clearly underlining the value of each critical location and strategic infrastructure improvement that underpins the growth in housing and employment. For example, the growth of the JSP area is predicated on delivering at least 85,000 homes and the vision must begin to set out the spatial portrait of how at least 85,000 homes will fit into the JSP area. It should begin to set out the solutions to connectivity and solutions to traffic issues in the various locations within the sub region. A vision should give a clear steer on how a prosperous sub region should look when all objectives in the JSP have been met.

19. The focus needs to be on delivering sustainable patterns of growth and the vision ought to give an indication of what this could look like by the end of the plan period. Fundamentally the JSP must seek to allocate appropriate housing and employment sites and should therefore accord with good plan-making principles to do so.

20. It is very clear from studies that have been commissioned by various interested parties to the JSP that a greater volume of housing than 85,000 is required. NLP have suggested that the figure should be greater than 131,000 and Barton Willmore suggest it is nearer 153,000 dwellings. The vision must begin to strategise the delivery of this much-needed growth and currently it does nothing towards painting that spatial portrait.

21. Employment is critical to financial growth and the need to describe how employment growth can be achieved in the JSP begins with the vision. The Economic Development Needs Assessment has yet to be published so the vision cannot be completely understood until these needs are known.

22. Employment and housing are inextricably linked and as such the vision must begin to outline how employment growth will support or be supported by the full objectively assessed need for housing growth. Having reviewed the JSP this will have to include development in greenfield and green belt locations outside of settlement boundaries and the vision must begin to describe how this will look at the end of the plan period.
QUESTION 3: ARE THE ABOVE SPATIAL OBJECTIVES THE MOST APPROPRIATE ONES FOR GUIDING DEVELOPMENT AND GROWTH IN THE WEST OF ENGLAND UP TO 2036? ARE THERE ANY CHANGES OR ARE THERE OTHER OBJECTIVES YOU WOULD LIKE TO SEE?

Housing and Wellbeing Spatial Objective

23. The spatial objectives set out are considered to generally provide a positive framework for the plan. However, although the partnership acknowledges the housing requirement in order to meet the “full need for market and affordable housing in a way which enables demonstration of a five year housing land supply”, this objective should go further and include reference to the NPPF which dictates that in order to drive sustainable economic development to deliver homes, the West of England Spatial Plan must ensure a 5 year supply of deliverable housing sites, plus 20% for past under performance.

Economic Growth Spatial Objective

24. This objective goes no further than the NPPF requires itself. To become more tangible further detail on the types of ‘high quality’ employment the Councils would like more of should be explained.

25. Identifying the critical locations and the particular vital attributes within each district area is necessary to make this objective more specific.

26. Once the outcome of the Economic Development Needs Assessment has been published then the objective will likely require updating and will become more tangible and less generic.

Transport and Infrastructure Spatial Objective

27. This objective is neither specific nor measurable. The spatial strategy has to be produced as part of the requirements of the Local Plan making process and this objective adds nothing to that requirement.

28. The plan must provide specific infrastructure projects and this objective should identify the critical infrastructure that will support the deliverability of this plan. This objective does not currently do that.

29. Presumably as the JSP and the JTS progress the cross-referencing will improve and the strategic aims within the JTS will inform this objective within the JSP.
Environment Spatial Objective

30. This objective is generic and requires greater specificity on the critical elements that define the natural and historic environment. The objective should build on the themes within the NPPF and become more specific to the make up of each Local Authority within the JSP area. As described on page 14 of the JSP, the four authority areas is rich in biodiversity, protected habitats, ramsar sites, SSSI’s, the Cotswold AONB, a whole city World Heritage Site and a significant amount of best and most versatile land. None of this is explained or described as constraining factors to development, neither is it set out for enhancement in the Environmental Spatial Objective.

31. For example, the whole City of Bath is a World Heritage Site and the values relating to this should be presented as part of the objectives. The NPPF requirement in relation to heritage assets is not simply that they are respected or protected, but also that they are enhanced. This objective should begin to consider how this could be achieved.

32. In terms of reference to climate change and flood risk, this objective adds nothing to the core principles set out on the NPPF. It would help to set the direction of travel if the objective included tangible levels of provision or types of renewable initiatives that were suitable. There is also no reference in the objectives to the two major infrastructure projects that relate to both climate change and energy provision - the Environment Agency Flood Alleviation programme on the Severn Estuary or the Nationally Significant Infrastructure Project at Oldbury Nuclear Power Station, within South Gloucestershire, which will serve to deliver much needed energy infrastructure for all four partnership authorities.

33. Cross-referencing of the objectives with the significant constraining factors relating to environmental assets is critical to the direction of spatial options and should play a fundamental role in preserving and enhancing our environmentally rich sub-region.
QUESTION 4: ARE WE PLANNING FOR THE RIGHT NUMBER OF HOMES? IS THERE ANYTHING ELSE WE SHOULD TAKE INTO CONSIDERATION REGARDING THE NUMBER OF HOMES?

34. It is important that the Partnership considers a positive strategy, which embraces growth and seeks to boost housing supply. The Partnership needs to consider allocating strategic sites that will be deliverable, provide a mix of sites and locations that are attractive to wide cross sections of the housing market which can contribute to affordable housing and lifetime homes. The need to consider self-build, first time homes, intermediate homes and a full range of market homes is essential.

35. It would not be sound to include a target that did not reflect the full objectively assessed needs. The National Planning Policy Framework 47 sets out the imperative to boost significantly the supply of housing and expects local planning authorities to 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.

36. The SHMA identifies the Full Objectively Assessed Need (FOAN) for Housing in the Wider Bristol HMA to be 85,000 homes to be delivered across the plan period. This is fundamentally not supported by market evidence. The Housing Evidence Paper (SHMA) excludes Bath & North East Somerset, this should form part of the wider HMA. The Joint Spatial Plan should include the full objective assessment of housing need (FOAN) for all four local authority areas.

37. The SHMA does not provide a breakdown of housing need for the individual local authority areas and is therefore not compliant with the Satnam Millennium v Warrington Borough Council (2015) High Court Judgement.

38. For this Local Plan, an OAN of 85,000 is simply not aspirational and does not reflect the FOAN for the JSP area as a whole. The full objectively assessed need for housing is significantly higher than 85,000. Nathaniel Litchfield and Partners identify the FOAN to be 131,551 to 144,928 dwellings over the Plan period, whereas Barton Willmore who have carried out their own independent assessment is presenting a FOAN of 153,000 dwellings. Neither approach by NLP or BW is inconsistent with our understanding that 85,000 dwellings is a gross underestimate of housing needs.

39. Nathaniel Litchfield and Partners have undertaken a headroom analysis of the Full Objectively Assessed Need and, as stated above, have found that the FOAN for the JSP area as a whole is likely to be between 131,551 and 144,928 dwellings across the plan period.
40. The following tables demonstrate the range of scenarios tested to identify the appropriate JSP housing requirements for the plan period:

<table>
<thead>
<tr>
<th>Wider Bristol (excluding B&amp;NES)</th>
<th>Baseline</th>
<th>Baseline with Partial Catchup</th>
<th>LT Migration</th>
<th>SHMA Jobs</th>
<th>SHMA Jobs with Partial Catchup</th>
<th>Experian Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household change (2016-2036)</td>
<td>78,560</td>
<td>86,954</td>
<td>112,742</td>
<td>88,305</td>
<td>97,043</td>
<td>102,831</td>
</tr>
<tr>
<td>Dwellings change (2016-2036)</td>
<td>80,716</td>
<td>89,348</td>
<td>115,550</td>
<td>125,049</td>
<td>99,499</td>
<td>105,667</td>
</tr>
<tr>
<td>Dwellings p.a.</td>
<td>4,036</td>
<td>4,468</td>
<td>6,253</td>
<td>5,784</td>
<td>5,283</td>
<td>4,756</td>
</tr>
<tr>
<td>Jobs supported (2016-2036)</td>
<td>61,122</td>
<td>61,122</td>
<td>99,963</td>
<td>99,963</td>
<td>74,300</td>
<td>95,680</td>
</tr>
<tr>
<td>Jobs p.a.</td>
<td>3,056</td>
<td>3,056</td>
<td>4,008</td>
<td>4,008</td>
<td>4,008</td>
<td>4,008</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>West of England (including B&amp;NES)</th>
<th>Baseline</th>
<th>Baseline with Partial Catchup</th>
<th>LT Migration</th>
<th>SHMA Jobs</th>
<th>SHMA Jobs with Partial Catchup</th>
<th>Experian Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household change (2016-2036)</td>
<td>67,882</td>
<td>98,051</td>
<td>130,258</td>
<td>102,731</td>
<td>113,446</td>
<td>127,928</td>
</tr>
<tr>
<td>Dwellings change (2016-2036)</td>
<td>90,347</td>
<td>100,811</td>
<td>134,046</td>
<td>105,423</td>
<td>116,445</td>
<td>131,551</td>
</tr>
<tr>
<td>Dwellings p.a.</td>
<td>4,518</td>
<td>5,041</td>
<td>6,702</td>
<td>8,022</td>
<td>8,022</td>
<td>6,004</td>
</tr>
<tr>
<td>Jobs supported (2016-2036)</td>
<td>63,609</td>
<td>63,609</td>
<td>110,749</td>
<td>84,400</td>
<td>84,400</td>
<td>105,060</td>
</tr>
<tr>
<td>Jobs p.a.</td>
<td>3,181</td>
<td>3,181</td>
<td>5,537</td>
<td>5,537</td>
<td>5,537</td>
<td>5,537</td>
</tr>
</tbody>
</table>

41. NLP’s conclusions state that the Baseline Scenarios would not provide a sufficient level of population to support expected levels of economic growth, contribute towards the delivery of affordable housing or respond to evidence of market pressure. Therefore, if this scenario was proposed as the basis for the FOAN, significant adjustments would be required to reflect these considerations.

42. In this case, both the demographic-led scenarios based on long term migration trends and the economic-led scenarios based on the most recent Experian job forecasts would provide a sufficient level of population increase to support the expected level of economic growth. Given that these scenarios indicate a need for homes that is significantly higher than the Baseline scenarios, it is considered that this level of provision would help to contribute towards improving market conditions as well as helping deliver affordable housing needs, and therefore no further uplift is necessary.

43. The importance of ensuring that the housing requirement within the JSP reflects the expected future increase in household formation rates leads towards the clear conclusion that the “partial catch-up” scenarios should be applied in preference to the scenarios which apply headship rates derived from the 2012-based SNHP, which suffer from a “recency bias” and continue to assume the perpetuation of the conditions that have characterised the recent past.
44. Taking account of NLP’s clear conclusion that the JSP should contain a FOAN for the whole of the JSP area (i.e. all four local authority areas), the FOAN that should be applied for the purposes of the JSP is 131,551 to 144,928 dwellings over the Plan period.

45. In considering this range, caution should be applied in cases where the employment-led scenarios would not result in sufficient housing being delivered to reflect the longer term demographic trends, as this could result in a shortfall, and a resultant deterioration of market signals. In the light of this, and taking account of the other pressures that have been identified, it would be prudent to plan for the figures at the higher end of the identified ranges, i.e. applying the Long Term Migration with Partial Catch-up Scenario FOAN of 144,928 dwellings across the JSP area.
QUESTION 5: WHAT NEEDS TO HAPPEN TO ENSURE THE HOMES WE NEED ARE BUILT BY 2036

46. It is important that the Partnership considers a positive strategy that embraces growth and seeks to boost housing supply. The Partnership needs to consider allocating strategic sites that will be deliverable, provide a mix of houses across a variety of locations and are in locations that are attractive to wide cross sections of the market. In doing so these sites should be capable of delivering policy compliant levels of affordable housing.

47. The JSP must allocate sufficient land to enable planning applications to come forward quickly to ensure a reliable housing supply within the plan period.

48. Mechanisms should be put in place to facilitate a more efficient process from land acquisition to the approval of planning applications, including legal agreements such as s106.

49. The JSP should allocate land not only for strategic housing sites but also support housing development on undeveloped land within existing settlement boundaries to make the most efficient use of the land available.

50. By allocating land in the right places – locations where major infrastructure improvements are coming forward, are capable of being facilitated or are already in place – will manage additional traffic flows brought about by residential development, but will also facilitate continued sustainable economic and employment growth.

51. The provision of a quicker process from land acquisition to submission of planning applications, possibly by providing increased detail and guidance within site allocations covering for example expected levels of affordable housing, public open space, community facilities and any other likely obligations, will mean that housing land supply can be more accurately planned, monitored and managed. Allocations also need to be made in locations that have an identified need for improvement and betterment or are sustainably located and accord with the evidence base – such as locations that do not conflict with the sustainability appraisal or sites that perform well in the green belt review.

52. In addition to the above methods we would recommend that the Partnership adopt clear polices regarding S106 agreements, with a tariff style of contributions adopted to enable developers to better estimate costs before land acquisition and increase the speed in negotiating these agreements with each Authority.
QUESTION 6: WHAT NEEDS TO HAPPEN TO ENSURE ENOUGH OF THE HOMES BUILT ARE AFFORDABLE?

53. The Partnership needs to set out from the onset a deliverable target for the provision of affordable homes, also taking into account the shortfall set out in the SHMA. To address future affordable housing needs it might be necessary to consider suitable sites that are currently available and capable of being brought forward now and are not existing allocations, but also to consider sites that do not fall within settlement boundaries.

54. Affordable housing should be provided according to identified local needs on a site by site basis, and not be a blanket rate across the sub-region. We recommend that no more than 40% affordable housing is sought within new developments because landowners will be reluctant to sell and may not be willing to enter into an agreement at a reduced price.

55. Any Affordable Housing policy should make it clear that the target must take into account overall development viability, including other infrastructure costs and benefits associated with any particular development;

56. The JSP needs to recognise that not all development sites can achieve the affordable housing target and remain viable.

57. Developer contributions through S106 cannot be the only method identified to secure affordable homes because it simply will not deliver sufficient units. The Partnership therefore needs to look at alternative solutions to secure more affordable units.

58. A market led policy approach is one way of securing affordable housing, however it may be necessary to include specific targets for specific allocations within areas that are either in high demand for affordable housing, or low demand for affordable housing, or that suffer from remedial issues and other technical constraints.

59. Due to the methodological approach in applying national rather than local housing needs data, the SHMA assessment does not capture the full affordable housing need for the whole JSP area. It also incorrectly includes the private rented sector in its dataset.
QUESTION 9: IS OUR PRIORITY OF BUILDING MORE HOMES IN BRISTOL AND OUR MAIN TOWNS APPROPRIATE AND HOW CAN THIS APPROACH BE ACHIEVED?

60. The Partnership needs to consider providing development opportunities and allocating land within areas that can offer the greatest opportunity to deliver additional housing. The land we are promoting to the west of Pucklechurch is well located to benefit from exiting key services, excellent transport connectivity and benefits from being situated close to local facilities. A primary school is located within Pucklechurch and a Secondary School will be coming forward to support the development at Lyde Green, across the cycle path from our site. Further secondary school provision is located at Emersons Green, Winterbourne and Downend. The area is currently well served by education facilities, however it may be necessary to improve that provision. Longwell Green Leisure Centre is within 10 minutes of the site and a number of other leisure facilities can be reached in short distance, such as Cleeve Rugby Club, Shortwood and Kendleshire Golf Courses, Winterbourne local centre, including convenience stores, a pharmacy; Opticians; a Coffee Shop; florist; hairdressers, bakery, charity shops and a selection of pubs, restaurants and takeaways are located within three miles miles of the site. Emersons Green Retail Park is located within one mile of the site.

61. We support the recognition by the Partnership that “Regeneration and investment in our built up areas is encouraged and helps to draw on and support existing job opportunities, facilities and services”. As described above, the land to the West of Pucklechurch is located in close proximity to key services and facilities in the built up area of North East Bristol, but it also benefits from being adjacent to Pucklechurch and will benefit from its current retail and employment offerings.

62. The Partnership acknowledges that a green belt review is required and the Green Belt Assessment begins to identify areas that could be released from the green belt as the purposes for including land within the green belt are assessed. Land to the West of Pucklechurch is constrained by the natural topography that drops steeply towards Lyde Green and forms a natural green and open boundary to the unrestricted sprawl of North East Bristol and allocation of Lyde Green. The Bristol and Bath Cycle Path also provides an elevated barrier to Lyde Green and allows for a degree of separation to be legible.

63. The Green Belt Assessment identifies that the Land to the West of Pucklechurch also does not contribute to the purpose of preventing towns from merging into one another.

64. All areas of Green Belt are considered to assist in safeguarding the countryside from encroachment, however the land to the West of Pucklechurch is not unrestricted countryside, as the topography provides a natural barrier to development and the landscape therefore lends itself to protection towards the most westerly fringe of the site.
65. Purpose 4 is to preserve the setting and special character of historic towns and on page 63 of the Green Belt Assessment Figure 5 shows clearly that the land to the west of Pucklechurch does not contribute to that.

66. As with safeguarding the countryside, all green belt areas are considered to assist in urban regeneration, by encouraging recycling of derelict and other urban land.

67. To conclude the performance of the land to the west of Pucklechurch in respect of releasing it from the Green Belt, the site is the least worse case scenario as it performs the least amount of reasons for keeping land within the green belt.

68. The land to the west of Pucklechurch also benefits from being free from Flood Risk, is not within the AONB, does not have any other policy designations and is not in close proximity to a ramsar site, SSSI, or has any best and most versatile agricultural land within its site boundaries.

69. The land to the West of Pucklechurch is available now for development and the landowner consortium supporting CEG, the site benefits from willing landowners.

70. The land is located adjacent to the boundary of Pucklechurch and extends toward Lyde Green, which has been the latest large scale release of land from the Green Belt. This site meets the Partnerships objectives to deliver sustainable development on the edge of existing cities and towns.

71. The opportunity to deliver an allocation within the Land to the West of Pucklechurch will also serve to facilitate much needed strategic infrastructure improvements. The Joint Transport Strategy has identified a critical requirement for a link between the Avon Ring Road and the M4, at a new J19a. Politicians and lobby groups, notably Luke Hall MP and a group from Bath Spa University, have discussed the location for the motorway junction at length. The appropriate location anecdotally has been on the Westerleigh Road. It is our view that a new motorway junction could be formed on the Westerleigh Road to the north of Pucklechurch and would then be capable of linking through to the Ring Road through our proposed allocation. The funding, or part thereof, of a junction and the associated infrastructure could be provided by valuable S106 contributions from the proposed allocation and would connect at the Shortwood Roundabout. As set out at appendix 2 of this representation, Peter Brett Associates have set out the benefits to the local, sub-regional and strategic road networks, that this proposal could achieve.

72. Therefore, we agree that development should be located in sustainable locations adjacent to existing settlements within the JSP area and that Pucklechurch and the allocation of Land to the West of Pucklechurch is fundamental to the soundness and deliverability of the JSP.
QUESTION 10: HAVE ALL THE REASONABLE STRATEGIC LOCATIONS BEEN IDENTIFIED? ARE THERE ANY OTHERS WE SHOULD CONSIDER?

73. Within Table 2 of the JSP Sustainability Appraisal Pucklechurch has been identified as another settlement/location. Pucklechurch is fundamental to the delivery of much needed residential development, but is also fundamental to achieving the delivery of the M4 J19a on the Westerleigh Road and connecting it to the Avon Ring Road. Pucklechurch must now be considered as a Town Expansion capable of achieving a much more sustainable pattern of growth and contribution to the JSP area as a whole.

74. The performance of an extension of Pucklechurch can be measured against the JSP SA Objectives in the same way that the site can be measured against the reasons for including land within the Green Belt.

75. The following table identifies the Themes and Sustainability Objectives and provides a response as to whether the land to the West of Pucklechurch can meet those objectives:

<table>
<thead>
<tr>
<th>Theme</th>
<th>Sustainability Objectives</th>
<th>Meet Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve the health, safety and wellbeing of all</td>
<td>1.a. Achieve reasonable access to public open space?</td>
<td>Yes – new POS provision</td>
</tr>
<tr>
<td></td>
<td>1.b. minimise impacts on air quality and locate sensitive development away from areas of poor air quality</td>
<td>Yes – not in an AQA area</td>
</tr>
<tr>
<td></td>
<td>1.c. Achieve reasonable access to healthcare facilities</td>
<td>Yes – can make new provision for services</td>
</tr>
<tr>
<td>Support communities that meet peoples needs</td>
<td>2.a. Deliver a suitable quantum of high quality housing for the West of England Sub Region</td>
<td>Yes – houses will be of high quality design</td>
</tr>
<tr>
<td></td>
<td>2.b. Deliver a suitable mix of high quality housing types and tenures</td>
<td>Yes – a suitable mix will be delivered through consultation</td>
</tr>
<tr>
<td></td>
<td>2.c. Achieve reasonable access to community facilities</td>
<td>Yes – additional facilities will be provided</td>
</tr>
<tr>
<td></td>
<td>2.d. Achieve reasonable access to educational facilities</td>
<td>Yes – additional facilities will be provided</td>
</tr>
<tr>
<td>Issue</td>
<td>Option</td>
<td></td>
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<tr>
<td>----------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------</td>
<td></td>
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<tr>
<td>2.e. Achieve reasonable access to town centre services and facilities</td>
<td>Yes – Emerson's Green is under a mile away</td>
<td></td>
</tr>
<tr>
<td>2.f. Reduce Poverty and income equality, and improve the life chances of those living in areas of concentrated disadvantage</td>
<td>Yes – Affordable Houses provided and access to variety of employment</td>
<td></td>
</tr>
<tr>
<td>Develop a diverse and thriving economy that meets people's needs</td>
<td>Yes – variety of employment area and types will be provided</td>
<td></td>
</tr>
<tr>
<td>3.a. Deliver a reasonable quantum of employment floor space/land and increase access to work opportunities for all parts of society within the West of England sub Region</td>
<td>Yes – variety of employment area and types will be provided</td>
<td></td>
</tr>
<tr>
<td>3.b. Achieve reasonable access to major employment areas</td>
<td>Yes – Access to the Strategic Road Network, Pucklechurch Industrial Estate and wider Bristol from the Ring Road/Metro-Bus</td>
<td></td>
</tr>
<tr>
<td>Maintain and improve environmental quality and assets</td>
<td>Yes – buffering to Listed Buildings and any Archaeological sites of interest will be assessed and mitigated in line with the County Archaeologist</td>
<td></td>
</tr>
<tr>
<td>4.a. Minimise impact on and where appropriate enhance the historic environment, heritage assets and their settings</td>
<td>Yes – buffering to Listed Buildings and any Archaeological sites of interest will be assessed and mitigated in line with the County Archaeologist</td>
<td></td>
</tr>
<tr>
<td>4.b. Minimise the impact on and where possible enhance habitats and species (taking account of climate change)</td>
<td>Yes – Detailed Ecological Assessments will be undertaken</td>
<td></td>
</tr>
<tr>
<td>4.c. Minimise impact on and where appropriate enhance valued landscapes</td>
<td>Yes – Landscape assessment, proposals for mitigation will be undertaken</td>
<td></td>
</tr>
<tr>
<td>4.d.</td>
<td>Promote conservation and wise use of land, maximising the re-use of previously developed land</td>
<td>Yes – and PDL will be utilised and the efficient use of land will be maximised</td>
</tr>
<tr>
<td>4.e.</td>
<td>minimise the loss of productive land, especially the best and most versatile</td>
<td>Yes – none of the land is BMV. None is intensively farmed for high value crops</td>
</tr>
<tr>
<td>4.f.</td>
<td>minimise vulnerability to tidal/fluvial flooding, without increasing flood risk elsewhere</td>
<td>Yes – no flood risk on site</td>
</tr>
<tr>
<td>4.g.</td>
<td>minimise vulnerability to surface water flooding and other sources of flooding, without increasing flood risk elsewhere</td>
<td>Yes – SuDS measures will be employed</td>
</tr>
<tr>
<td>4.h.</td>
<td>minimise harm to, and where possible improve, water quality and availability</td>
<td>Yes – Dialogue with Bristol and Wessex Water will be undertaken</td>
</tr>
<tr>
<td><strong>Minimise consumption of natural resources</strong></td>
<td>5.a Achieve reasonable access to sustainable transportation</td>
<td>Yes – Links to the Metrobus orbital route will be included in the proposals and also a potential park and share location with the J19a proposals.</td>
</tr>
<tr>
<td></td>
<td>5.b. Reduce non-renewable energy consumption and ‘greenhouse’ emissions, and provide opportunities to link into existing heat networks</td>
<td>Yes – Renewable Energy sources can be included in any new build</td>
</tr>
</tbody>
</table>

76. The response to the JSP Sustainability Objectives above demonstrates that this site can achieve a status of a sustainable development.

77. The JSP Sustainability Appraisal: Initial Report (November 2015) assessed five locational options, urban intensification, urban extension, town expansion, other settlements/locations and dispersed locational options. Land to the West of Pucklechurch is located within the urban extension classification. This location was assessed against a sustainability criteria, the summary of initial SA findings indicated that communities of Bristol and N & E showed a short-term mixed/positive and uncertain effect in terms of the JSP SA Objectives.
78. The sustainability appraisal indicated that the area has a positive/mixed effect in terms of delivering a suitable quantum of high quality housing for the West of England sub-region and to deliver a suitable mix of high quality housing types and tenures (including affordable housing) for all parts of society within the West of England sub-region.

79. Within the medium to long term the findings demonstrated that there would be a significant positive effect.

80. The overall assessment determined that the area is within the wider Bristol HMA and therefore development within this area contributes positively to meeting the objectives within the JSP.
QUESTION 11: DO YOU HAVE COMMENTS ON THE SUITABILITY OF ANY OF THE STRATEGIC LOCATIONS?

81. Yes. A number of strategic locations identified in Table 5.1 have a significant number of environmental constraints and present no opportunities to improve strategic infrastructure provision.

82. The sustainability appraisal assessed a number of locations across the JSP area and has included Pucklechurch as an area with potential for growth. Pucklechurch and the land to the west of Pucklechurch is a location that should be considered to be of strategic importance.
QUESTION 12: IN YOUR OPINION, DO SOME STRATEGIC LOCATIONS HAVE ADVANTAGES OR DISADVANTAGES IN TERMS OF ADDRESSING THE CRITICAL ISSUES IDENTIFIED IN CHAPTER 2?

83. Yes. Strategic locations such as Bristol, North of M4/M5, Yate and Pucklechurch are considered to have advantages over the other strategic locations listed in Table 5.1.

84. Pucklechurch and the land to the west of Pucklechurch has a distinct advantage in terms of addressing the critical issues identified in Chapter 2. Pucklechurch can provide excellent transport links and excellent links to key services and employment opportunities. The land to the West of Pucklechurch is ideally situated to resolve the transport issues related to the congestion on the Avon Ring Road as traffic approaches the NE Bristol Area. The site is also located approximately 7 miles North East of the city centre.

85. Pucklechurch provides good access to the M4 via the Westerleigh Road and connects Rural Hinterland areas to the East of Bristol to the M4 as well as the Avon Ring Road.

86. The land is located approximately two miles away from M32 junction which facilitates excellent links to both Bristol and Bath principally, as well as Cardiff and London.

87. In terms of the critical issues identified in chapter 2: Housing and Wellbeing, Economy, Environment and Transport the site has been assessed against the sustainability appraisal criteria and has been found to perform very well. The site lends itself well to residential development, which would be contiguous with the existing development adjacent the site to the East at Pucklechurch. It would relate well with the on-going development at Lyde Green and has a natural open green space to serve as a buffer so as not to coalesce.

88. The site does not have any known physical constraints relating to safe and secure access or alike and the land is not subject to a ransom. The land to the West of Pucklechurch is approximately 930 acres and has an approximate developable area of 550 acres that could accommodate approximately 7,500 dwellings at an average density of 35 dwelling per hectare; this is at a density similar to that of the surrounding area. The site could bring forward employment and retail growth amongst additional education and community facilities.
QUESTION 13: WHICH SPATIAL SCENARIO (OR MIX OF SCENARIOS) IS LIKELY TO BEST DELIVER THE PLANS OBJECTIVES AS SET OUT ON PAGE 16?

89. A mix of Spatial Scenario 3: Transport focussed-proximity to central Bristol and orientation towards public transport and Spatial Scenario 4: A more even spread of development across the sub-region- growth at Bristol, but also Spatial Scenario 5: specifically other towns and expanded settlements, is in our opinion is best to deliver the plans objectives.

90. Although the spatial objectives as set out on page 16 are not overtly specific, it is in our opinion that the Housing & Wellbeing, Economic Growth, Transport & Infrastructure and the Environment Objectives would be achieved by applying scenarios 3 and 4 principally and can be supplemented by Spatial Scenario 5.

91. In order to deliver Spatial Scenario 4, Pucklechurch must be elevated to Town Expansion Status. Without this, the spatial scenarios will not deliver development in the most sustainable locations and will not be able to achieve the benefits to the strategic road network without the allocation to the Land to the West of Pucklechurch. Without the allocation of this site, the plan strategy will not be deliverable and the plan will not be capable of being found sound.
QUESTION 14: IF A NEW SETTLEMENT IS A SOLUTION, HOW BIG SHOULD IT BE AND WHERE WOULD YOU SUGGEST IT COULD GO?

92. The delivery of a new settlement within the West of England would not be an appropriate means of delivering much needed housing growth as the proposal would lack the ability to deliver housing to meet the short term demand.

93. The development of a new settlement does have the potential to create a new employment centre; it would however be a considerable risk establishing a new market within the current economic climate, in which investors are still more cautious than they were pre-recession.

94. The summary assessment of this option states that it is unlikely that there will be significant impact on the green belt if this option is adopted. It is important that this is balanced against the impact that the siting of the new settlement and route of new transport connections will have on the open countryside and also the existing infrastructure that services the land that is currently situated outside of the green belt.

95. A strategy to bring forward a new settlement may be theoretically capable of delivering much needed housing and economic growth and would be able to be phased so that development is controlled and supply is regulated, it would require a large amount of infrastructure to be begun that is currently un-planned. As such it is not likely that a new settlement could contribute meaningfully during this plan period and should therefore be discounted as an appropriate strategy to meet the objectives of this plan. It is however a scenario that could be independently considered alongside this plan strategy once it has been adopted and delivery has begun.
QUESTION 15: WHAT TRANSPORT IMPROVEMENTS OR MEASURES WOULD BE REQUIRED TO SUPPORT THE SCENARIOS?

96. Firstly the plan should seek to ensure that all new developments are accessible by a range of sustainable transport options, i.e. walking, cycling and public transport.

97. Measures such as Travel plans for larger developments are normally provided but it is strongly recommended that this should also be applied to smaller developments as well and mandatory for any strategic allocations.

98. The Joint Transport Strategy sets out the strategic transport projects that will be delivered through the plan period and the improvement of traffic flows via the metro-bus will be essential if development in the Bristol Sub-Region is to be delivered and economic growth sustained.

99. The Metro-Bus, Strategic Rail Improvements and Improvements to the orbital routeway around Bristol will facilitate much needed growth for scenarios 3 and 4.

100. The most important improvement will be the link from the Shortwood Roundabout at the Avon Ring Road to the M4 J19a at Westerleigh Road, Pucklechurch. The Peter Brett Associates report at appendix 2 sets out clear reasoning to support this.

101. In order to bring the motorway junction forward during this plan period it will be essential to allocate the land to the west of Pucklechurch.
APPENDIX 1: SITE LOCATION PLAN
APPENDIX 2: PETER BRETT ASSOCIATES JTS REPRESENTATION
1.0 INTRODUCTION

1.1 Peter Brett Associates have been commissioned by Commercial Estates Group (CEG) to provide highway and transport planning support in relation to the promotion of development on a site referred to as North East Bristol, covering about 900 acres of land west of Pucklechurch and bound to the south by the B4465, the M4 to the north and the Lyde Green development to the west. This note provides an initial view on the transport planning implications of supporting a strategic land allocation on the land, through the Joint Spatial Plan (JSP) process. The JSP is at the Issues and Options consultation stage and this note forms CEG’s response to this first consultation exercise, focusing on transport planning matters. This note also considers the Joint Transport Study (JTS), being prepared in parallel to inform the JSP, and provides elements of response to the JTS’s own consultation process.

1.2 This note first considers the transport planning rationale behind a proposed strategic allocation in North East Bristol and then identifies potential key transport principles and concepts relevant to an allocation on the site, cross-referencing to the JTS’s own Future Transport Concepts.

2.0 TRANSPORT RATIONALE FOR ALLOCATION

2.1 There is growing support for the delivery of a new junction on the M4 between Junction 19 and Junction 18, referred to as M4J18a. This new junction would serve the North East Bristol/East Fringe area and in particular Emersons Green and its local Enterprise Area. The Emersons Green Enterprise Area is planned to accommodate up to an extra 7,000 jobs and is already an important employment centre within South Gloucestershire and the West of England sub-region. However, the view expressed by local businesses is that its further growth is stifled by local road traffic congestion.

2.2 The delivery of a new junction and link to the A4174 Ring Road is actively promoted by the local business community and has cross party political support. Local business support is articulated around the campaign led by Gateway2Growth, supported by evidence collected by the University of Bath. The proposed new junction has been debated at Parliament and Transport Secretary Patrick McLoughlin has recently expressed his support for the project, suggesting it should form the basis of a bid for Regional Growth Fund from the four West of England Councils.

2.3 The view put forward is that the proposed new junction would unlock the full economic potential of the Emersons Green Enterprise Area supporting local businesses as well as attracting more employment to the area. The new junction, it is argued, would provide an alternative means of accessing the Bristol area from the M4 and would relieve congestion along the northern section of the A4174, at the M32J1 and M4J19, providing additional improvement to access to the whole of the East Fringe and North Fringe of Bristol.

2.4 The built form and planned development in the North East Bristol area and in particular in between the A4174 and the M4 dictate the potential location of a future motorway junction. The best location identified for such a new junction would be around Westerleigh Road, north of Pucklechurch. A new junction onto the M4 located north of Pucklechurch would meet the stated objectives of the supporters of the scheme while having the added benefit
of addressing increased road traffic pressure on local rural roads and in particular through Pucklechurch.

2.5 CEG’s view is that a strategic land allocation at North East Bristol would facilitate the delivery of the M4J18a and link to the A4174, delivering what is increasingly seen as an essential piece of infrastructure to the successful economic growth of the West of England. A strategic land allocation at North East Bristol would facilitate land assembly and the integration of the new link and junction within a planned development, providing a delivery mechanism for the new junction and link. A strategic land allocation at North East Bristol would however not be reliant on the delivery of a new junction onto the M4, as it would be developed around sustainable transport principles building on potential improved connections by public transport (MetroBus) and cycling (Cycle superhighways) in particular to employment in Emmer’s Green and the rest of the East Fringe and North Fringe of Bristol.

3.0 TRANSPORT PRINCIPLES AND CONCEPTS

3.1 As identified above, a strategic allocation at North East Bristol would be developed around sustainable transport principles. The following key principles would apply:

- A hierarchy of modes, putting walking and cycling first followed by public transport, the car being last
- Connectivity and integration with existing communities and facilities in Pucklechurch, Lyde Green and Emmer’s Green
- Permeable and convenient walking and cycling networks throughout the development area
- Public Transport priority throughout the development area
- Road network delivering a link between the A4174 and a new junction on the M4 to the benefit of the wider West of England while reducing the traffic impact of planned growth on local rural roads and the village of Pucklechurch.

3.2 A strategic allocation at North East Bristol would in addition provide the opportunity to deliver a number of the Future Transport Concepts as identified within the Joint Transport Study Issues and Options document. The following key concepts would be supported by a strategic land allocation at North East Bristol:

- The North East Bristol land allocation would provide the vehicle for the delivery of a new junction on the M4 and a road link to the A4174 Ring Road, supporting the JTS’s orbital connectivity objectives.
- A strategic land allocation at North East Bristol would facilitate the delivery of improved orbital public transport services from Emmer’s Green through Lyde Green to the proposed new allocation site. This would take the form of an extension of the Emmer’s Green MetroBus line.
• It would also support the Park and Ride at Lyde Green and potentially offer a wider range of access options to the Park and Ride site, widening its appeal and strengthening its use.

• A development on land at North East Bristol would also support the delivery of improved bus priority and improved bus services within the area, with potentially improved connection to more rural destinations to the east of Bristol, including Pucklechurch.

• A strategic land allocation at North East Bristol would support the delivery of cycle superhighways / cycle trunk routes. These would form a key element of a sustainable transport strategy supporting development and would in particular deliver sustainable connections to the East Fringe and the North Fringe of Bristol.

• A sustainable transport strategy supporting a strategic land allocation at North East Bristol would be built around Travel Demand Management measures, including the provision of Personalised Travel Planning for the development and extended to neighbouring areas, as well as mode specific initiatives, such as supporting the use of electric bikes (loans/charging points) or marketing specific user groups, with the aim to reduce single occupancy vehicle trips generated within the East Fringe of Bristol.

3.4 A strategic land allocation at North East Bristol would also bring additional housing within close proximity of planned employment development, helping addressing out-commuting issues associated with the East Fringe of Bristol. The development would also deliver additional travel choices for residents travelling within or out of the Emersons Green area.

3.5 The following table details further how a strategic land allocation at North East Bristol would be supported by and would support the JTS’s Future Transport Concepts.
### Table 3.1: North East Bristol and the JTS's Future Transport Concepts

<table>
<thead>
<tr>
<th>Ref</th>
<th>Future Transport Concepts</th>
<th>Opportunities at North East Bristol</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Strengthen enhanced public transport corridors</td>
<td>Allocation at NE Bristol provides opportunity for increased revenue/increased viability on MetroWest spur to Emersons Green – Opportunity to strengthen Park and Ride</td>
</tr>
<tr>
<td>2</td>
<td>Extended MetroBus network</td>
<td>Allocation at NE Bristol provides the opportunity to extend MetroWest Emersons Green route to NE Bristol, Pucklechurch and wider East Fringe</td>
</tr>
<tr>
<td>3</td>
<td>Extended MetroWest network</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>MetroWest ++</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Cycle superhighways</td>
<td>Allocation at NE Bristol provides the opportunity to strengthen cycle connections to Emersons Green, East Fringe and North Fringe, plus extended network – On-site measures to support cycling as realistic travel choice such as electric bikes/charging points and user groups</td>
</tr>
<tr>
<td>6</td>
<td>Orbital connectivity</td>
<td>Allocation at NE Bristol would facilitate delivery of M4 - Ring Road link – unlocking growth in the wider East Fringe and Emersons Green areas</td>
</tr>
<tr>
<td>7</td>
<td>Major site mitigation package</td>
<td>Development at NE Bristol would be supported by a Sustainable Transport Strategy</td>
</tr>
<tr>
<td>8</td>
<td>Sub-regional pinch points</td>
<td>Allocation at NE Bristol would facilitate the delivery of the M4 – Ring Road link and as a result this would address congestion issues on approach to M32 and northern section of A4174 Ring Road, including at the Hambrook Lights</td>
</tr>
<tr>
<td>9</td>
<td>Strategic corridor package</td>
<td>Allocation at NE Bristol would help addressing congestion issues at M32/A4174 and M4J19, plus support sustainable transport measures along northern section of A4174 Ring Road (MetroBus/Cycle superhighways)</td>
</tr>
<tr>
<td>10</td>
<td>International gateways</td>
<td>Facilitating the delivery of the M4 – Ring Road link would in turn offer the opportunity to improve connection to motorway network from East of Bristol – Emersons Green, Enterprise Area, South Bristol and to the Airport</td>
</tr>
<tr>
<td>11</td>
<td>Institutional change</td>
<td>Allocation at NE Bristol would support WoE/HE network management initiatives</td>
</tr>
<tr>
<td>12</td>
<td>LSTF+ (local smarter travel)</td>
<td>Development at NE Bristol would be supported by extended MetroBus, local bus services, and improved connection to cycle and walking routes</td>
</tr>
<tr>
<td>13</td>
<td>Regional connectivity</td>
<td>Allocation at NE Bristol would support the delivery of the M4 – Ring Road link, creating a new gateway to M4 for industry/employment within the East Fringe of Bristol</td>
</tr>
<tr>
<td>14</td>
<td>Freight</td>
<td>The M4 – Ring Road link would deliver better freight access to the East Fringe releasing capacity at M4J19/M32J1</td>
</tr>
<tr>
<td>15</td>
<td>Travel Demand management</td>
<td>Development at NE Bristol would be supported by Travel Demand Management measures as part of sustainable transport strategy.</td>
</tr>
</tbody>
</table>
APPENDIX 3: NLP ASSESSMENT OF HOUSING NEED
West of England JSP Issues and Options Document

Assessment of Housing Need

CEG
January 2016
31349/AC/SC

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Introduction

1.1 This housing assessment has been prepared by Nathaniel Lichfield & Partners (NLP) on behalf of CEG in response to the consultation on the West of England Joint Spatial Plan (JSP) Issues and Options Document. Drawing on the application of NLP’s HEaDROOM framework, it provides objective evidence on the local need and demand for housing in the West of England, based upon a range of housing, economic and demographic factors, trends and forecasts. It also provides a detailed review of the existing evidence on housing needs within the JSP area.

West of England JSP

1.2 The JSP Issues and Options Document was published in November 2015 and is subject to a 12 week consultation period, ending on 29 January 2016. It relates to four Unitary Authorities within the wider Bristol sub-region:
   a. Bath and North East Somerset;
   b. Bristol;
   c. North Somerset; and,
   d. South Gloucestershire.

1.3 The Spatial Objectives indicate that the strategy should:

   “Meet the full need for market and affordable housing in a way which enables demonstration of a 5 year housing land supply within each Authority”

1.4 Although the JSP incorporates the Bath and North East Somerset area, it only seeks to establish a housing requirement for the Wider Bristol Housing Market Area (HMA) which comprises Bristol, North Somerset and South Gloucestershire.

1.5 The JSP states that, in order to maintain its current prosperity, the West of England HMA needs to provide at least 85,000 new homes between 2016 and 2036, of which 29,100 are required to be affordable dwellings. This is in addition to the housing needs arising within the Bath HMA (defined as the Bath and North East Somerset authority area in isolation) which is addressed in the adopted Bath and North East Somerset Core Strategy as 13,000 dwellings between 2011 and 2029. This figure is to be reviewed in 2019.

Context for Assessment

1.6 The Government’s policy approach to planning has been focused on applying the principles of ‘localism’ to give Local Planning Authorities greater autonomy in planning for housing and, in particular, setting local housing requirements in their development plans.
Applying the National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG) requires the following steps to be taken in order to arrive at a robustly evidenced and objective assessment of housing need:

a. The starting point is for Local Plans to meet the full objectively assessed development needs (FOAN) of their area (NPPF 16, 17, 47, 156 and 158). Plan makers should not apply constraints to the overall assessment of need (PPG ID: 2a-004). This should be viewed within the context of the NPPF requirement for local planning authorities to “boost significantly the supply of housing” (NPPF 47).

b. An objective assessment of housing need must be a level of housing delivery that meets the needs associated with population and household growth, addresses the needs for all types of housing, including affordable, and caters for housing demand (NPPF 159).

c. Housing projections published by DCLG should provide the starting point to any estimation of housing need but adjustments should be made to reflect economic trends and market signals (PPG ID: 2a-015 and 020).

d. Consideration should also be given to the likely level of future growth in employment. Particular consideration should be given to the scale and location of new housing where the labour force supply is less than projected job growth (PPG ID: 2a-018).

e. Where an authority is unable to meet its objectively assessed development needs, it must be demonstrated under the statutory duty-to-cooperate that the unmet need will be met by other local authorities in order to fully meet development requirements across housing market areas (NPPF 179 and 182).

In addition, the High Court and Court of Appeal has determined that:

a. Local planning authorities must have a clear understanding of the housing needs for their administrative area and the HMA as a whole.

b. A distinction exists between FOAN (policy off) and Housing Requirements (policy on).

c. The FOAN should not be based upon a constrained figure.

d. Consideration of constraints is only acceptable when assessing the ability of an area to satisfy the FOAN but this should be dealt with through the Local Plan process.

e. The “policy-on” exercise that is undertaken as part of the assessment of housing requirements does not have any bearing upon the FOAN but rather upon the extent to which those needs can be satisfied.

f. In assessing the FOAN for any area, economic considerations, migration trends, second homes and vacancy rates should all be taken into account. Judgments are required in respect of these matters but such judgments do not constitute policy decisions.

g. Rather than the inclusion of employment trends being policy-on, quite the opposite is true such that failing to accommodate the additional workers
drawn to an area by increased employment opportunities would be a policy-on decision which would affect adjoining authorities.

Consideration should be given to the need for affordable housing in seeking to ascertain the FOAN, but such needs do not have to be met in full when determining the FOAN.

**HEaDROOM Framework**

1.9 In response to the need to structure the approach to setting local housing requirements, NLP developed an analytical framework for defining an objective assessment of need and the quantum of housing that should be planned for through Local and Neighbourhood Plans. The HEaDROOM framework (so called due to the Housing, Economic and Demographic factors that feed into it) provides the basis for assembling and presenting evidence on local housing requirements in a transparent manner. A central component of the framework is an understanding of the role of housing in ensuring that the future population of a locality can be accommodated (taking account of the dynamics of housing markets and other material factors) and the extent to which housing plays a crucial role in securing the economic growth and housing needs of a local area. HEaDROOM therefore closely follows the requirements of the NPPF and the advice contained within the PPG. This framework, as it relates to the work NLP has been commissioned to carry out in respect of the West of England, is set out in Figure 1.1.

1.10 Since its conception in July 2010, the HEaDROOM framework has been applied in over 200 areas across the country. It has been used to underpin evidence tested at appeal and Local Plan Examinations and has previously been endorsed by Inspectors, including in South Worcestershire, Ribble Valley and East Hampshire.

Figure 1.1  NLP HEaDROOM Analytical Framework for Assessing Housing Requirements
1.11 In addition to a review of the current evidence underpinning the JSP, this report presents the findings of each stage of NLP’s analysis of demographic, housing and employment factors to identify the FOAN for the four JSP authorities. These take the form of a number of scenarios, the basis for which is set out in the relevant sections of the report. By modelling a number of trend and economic change-based scenarios, this report sets out the housing, economic and demographic impacts of different levels of growth.

1.12 In accordance with the requirements of the NPPF and the PPG, the HEaDROOM framework also gives consideration to market signals in the assessment of housing requirements for individual local authorities.

Structure

1.13 This report is structured as follows:

- Section 2 reviews the evidence that underpins the JSP in respect of its housing requirement;
- Sections 3-6 provides an overview of the approach that has been taken to the assessment of housing needs and sets out NLP’s objective assessment of the need for housing in the West of England;
- Section 7 considers Market Signals; and,
- Section 8 sets out our conclusions and recommendations.
2.0 A Review and Critique of the JSP Approach

2.1 As part of this review, consideration must be given to whether the housing requirement set out in the JSP is based on adequate, up-to-date and relevant evidence in terms of demonstrating the FOAN. Drawing upon the preceding overview of the approach that should inform such an assessment, this Section identifies a number of concerns in respect of the degree to which the evidence on need and the housing requirement contained within the Wider Bristol HMA Strategic Housing Market Assessment (SHMA, prepared by ORS in July 2015) and the JSP complies with the NPPF, PPG and other requirements.

Geographical Extent of the JSP

2.2 Paragraph 1.1 of the JSP explains that “the local authorities of Bristol City Council, Bath and North East Somerset Council, North Somerset Council and South Gloucestershire Council have joined forces to prepare a new Joint Spatial Plan” to tackle the key challenges of delivering new homes, jobs and infrastructure to create viable and attractive places, while protecting the environment quality of life.

2.3 Despite relating to these four local authority areas, paragraph 1.8 describes the main purpose of the JSP as being to identify the housing and employment land requirements for the Wider Bristol HMA which is defined as covering Bristol City Council, North Somerset Council and South Gloucestershire. It goes on to explain that the Wider Bristol Area “does not include Bath and North East Somerset, as Bath has its own HMA”.

HMA definition

2.4 Against this context, the rationale for including Bath and North East Somerset within the JSP is described as being due to the strong relationship between the Bath HMA and the Wider Bristol HMA:

“As B&NES has a strong relationship to the south east of the Wider Bristol HMA, under the duty to cooperate the four UAs have agreed to work together as there may be a need to accommodate some of the growth of the wider Bristol HMA in B&NES. The JSP therefore covers all four UAs” (JSP paragraph 1.8).

2.5 The preparation of the JSP clearly demonstrates a high level of cooperation between the constituent authorities which is to be encouraged. However, it not a pre-requisite for satisfaction of the duty to cooperate. It is similarly not necessary to prepare a joint plan just because Bath and North East Somerset may be required to accommodate some unmet need from the wider Bristol area. Just as it will be necessary to demonstrate compliance with the duty to cooperate with other adjoining authority areas, cross boundary housing could be (and normally are) addressed outside of the context of the preparation of a joint plan.
2.6 Whilst the need to address cross border issues does not necessitate a joint plan, it is accepted that there are very close relationships between Bath and North East Somerset and the remainder of the Wider Bristol area which would do so. However, the approach that has been adopted results in a strategy that is fundamentally flawed.

2.7 Section 2 of the SHMA considers the definition of the HMA and reiterates the conclusion of previous work that Bath and North East Somerset forms a single HMA which is separate to that of the Wider Bristol area. However, the analysis within this section appears to predetermine this conclusion. NLP consider that strong evidence exists to demonstrate that the four JSP authorities collectively form a wider HMA:

a 86.5% of workers living in the four authorities also live within the wider area;

b 82.3% of jobs within the four authorities are filled by people living in the wider area;

c 70% of households that have moved to an address within the four local authorities in the 12 months prior to the 2011 census had previously lived within the wider area (85.6% excluding long distance movements); and,

d 72.4% of people moving from an address within the four authorities over the 12 months prior to the 2011 census stayed within the wider area (86.4% excluding long distance movements).

2.8 This analysis provides robust evidence of the existence of a logical larger-scale HMA. It shows that the commuting and migration across the four authorities’ accord with the target established by ONS (75% for commuting) and set out in the PPG (70% for migration). NLP note that the analysis for Bath and North East Somerset contained within the SHMA relied upon ONS’s lower “threshold” figure for commuting. In addition, both the PPG and the guidance prepared by the Planning Advisory Service on OAN refer to the potential for overlap between HMAs and Functional Economic Areas:

“Needs should be assessed in relation to the relevant functional area, ie housing market area, functional economic area in relation to economic uses, or area of trade draw in relation to main town centre uses…

In some cases housing market areas and functional economic areas may well be the same." (PPG ID: 2a-008-20140306)

“One would expect HMAs and economic market areas to be geographically similar, because in broad terms both are largely determined by the reach of a daily return trip. Just as households’ location decisions are largely driven by access to jobs and services, business location decisions are largely driven by access to the workers that fill those jobs and the customers who consume those services.
“For this reason, and also for convenience, it is helpful if HMAs and economic market areas are coterminous. This makes both analysis and policy-making more manageable: the alternative of working with two larger-than-local areas, one for housing and one for economic land uses, adds layers of complexity. It also makes it possible to plan for alignment of jobs and workers – something which is very difficult to do at the level of individual authorities, precisely because labour markets are larger than local”. (PAS Guidance 5.34-5.35)

2.9 The position of West of England LEP is very clear that the four JSP authorities form a Functional Economic Area. In seeking to enhance the economy of the sub-region, Section 5.2.4 of the SEP refers to the particular importance of housing:

“Providing jobs and homes in the right locations and at the right time, is intrinsically linked to the future economic prosperity of the area. We need to ensure the right conditions for businesses to grow. By providing for a range of housing types, the area will retain and attract the workforce required, which will support sustainable economic growth.

“…Our economic Plan will enable a faster pace of delivery of homes.

“…new housing, particularly much needed affordable housing, is required. together we have an ambitious programme for growth, with a minimum of 90,000 homes currently being planned for in core strategies.

“The West of England strategic housing market assessment (SHMA) is an important part of the evidence base that informs the preparation and ongoing monitoring of core strategy policies. The SHMA is currently being commissioned to support local plan reviews post 2016. The strategic planning implications resulting from the updated evidence base will be addressed through a West of England joint planning strategy prepared by the four authorities, working with adjoining authorities external to the West of England where necessary. Building upon the current West of England strategic framework, the West of England Joint Planning Strategy will provide a formal coordinated strategic context to inform Local Plan reviews”.

2.10 The SEP therefore implies that both the JSP and its evidence will relate to the whole of the JPS area – i.e. all four local authority areas. The failure to do this undermines the objective of the SEP and the ability of the JPS to provide the “formal coordinated strategic context” that it purports to achieve.

Importance of the FOAN for Bath and North East Somerset

2.11 The approach that has been taken within the SHMA and the JSP is that Bath and North East Somerset represents an individual HMA and that its FOAN should therefore not be identified at this stage. Instead, the JSP indicates that the FOAN for Bath and North East Somerset is contained within the adopted Core Strategy (13,000 dwellings to 2029).

2.12 The issue that exists is two-fold:
a The methodology that underpins the FOAN for Bath and North East Somerset is not necessarily consistent with that set out in the Wider Bristol HMA SHMA, so it cannot be regarded as a comparable figure; and,

b It is based upon evidence that is now out of date and therefore does not satisfy the requirements of paragraph 158 of the NPPF. In addition, the fact that the FOAN for Bath and North East Somerset is to be updated prior to 2019 means that there is likely to be a continued misalignment between the FOAN for Bath and North East Somerset and the FOAN for the Wider Bristol HMA.

2.13 The authors of the JSP appear to have addressed these difficulties by simply excluding the FOAN for Bath and North East Somerset from the plan. This is not an acceptable solution. NLP consider that a joint plan should include an up-to-date FOAN for the whole area to which it relates. The basis for this is set out in Section 28(3) of Planning and Compulsory Purchase Act (2004):

“Anything which must be done by or in relation to a local planning authority in connection with a local development document must be done by or in relation to each of the authorities mentioned in subsection (1) in connection with a joint local development document”.

2.14 Therefore, the FOAN must be assessed for each of the four authorities as part of the new plan. The FOAN for Bath and North East Somerset cannot be excluded and the JSP cannot defer to the figure set out in its adopted Core Strategy which was prepared some time ago.

2.15 The PPG builds upon this by stating that:

“Where there is a joint plan, housing requirements and the need to identify a five year supply of sites can apply across the joint plan area. The approach being taken should be set out clearly in the plan” (ID: 2a-010-20140306).

2.16 The first of the JSP’s Spatial Objectives is to “meet the full need for market and affordable housing in a way which enables demonstration of a 5 year housing land supply within each Unitary Authority” (NLP emphasis). This is an entirely appropriate objective but the achievement of it is fundamentally undermined by the approach that has been applied by the JSP authorities in relation to the establishment of the FOAN for only part of the plan area. The existence or otherwise of a 5 year housing supply can only be assessed if the overall housing need has first been established. As the FOAN for Bath and North East Somerset has not been set out, the JSP is incapable of providing a strategic basis by which all four local authorities might demonstrate that they have a 5 year housing land supply, as required by national policy.

2.17 In summary, the figure of 85,000 dwellings between 2016 and 2036 that is set out within the JSP is inappropriate as it does not relate to the appropriate geographical area. An uplift should be applied to reflect the FOAN within Bath and North East Somerset. This cannot simply the figure set out within adopted Core Strategy as that only relates to the period to 2029. An alternative figure is required.
FOAN for individual local authority areas

2.18 The SHMA and JSP provide an overall housing need figure for Bristol, North Somerset and South Gloucestershire. No individual figure is provided for the separate authority areas. This is flawed. In *Satnam Millennium v Warrington Borough Council*, Stewart J stated at Paragraph 25(iii) that local authorities are required to understand the housing need for its administrative area and for the HMA as a whole:

“Paragraph 159 NPPF is helpful in clarifying this. It is to be noted that it deals particularly with housing. It begins by requiring LPAs to have a clear understanding of housing needs “in their area”. It then proceeds to require LPAs to prepare a SHMA to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. In other words, the LPA has to have the clear understanding of their area housing needs, but in assessing these needs, is required to prepare an SHMA which may cross boundaries” (NLP emphasis).

2.19 In failing to meet this requirement, the JSP again undermines its ability to meet its first spatial objective. This is because the 5 year housing land position is to be assessed on an individual local authority level and therefore the housing need is also required at that spatial scale. If it is not, then it will not be possible to test whether the identified housing supply is sufficient for the local area.

Analysis of FOAN

Population projections

2.20 The PPG states that the sub-national household projections (SNHP) prepared by DCLG (and based upon the ONS sub-national population projections (SNPP)) should form the starting point for the estimate of housing needs but that these may require adjustment to reflect future changes and local demographic factors that are not captured in the projections (ID: 2a-015-20140306). Any such adjustments must be properly evidenced and robustly justified (ID: 2a-017-20140306).

2.21 The SHMA fails to accord with this requirement as it does not apply the SNPP and SNHP as a baseline position. Instead, it applies a 10 year migration trend.

2.22 The rationale for a longer term migration trend draws upon the fact that the SNHP drew upon the SNPP which was based upon an extrapolation of demographic trends (natural change and migration) experienced between 2007 and 2012. As such, it would have been affected by the conditions experienced during the recession, especially in relation to migration. A longer term trend-based scenario would reduce the extent to which future projections might be distorted by recessionary factors, and thereby reduce the extent to which such conditions are assumed to continue in the future.

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1 *Satnam Millennium v Warrington Borough Council* (2015) EWHC 370 (admin)
2.23 Whilst the application of a 10 year trend as assumed by the SHMA is appropriate, this should be in addition to, rather than in lieu of, the baseline SNPP/SNHP scenario.

2.24 A particular shortcoming of the approach adopted by ORS in respect of its 10 year migration scenario is that it draws upon the inter-census period between 2001 and 2011. In so doing, it ignores the fact that ONS mid-year estimate (MYE) data is now available for the period to 2014 and therefore fails to comply with the PPG requirement for account to be taken of the latest ONS population estimates (ID: 2a-017-20140306) and the NPPF requirement for local plans to be based upon up-to-date evidence (paragraph 158).

2.25 More significantly, however, the ORS long term migration scenario (which is applied as its baseline) appears to have included an adjustment for unattributable population change (UPC). The issues relating to the propriety of this approach are set out in the next section. The MYE series demonstrate that UPC is negative in Bristol, North Somerset and South Gloucestershire (as well as Bath and North East Somerset), i.e. there were fewer people recorded at the 2011 Census than expected based on rolled forward estimates (which are calculated based on recorded births, deaths and migration). The implication of this is that the ORS baseline anticipates a lower level of population change than that set out within the SNPP:

Table 2.1  Population change in Wider Bristol Area\(^2\) (SNPP and SHMA)

<table>
<thead>
<tr>
<th>Sub National Population Projections</th>
<th>Population Change 2016-2036</th>
<th>Deviation from SNPP</th>
</tr>
</thead>
<tbody>
<tr>
<td>SHMA (2001 and 2011 Census trend)</td>
<td>156,108</td>
<td>-</td>
</tr>
<tr>
<td>SHMA (2001 and 2011 Census trend)</td>
<td>146,138</td>
<td>-6.4%</td>
</tr>
</tbody>
</table>

Source: SNPP / ORS / NLP analysis

2.26 Considering the most recent 10 year trends, as set out in the MYE series between 2004/5 and 2013/14, and without any adjustment for UPC reveals a much higher level of migration across the JSP authorities:

Table 2.2  Ten year trend (2004/5-2013/14)

<table>
<thead>
<tr>
<th></th>
<th>Net Internal Migration</th>
<th>Net International Migration</th>
<th>Net Migration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bristol</td>
<td>-169</td>
<td>+2,565</td>
<td>+2,396</td>
</tr>
<tr>
<td>North Somerset</td>
<td>+1,823</td>
<td>+280</td>
<td>+2,103</td>
</tr>
<tr>
<td>South Gloucestershire</td>
<td>+471</td>
<td>+850</td>
<td>+1,321</td>
</tr>
<tr>
<td><strong>Wider Bristol HMA</strong></td>
<td>+2,125</td>
<td>+3,695</td>
<td>+5,820</td>
</tr>
<tr>
<td>Bath and North East Somerset</td>
<td>+368</td>
<td>+931</td>
<td>+1,299</td>
</tr>
</tbody>
</table>

Source: CLG Mid Year Estimates

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\(^2\) Although NLP is of the firm view that the Wider Bristol HMA should be extended to incorporate Bath and North East Somerset, for the purpose of this critique of the SHMA, any reference to the “Wider Bristol HMA” is defined on the same basis of the ORS approach – i.e. Bristol, North Somerset and South Gloucestershire.
Despite being partially off-set by a lower level of natural change than anticipated by the SNPP, the longer term migration scenario results in a significantly higher level of population change than anticipated by the SNPP.

Unattributable Population Change

In assessing the demographic projections, ORS has included an allowance for UPC. This is the result of either mis-recording of the total population at the 2001 and/or 2011 censuses, mis-recording of migration, or a combination of each of these factors. The definitive source is unknown, and given that at the national level the UPC (at the time of the 2011 Census) is within the confidence interval of the international migration estimates, ONS excluded this from the 2012-based SNPP. ONS has stated that³:

“The UPC is unlikely to be seen in continuing subnational trends as:

- It is unclear what proportion of the UPC is due to sampling error…adjustments made to MYEs…and/or error in the intercensal components;
- If it is due to either 2001 or 2011 Census then the components of population change will be unaffected;
- If it is due to international migration, it is likely that the biggest impacts will be seen earlier in the decade and will have less of an impact in the later years, because of improvements introduced to migration estimates...”(NLP emphasis).

The 2012-based SNPP is based on trends (in births, deaths and migration) observed over the 5-6 preceding years, and ONS’ report on UPC states that migration errors are likely to have a bigger impact in the early 2000s due to improvements in estimating migration over time. Hence, although UPC between the 2001 and 2011 Censuses was relatively large in the Wider Bristol HMA, the 2012-based SNPP draws trends from a period where methods of estimation were improved (rather than the early 2000s) and are likely to remain a robust and suitable starting point for projecting population growth.

The fact that ORS considered a 10 year trend between 2001 and 2011 has served to increase the impact of the UPC aspect both as a result of improvements in the estimation of migration and because UPC has not been a feature of the MYE data since 2011. Had a more appropriate 2004/5-2013/14 trend been applied, then UPC data could only have been applied for 7 years, rather than for the full 10 years between 2001 and 2011. In failing to apply the most up to date information, ORS has therefore adopted an approach where it has been able to suppress its population forecasts and constrain the resultant level of housing need.

Since publication of the SHMA, ONS has provided further information⁴ on the potential causes of UPC in local authorities. Whilst the precise cause cannot be certainly identified, it indicates that for each of the authorities in the Wider

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Bristol HMA (and also in Bath and North East Somerset), it is potentially related to issues in the recording of migration, rather than a mis-recording of the population at the time of the Census.

2.32 It should be noted that adjustments for UPC have been considered previously by Local Plan Inspectors. Within his report on the Eastleigh Local Plan, the Inspector set out:

“ONS consider that the UPC should not be attributed to migration because, as its name implies, the reasons for the adjustment is unknown. Given this advice and ONS’ approach to its own projections, it is reasonable… to follow the same approach. Over time, the significance of the UPC will decline and ONS has improved its methodology for assigning international migration” (Paragraph 23).

2.33 Similarly the Inspector into the Vale of Aylesbury Plan Strategy stated that:

“I note the Council’s concern in relation to the… projections, particularly in terms of migration assumptions given data from mid-year population estimates. However, whilst an over estimation of migration may play a significant part in the other (unattributable) component of change in the mid-year estimates, there is insufficient basis to conclude that it accounts for 100% of this figure. Indeed the ONS itself considers that it would be sensible to exclude the unattributable figure from migration trends… given the degree of uncertainty. Attributing all of this to migration, as the Council has done, has the effect of substantially reducing the estimates of past net in-migration to the District… Whilst the Council has concerns as to the assumptions which underpin the projections, I find insufficient evidence to conclude that they are inaccurate to the extent suggested” (Paragraph 35, NLP emphasis).

2.34 In both instances the Inspectors rejected the notion of adjusting or correcting migration to account for UPC. This conclusion was very recently also adopted by Inspector Napier in her report relating to a s.78 appeal at Farnsfield, Nottinghamshire. Paragraph 18 states:

“The evidence before me is not sufficient to demonstrate that a downward adjustment to the identified longer term migration trends to take account of UPC for N&S is necessary. Furthermore, I am not satisfied that it has been adequately demonstrated that the absence of such an adjustment in N&S would necessarily have an unacceptable impact on the robust assessment of FOAN within the HMA as a whole”.

Population growth since 2012

2.35 The passage of time since the SNPP base date means that data is now available (in the form of the 2013 and 2014 Mid Year Estimates) by which the SNPP can be verified and updated to reflect the actual population in each of these years. The PPG requires this information to be taken into consideration.

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7 APP/B3030/W/15/3006252 Land at Southwell Road, Farnsfield, Nottinghamshire. 7 January 2016.
when adjusting household projection-based estimates of housing need (ID: 2a-017-20140306).

2.36 Despite of merit in taking account of the latest data – and the requirement to do so – the ORS report has failed to take account of population change that has occurred in the West of England authorities since 2012.

2.37 As of 2014, the MYE indicate that the total population of the Wider Bristol HMA authorities was approximately 1,600 higher than projected by the 2012-based SNPP:

Table 2.3  Comparison of population projection and actual population in 2014

<table>
<thead>
<tr>
<th></th>
<th>2014 Pop (SNPP)</th>
<th>2014 Pop (MYE)</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bristol</td>
<td>441,286</td>
<td>442,474</td>
<td>+1,188</td>
</tr>
<tr>
<td>North Somerset</td>
<td>208,336</td>
<td>208,154</td>
<td>-182</td>
</tr>
<tr>
<td>South Gloucestershire</td>
<td>270,973</td>
<td>271,556</td>
<td>+583</td>
</tr>
<tr>
<td><strong>Wider Bristol HMA</strong></td>
<td><strong>920,595</strong></td>
<td><strong>922,184</strong></td>
<td><strong>+1,589</strong></td>
</tr>
<tr>
<td>Bath and North East Somerset</td>
<td>179,509</td>
<td>182,021</td>
<td>+2,512</td>
</tr>
</tbody>
</table>

Source: SNPP / 2014 Mid Year Estimate

2.38 In addition, the projections for migration had already been exceeded in both 2012/13 and 2013/14, such that between 2012 and 2014, a total of 10,250 people had migrated into the Wider Bristol area, 23% more than the 8,300 anticipated by the SNPP.

Table 2.4  Comparison of projection and actual migration between 2012 and 2014

<table>
<thead>
<tr>
<th></th>
<th>2012-14 Net Mig (SNPP)</th>
<th>2012-14 Net Mig (MYE)</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bristol</td>
<td>2,056</td>
<td>3,646</td>
<td>+1,590</td>
</tr>
<tr>
<td>North Somerset</td>
<td>3,597</td>
<td>3,580</td>
<td>-17</td>
</tr>
<tr>
<td>South Gloucestershire</td>
<td>2,687</td>
<td>3,032</td>
<td>+345</td>
</tr>
<tr>
<td><strong>Wider Bristol HMA</strong></td>
<td><strong>8,340</strong></td>
<td><strong>10,258</strong></td>
<td><strong>+1,918</strong></td>
</tr>
<tr>
<td>Bath and North East Somerset</td>
<td>1,501</td>
<td>3,981</td>
<td>+2,480</td>
</tr>
</tbody>
</table>

Source: SNPP / 2014 Mid Year Estimate

2.39 This:

a  Provides justification for applying a level of growth that is above that anticipated by the 2012-based SNPP since these projections have already been exceeded in the first two years; and,

b  Very clearly demonstrates that the SNPP has not over-estimated potential population growth and that no adjustment is therefore required to take account of UPC.
Economic Alignment

2.40 The PPG requires an assessment of likely job growth to be undertaken, looking at past trends in job growth and/or economic forecasts, whilst also considering growth in the working age population (ID: 2a-018-20140306). The potential job growth should be considered in the context of unsustainable commuting patterns, and plan makers should consider how the location of new housing could help to address this.

2.41 An assessment of the SNPP reveals that the change in working age population is expected to be much lower than change in number of children and (particularly) older people. Across the JSP area as a whole, the 2012-based SNPP anticipate an increase of 45.5% of persons aged over 65 between 2016 and 2036, equivalent to 4,490 persons per annum, compared to a 7.2% increase in the number of persons aged between 20 and 64 over the same period (equivalent to 2,375 persons per annum). The level of change amongst different age cohorts within each of the JSP authorities is set out below:

Table 2.5  Projected population change by age cohort (2016 to 2036)

<table>
<thead>
<tr>
<th></th>
<th>0-19</th>
<th>20-64</th>
<th>65+</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bristol</td>
<td>+17,500</td>
<td>+33,200</td>
<td>+23,600</td>
<td>+74,400</td>
</tr>
<tr>
<td></td>
<td>(+16.4%)</td>
<td>(+11.7%)</td>
<td>(+39.1%)</td>
<td>(+16.5%)</td>
</tr>
<tr>
<td>North Somerset</td>
<td>+7,000</td>
<td>+6,600</td>
<td>+25,600</td>
<td>+38,900</td>
</tr>
<tr>
<td></td>
<td>(+14.8%)</td>
<td>(+5.7%)</td>
<td>(+51.2%)</td>
<td>(+18.3%)</td>
</tr>
<tr>
<td>South Gloucestershire</td>
<td>+7,000</td>
<td>+7,800</td>
<td>+26,300</td>
<td>+41,100</td>
</tr>
<tr>
<td></td>
<td>(+10.8%)</td>
<td>(+4.9%)</td>
<td>(+51.2%)</td>
<td>(+14.9%)</td>
</tr>
<tr>
<td>Wider Bristol HMA</td>
<td>+31,500</td>
<td>+47,600</td>
<td>+75,500</td>
<td>+154,400</td>
</tr>
<tr>
<td></td>
<td>(+14.4%)</td>
<td>(+8.5%)</td>
<td>(+46.7%)</td>
<td>(+16.4%)</td>
</tr>
<tr>
<td>Bath and North East Somerset</td>
<td>+3,000</td>
<td>-100</td>
<td>+14,300</td>
<td>+17,100</td>
</tr>
<tr>
<td></td>
<td>(+7.2%)</td>
<td>(-0.1%)</td>
<td>(+40.1%)</td>
<td>(+9.4%)</td>
</tr>
<tr>
<td>JSP area</td>
<td>+34,500</td>
<td>+47,500</td>
<td>+89,800</td>
<td>+171,500</td>
</tr>
<tr>
<td></td>
<td>(+13.2%)</td>
<td>(+7.2%)</td>
<td>(+45.5%)</td>
<td>(+15.3%)</td>
</tr>
</tbody>
</table>

Source: 2012-based SNPP

2.42 The implication of this significant increase in the number of older people, compared to the number of working age people is that the proportion of people in employment will reduce over time. Accordingly, the ability of the existing population to fill both the current number of jobs and any newly created jobs in the area will be increasingly limited.

2.43 As a result of this demographic change, there will be a need for additional working age people to move into the area in order to fill those existing jobs that become available as people retire and any newly created jobs. This will necessitate an adequate provision of new housing in order to both accommodate new workers and attract investment.

2.44 The SMHA fails to take account of this. Instead, it only considers the level of population and housing growth that would be needed to sustain the additional jobs that are expected to be created over the JSP period. As a result, it underestimates the level of population and the number of new homes that
would be required to align with the expected total level of future employment within the wider Bristol area.

**Employment trends**

2.45 In considering the level of alignment between jobs and employment growth, the SHMA takes account of the economic forecasts for the West of England LEP area\(^8\) that were produced by Oxford Economics (OE) in August 2013. A series of scenarios were prepared, with growth levels centred upon a baseline forecast of 65,300 additional jobs between 2010 and 2030 (3,300 jobs p.a.).

2.46 The SHMA recognises that these forecasts were prepared at a time of economic fragility and that the West of England LEP sought to establish a more ambitious target of delivering 95,000 new jobs over the same period. This was shown to represent a 1.1% uplift on OE’s medium-high growth scenario (94,000 jobs).

2.47 The 2013 OE medium-high growth scenario anticipates an additional 83,500 jobs in the West of England between 2016 and 2036, of which 83,200 are forecast to be within the Wider Bristol HMA. The SHMA applies an uplift of 1.1% to this figure in order to achieve a level of growth equivalent to the LEP target, resulting in a figure of 84,400 jobs across the JSP area over the JSP period. This is the figure that has been tested by the SHMA.

2.48 A more recent update by OE in 2014 identified a baseline target of 95,300 jobs between 2011 and 2030 across the West of England, including 80,500 in the Wider Bristol HMA. However, these figures have not been applied by the SHMA.

2.49 In considering these figures, it is important to recognise that the original forecasts were prepared in 2013 and the update was issued in 2014. This means that they are now some time out of date. They represent a snap-shot at a point in time, and the macroeconomic conditions that existed then are likely to have resulted in more pessimistic forecasts of job growth compared to the most up to date forecasts.

2.50 This is illustrated by a comparison of the figures that were applied by the SHMA with the latest employment forecasts, obtained by Experian Business Strategies (and issued in December 2015). These forecasts indicate a total employment change of 105,060 across the JSP area between 2016 and 2036 (5,253 p.a.). This is 25% above the forecast applied by ORS in the study.

2.51 Furthermore, the ORS analysis has taken no account of past job trends in the West of England, as per the PPG (ID: 2a-018-20140306) which indicates that these are equally important in considering likely future job growth. Experian past trend data indicates that past trends in job growth have been in excess of the forecasts used.

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\(^8\) Which covers the local authority areas of Bath and North East Somerset, Bristol, North Somerset and South Gloucestershire
Table 2.6  Past trend employment growth

<table>
<thead>
<tr>
<th>Assumptions</th>
<th>Experian Business Strategies</th>
<th>Past trend</th>
<th>Past trend</th>
<th>Future</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wider Bristol HMA</td>
<td>74,300 (3,720 p.a.)</td>
<td>106,367 (5,318 p.a.)</td>
<td>97,740 (4,887 p.a.)</td>
<td>95,684 (4,784 p.a.)</td>
</tr>
<tr>
<td>JSP area</td>
<td>84,400 (4,220 p.a.)</td>
<td>120,733 (6,037 p.a.)</td>
<td>105,700 (5,285 p.a.)</td>
<td>105,063 (5,253 p.a.)</td>
</tr>
</tbody>
</table>

Source: Experian Business Strategies / JSP SHMA

2.52 It should be noted that the Experian forecasts do not make any allowance for policy objectives or local aspirations (i.e. each represents a policy-off forecast). In the context of the LEP aspirations for specific sectors and past trends, they might therefore be viewed as relatively conservative.

2.53 The SHMA concludes that “there is no need to further increase housing delivery as there will already be enough workers for the likely increase in jobs in the area” (Paragraph 5.43). This conclusion is based upon the application of job targets that do not reflect the latest – or the historic – position within the JSP area, as well as shortcomings in respect of economic activity rates, commuting and the assessment of the existing employment and population position within the JSP area. As set out elsewhere in this report, it is NLP’s clear conclusion that the level of housing need set out in the SHMA’s demographic scenario is insufficient to align with the future needs of the local economy.

2.54 Just as the SHMA provides a single housing need figure for the Wider Bristol HMA, the employment forecast is similarly provided at an HMA level, with no breakdown by local authority area. This is in spite of the West of England Economic Development Needs Assessment 2015 providing a breakdown of job growth expected within each local authority area. There is no apparent justification for the approach adopted by the SHMA which is not robust. The lack of any breakdown casts doubt as to whether ORS has applied locally specific economic activity, unemployment and commuting rates. A failure to do so would undermine the ability to properly test the housing implications of the identified employment forecasts.

2.55 The inclusion of Bath and North East Somerset within the employment forecast highlights the need for a more strategic approach to housing in terms of undertaking the assessment of housing need and including a housing requirement for the whole of the JSP area.

2.56 In disaggregating the employment forecast into the Wider Bristol HMA and Bath and North East Somerset, ORS appears to have applied an approach that is based solely on the level of employment growth anticipated by the Bath and North East Somerset Core Strategy. However, that only covers the period to 2029 and was based upon older forecasts which would not necessarily reflect the current economic position or align with the latest trends. This therefore does not provide an appropriate basis for the assessment of housing need. Given that the econometric forecasts were provided at a local authority level, it
would have been more appropriate to use the actual figures for each area in order to identify expected level of employment change in the Wider Bristol HMA in order to achieve an accurate assessment of the alignment between housing and employment growth.

2.57 The Experian projections that have informed NLP’s analysis provide an up-to-date indication of employment change across the JSP area throughout the Plan period.

Table 2.7 Projected employment change in JSP area, 2016-2036

<table>
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<tr>
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</thead>
<tbody>
<tr>
<td></td>
<td>Employment change, 2016-2036</td>
<td>% of total emp change</td>
<td>Employment change, 2016-2036</td>
</tr>
<tr>
<td>Bristol</td>
<td>13,451</td>
<td>16.1%</td>
<td>-</td>
</tr>
<tr>
<td>North Somerset</td>
<td>16,569</td>
<td>19.8%</td>
<td>-</td>
</tr>
<tr>
<td>South Gloucestershire</td>
<td>53,173</td>
<td>63.7%</td>
<td>-</td>
</tr>
<tr>
<td>Wider Bristol HMA</td>
<td>83,193</td>
<td>99.6%</td>
<td>74,300</td>
</tr>
<tr>
<td>Bath and North East Somerset</td>
<td>333</td>
<td>0.4%</td>
<td>10,100</td>
</tr>
<tr>
<td>JSP Area</td>
<td>83,526</td>
<td>100.0%</td>
<td>84,400</td>
</tr>
</tbody>
</table>


2.58 This analysis demonstrates that the approach that has informed the JSP is flawed, both in relation to the overall level of employment growth that is expected and the proportion of the total growth that is anticipated for Bath and North East Somerset. The implication of this is that both the SHMA and the JSP significantly underestimate the level of housing that is required to align with future employment growth.

Economic Activity Rates

2.59 The modelling undertaken by ORS applies an aggregate economic activity rate for the three West of England authorities (by age and gender, based on the 2011 census\(^9\)). A graph (Figure 39) sets out the estimated economic activity in 2012 and the projected rates for 2036 but no explanation is provided in respect of the methodological approach that has been used to achieve the projected figure.

2.60 NLP is concerned that:

a  No adjustment has been made to the 2011 census figures to take account of changes since that time; and,

\(^9\) Male: 70%; Female 61.6%
b A single figure has been proposed for the three areas when in reality, and as illustrated below, the economic activity rates vary by authority area.

Figure 2.1 Economic activity rates for males in 2016

Source: Census, APS, LFP

Figure 2.2 Economic activity rates for males in 2016

Source: Census, APS, LFP

The SHMA does not indicate whether a weighted average was applied to take account of the different size of the three Wider Bristol HMA authorities, in terms of their population and workforce. The implication of this is that the single economic activity figure may have been skewed by one of the authorities. The preferable approach would be to apply different economic activity rates for each of the three local authority areas in order to achieve a more accurate
assessment of the number of new jobs that could be supported by the existing population, and hence, the level of new housing needed to achieve alignment with the anticipated future employment growth.

The implication of this is that the analysis undertaken by ORS overestimates the number of jobs that could be supported by local people, and therefore underestimate the housing need to support a particular employment target.

Household Formation

2.63 The PPG refers to household projections as being a “starting point” and that the headship rates within them might not reflect future trends. Although the household formation rates that underpin the 2012-based SNHP are higher than those that informed the 2011-based interim SNPP, they still do not reflect the full picture in terms of future housing need because they:

a. Draw upon the 2012-based SNPP, which are trend-based projections and reflect the migration trends that were experienced during the recession;

b. Reflect a long term and structural under-supply of housing over the long term which has served to constrain household formation;

c. Were influenced by recessionary trends, including mortgage rationing, financial instability and affordability constraints, as well as the preceding time of increasing unaffordability which also served to suppress household formation

10; and,

d. Do not take any account of the impact of future government or local policies, changing economic conditions or other factors that might have an impact upon demographic behaviour or household consumption.

2.64 The impact of these factors is that the level of household growth that was identified by the SNHP was below the level that would truly reflect need and demand. It would have been appropriate for the evidence to test a “partial catch-up” scenario whereby headship rates are increased to reflect expected future improvements in household formation as the economy improves.

2.65 Local Plan Inspectors are commonly recognising the importance of applying an adjustment to take account of a future uplift in household formation, although few have recently accepted a full return to the 2008-based headship rates as constituting an appropriate basis by which to assess future housing needs.

2.66 The SHMA recognises these issues and quotes the OAN technical advice note prepared by the Planning Advisory Service which commended the approach set out by the South Worcestershire Inspector in relation to the adjustment of headship rates contained within the 2011-based SNHP11. Reference is also

10 This is explained on Page 19 of the Household Projections 2012-based: Methodological Report.
11 The approach set out by the South Worcestershire Inspector was originally proposed by NLP. Paragraph 44 of the Inspector’s Interim Conclusions on the Stage 1 Matters states: “I must ask the Councils to undertake some further analysis in order to derive an objective assessment of housing need over the Plan period. From what is said above, it should be clear that in my view the demographic stage of that analysis should be carried out using the latest available official population projections, combined with NLP’s “index” approach to translate those projections into future household numbers…”
made at paragraph 3.79 of the SHMA to the conclusions of Inspector Holland regarding the expectation that “household formation rates will gradually return to higher levels as the economy recovers”. However, the SHMA goes on to refer to research which seeks to challenge the idea that household formation rates will increase in the future. It should be noted that this research was published prior to the release of the 2012-based SNHP and has not been substantiated by any other sources.

Paragraph 3.82 of the SHMA recognises that “it is possible to understand the impact of the new household representative rates through applying the 2012-based rates and the 2008-based and interim 2011-based rates to the same population”. However, it looks at this only at a national level and does not provide any alternative household formation rates to apply to the population projections.

Whilst ORS has clearly recognised that the household formation rates contained within the 2012 SNHP are constrained and that the PPG recognises that the SNHP represent the starting point estimate of overall housing, it has failed to apply any adjustment to headship rates. Instead, its position appears to be that the application of alternative population projections has been sufficient to respond to this policy requirement and has been appropriate in the local context. As has been demonstrated, ORS’ alternative population projections are lower than the SNPP (starting point).

Any assessment of housing need must be grounded in a recognition of the impact of both population change and household formation rates. Consideration of population factors alone results in a partial understanding of the issues and a failure to achieve a true picture of housing need. The failure by ORS to consider alternative headship rates will further increase the extent to which it has underestimated the overall housing need across the JSP area.

**Market Signals**

The PPG requires that the housing need figure be adjusted to take into account market signals. These include land and house prices, rents, affordability, overcrowding, homelessness and the rate of development (ID 2a-019-20140306). It indicates that comparisons should be made against the national average, the housing market area and other similar areas, in terms of both absolute levels and rates of change. Worsening trends in any market signal would justify uplift on the demographic-led needs (ID 2a-019-20140306). In addition, the PPG highlights the need to look at longer terms trends and the potentially volatility in some indicators (ID: 2a-020-20140306).

The PPG also sets out that “…plan-makers should not attempt to estimate the precise impact of an increase…rather they should increase planning supply by an amount that, on reasonable assumptions…could be expected to improve affordability…” (ID: 2a-020-20140306). This distinguishes between the demographic-led need for housing (generated by population and household growth) and the market signals uplift which is primarily a supply response over
and above the level of demographic need to help address negatively performing market signals, such as worsening affordability.

2.72

The SMHA looks at a range of market signals comparing the Wider Bristol HMA with comparator areas that “share similar demographic and economic characteristics” (paragraph 5.48). No analysis is provided to demonstrate such similarities. This analysis (and the shortcomings) are summarised as follows:

a Land prices – the SHMA does not look at land prices, however given that data availability in this indicator is often limited at the local level, this omission is not unreasonable.

b House Prices – the SHMA considers the lower quartile house prices over time and compares the figures for Bristol, North Somerset and South Gloucestershire with a weighted average for the Wider Bristol HMA and an average for England. The data indicates that house prices in each of the HMA authorities have consistently been higher than for England, although it seeks to underplay this conclusion.

c Affordability – The SHMA similarly shows that affordability pressures are higher in each of the Wider Bristol HMA authorities than in England generally. However, it seeks to downplay this by suggesting that “affordability can be influenced by supply issues (e.g. lower housing delivery levels) and demand side issues (e.g. lower availability of mortgage finance for first time buyers)” (paragraph 5.58). The long term analysis shows that the affordability issues have consistently been more severe in the Wider Bristol HMA than nationally (i.e. before, during and after the recession). This points towards the need for an increase in housing delivery to help achieve an improvement in the current affordability situation.

d Rents – the SHMA fails to provide any local data in relation to local rental values and seeks to emphasise the importance of the private rented sector for those in need of affordable housing. The final sentence of paragraph 5.63 notes that “it is essential for local authorities to understand the full extent of the need for affordable housing in their areas and consider their policy responses accordingly”. As set out below, however, the conclusions of the SHMA that the affordable housing need equates to 29,000 dwellings between 2016 and 2036 significantly underestimates the true need for affordable housing across the Wider Bristol HMA.

e Overcrowding and homelessness – the SHMA includes raw numbers relating to the number of households that are living in overcrowded conditions but fails to provide any consideration of how the situation has changed over time or how it compares to the national average or other areas. To this end, the figures are effectively meaningless. The SHMA fails to consider issues relating to homelessness.

f Rate of Development – the SHMA does not consider past delivery levels as a market signal but instead includes a separate consideration of past completions and the forecast housing trajectory between 2012 and
2.73 The SHMA compares the market indicators for the Wider Bristol HMA authorities with the identified “comparator” authorities. In considering a response to the baseline housing requirement, it refers to the finding of the Eastleigh Local Plan Inspector which provided interpretation of the PPG in terms of a reasonable uplift on demographic-led needs in the light of market signals:

"It is very difficult to judge the appropriate scale of such an uplift. I consider a cautious approach is reasonable bearing in mind that any practical benefit is likely to be very limited because Eastleigh is only a part of a much larger HMA. Exploration of an uplift of, say, 10% would be compatible with the "modest" pressure of market signals recognised in the SHMA itself." ( Paragraphs 40-41).

2.74 The Eastleigh Inspector has ultimately concluded that a modest uplift of 10% is a reasonable proxy for quantifying an increase from purely demographic based needs to take account of “modest” negatively performing market signals. More recently, the Inspector into the Canterbury Local Plan accepted an exploration of 20% uplift for "more than modest" market signals pressure.

2.75 However, rather than considering the Wider Bristol HMA with Eastleigh, it compared it to “Southampton with Eastleigh and New Forest”. Given the differences in the situation within the Southampton HMA, this represents an unreasonable comparison.

Table 2.8 Market Signals Comparison - Eastleigh and Canterbury

<table>
<thead>
<tr>
<th></th>
<th>Bristol</th>
<th>North Somerset</th>
<th>South Glouc</th>
<th>Bath and North East Somerset</th>
<th>Eastleigh (10%)</th>
<th>Canterbury (20%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014 Average House Price</td>
<td>£194,000</td>
<td>£204,000</td>
<td>£205,000</td>
<td>£249,950</td>
<td>£222,000</td>
<td>£227,250</td>
</tr>
<tr>
<td>Rate of change 1999-2014</td>
<td>185%</td>
<td>174%</td>
<td>177%</td>
<td>178%</td>
<td>161%</td>
<td>195%</td>
</tr>
<tr>
<td>2014 LQ affordability ratio</td>
<td>7.58%</td>
<td>7.82%</td>
<td>8.07%</td>
<td>10.59</td>
<td>8.67</td>
<td>9.56</td>
</tr>
<tr>
<td>Absolute change 1999-2014</td>
<td>4.06%</td>
<td>3.57%</td>
<td>4.06%</td>
<td>5.79</td>
<td>3.55</td>
<td>4.57</td>
</tr>
<tr>
<td>Rate of change 1999-2014</td>
<td>115%</td>
<td>84%</td>
<td>101%</td>
<td>117%</td>
<td>69%</td>
<td>91%</td>
</tr>
<tr>
<td>Q1 2015 Rents</td>
<td>£775</td>
<td>£625</td>
<td>£725</td>
<td>£850</td>
<td>£775</td>
<td>£800</td>
</tr>
<tr>
<td>Rate of Change Q2 '11-Q1 ‘15</td>
<td>19.2%</td>
<td>11.6%</td>
<td>11.5%</td>
<td>13.3%</td>
<td>14.8%</td>
<td>15.1%</td>
</tr>
</tbody>
</table>

Source: CLG Live Table 586/Land Registry, CLG Live Table 576/Land Registry/ASHE, VOA Private Rental Market Statistics

2.76 Based on the comparison of the housing indicators set out above, it is evident that the market signals pressures in the JSP authorities are comparable to Eastleigh and Canterbury in different respects, with the Bath and North East Somerset exhibiting very significant market pressure and the Wider Bristol
HMA authorities showing particular pressure in respect of the change in house prices and affordability over time. Given that Eastleigh and Canterbury are both located in the South East of England, it is not surprising that actual house prices, affordability ratios and rental levels are higher than in the Bristol area.

The implication of this analysis – and that set out in Section 8 – is to highlight the extent to which the adjustment of just 7.5% that was made by ORS in response to market signals fails entirely to provide an appropriate response to the severity of the market situation.

**Affordable Housing Assessment**

The SHMA appropriately considers the need that exists for affordable housing within the JSP area. This is an important component of any SHMA, as required by paragraph 159 of the NPPF. An understanding of the level of affordable housing need that exists in a local area also represents an important element in the assessment of the FOAN for housing. Paragraph 2a-029 of the PPG states:

“**The total affordable housing need should then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. 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**” (NLP emphasis).

**Assessment of households unable to access the housing market**

Paragraph 4.45 of the SHMA states that information published by the Department for Work and Pensions (DWP) “**provides most reliable basis for estimation of number of households unable to afford housing costs and estimate affordable housing need**”. DWP data about housing benefit claimants and census data was used to inform the ORS Housing Model which produced an assessment of the proportion of households unable to afford market housing. This is set out in figure 56. The methodology underpinning this analysis is not explained, and neither is the conclusion set out in paragraph 4.78 that 25% of all newly forming households and 23% of all households moving into the area are unable to afford their housing costs.

The lack of clarity regarding the approach that has been taken in assessing affordability undermines the credibility of the results contained within the SHMA.

NLP’s preferred approach is to apply information in respect of local house prices, market rents and household income levels to inform the assessment of the ability of households to afford lower quartile market housing as required by the PPG. Although the PPG does not prescribe exactly how affordability calculations should be undertaken, other than to say that access to lower quartile (entry level) market housing is the relevant barometer, a number of
sources can be applied to inform an assessment of how much households can afford to spend on their housing:

a. The former CLG SHMA Guidance (2007; now revoked) set out that a household can be considered able to afford to buy a home if it costs 3.5 times the gross household income for a single earner or 2.9 times the gross household income for a dual-income household.

b. Evidence from the Council of Mortgage Lenders identified that in Q1 2012 the median loan-to-value ratio for first time buyers was 80% with an income multiple of 3.3. Although there may be difficulties in newly forming households being able to raise a 20% deposit, there are options available including Government initiatives such as Help to Buy as well as traditional sources of deposits such as parents. On this basis it is considered a useful sensitivity to test.

c. There is no official or definitive threshold for how much a household can spend on rent before it is unaffordable. The former CLG SHMA Guidance set out that a household can be considered able to afford renting on the private market in cases where the rent payable was up to 25% of their gross household income. The current HCA guidance to Registered Providers for assessing the affordability of their products sets out that 35% of gross household income can be spent on rent, whilst the CLG English Housing Survey estimates that the national average is 34.4% of gross household income (including state assistance) is spent on rent. Other sources also suggest broad rules of thumb between 25% and 35% gross income as being the appropriate threshold (equating to c.33%-45% of net income).

2.82

This approach has been considered at a number of Local Plan examinations. Paragraphs 32 and 33 of the Eastleigh Local Plan Examination Inspector’s report state:

“The PUSH SHMA assumes (EBC/H4A, 8.6) 30% of gross income spent on housing is the threshold for households in need of affordable housing. Many developer interests consider that this is too high and highlight the reference to a 25% threshold in the 2007 DCLG SHMA Guidance. But that document has been cancelled. National Policy Guidance (the Guidance) does not specify a threshold. I note that 30% of the estimated income required to access market housing in Eastleigh would be (just) insufficient to rent an entry level two bedroom property. Three bedrooms would be out of reach. Thus a proportion of families would not be able to secure accommodation of adequate size when spending 30% of income on housing (SHMA Appendices, Table 23, p73 and Figure 18, p70). A 30% threshold should thus be seen as the upper end of a possible range.

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12 CLG English Housing Survey 2010/11
13 For Example see: Shelter Private Rent Watch Report one: Analysis of local rent levels and affordability (October 2011), Shelter.
“Using the SHMA methodology, a 25% income threshold would increase the identified need for affordable housing to about 624 dpa for Eastleigh (prior to any role assigned to the PRS). This highlights the sensitivity of the threshold used. Accordingly, the figure in the SHMA of 509 dpa should be seen as a baseline, with actual needs recognised as potentially greater. In this context, I see no justification for the Council assuming that more than 30% of income could reasonably be spent on housing. Some households may be forced to do so, but that does not make it a justified approach to assessing need” (NLP emphasis).

2.83 Taking account of the relative house prices and salary levels within the JSP area compared to the national average, it is expected that considerably more than 25% of existing and newly forming households would be unable to access market housing (whether for rental or purchase). The implication of this is that the SHMA has significantly underestimated the actual level of need that exists for affordable housing within the JSP area.

2.84 The SHMA also notes that improvements in the circumstances of individual households can reduce the need for affordable housing over time. Paragraph 4.89 notes that “the circumstances of 1,498 households improve each year such that they become able to afford their housing costs despite previously being unable to afford”. The basis for this conclusion is not explained. Taking account of the estimation of the number of households falling into need each year, Paragraph 4.90 concludes that “considering the overall changing needs of existing households, there is an average net reduction of 135 households needing affordable housing each year”. This conclusion is again insufficiently substantiated and is difficult to reconcile against the evidence relating to existing market pressures within the JSP area.

**Role of the Private Rental Sector**

2.85 Paragraphs 4.107 and 4.11 of the SHMA clearly demonstrate that the analysis undertaken by ORS has taken account of the continued role of the private rented sector (PRS) in meeting affordable housing need:

“If no households were to receive housing benefit support in the private rented sector, almost two thirds (65%) of the growth in household numbers would need affordable housing. This would need a total of 51,200 affordable homes to be provided over the 20-year Plan period 2016-36” (Paragraph 4.107).

“Providing sufficient affordable housing for all of these households would increase the need to 51,237 affordable homes over the Plan period (2,562 each year); but it is important to recognise that, in this scenario, the private rented housing currently occupied by households in receipt of housing benefit would be released back to the market and this is likely to have significant consequences which would be difficult to predict” (Paragraph 4.111).

2.86 These “significant consequences” are neither identified nor quantified and so it is difficult to ascribe any weight to this approach, especially given that the High Court has confirmed that consideration of the PRS does not have a place within objectively assessed needs. *Oadby and Wigston v Secretary of State for*
CLG and Bloor Homes (2015)\textsuperscript{14} considered the conclusions of the Leicester and Leicestershire SHMA which indicated that only a modest adjustment should be made to the housing numbers due to fact that the PRS would make up the shortfall. Hickinbottom J clarified that:

“...the justification provided for keeping the true affordable housing requirements of the account is inadequate... the benefit-subsidised private rented sector is not affordable housing...it remains policy intervention even if the private sector market would accommodate those who would otherwise require affordable housing, without any positive policy decision by the Council that they should do so: it becomes policy on as soon as the Council takes a course of not providing sufficient affordable housing to satisfy the FOAN for that type of housing and allowing the private sector market to make up the shortfall” (Paragraph 34.ii; NLP emphasis).

2.87 The judgment confirmed that it is not for the objectively assessed housing needs calculation to apply any constraints in respect of overall and affordable housing needs. Rather, it is for the next stage of the process to assess whether policy choices or other constraints might result in the final housing requirement being lower, if it can be demonstrated that this is in line with the NPPF. Regardless of the final housing requirement to go forward within the Plan, the FOAN for market and affordable housing should be set out and identified in line with the necessary policy and guidance. Failure to do so would be an unsound approach. In applying an adjustment to take account of the PRS, the West of England SHMA has similarly adopted an unsound approach which undermines the robustness of the JSP.

2.88 Whilst it is a fact that the PRS does support a number of households in receipt of housing benefit, and the Inspector into the Bath and North East Somerset Core Strategy accepted an adjustment to take account of the role of the PRS, the same Inspector reached a different conclusion in respect of the subsequent Eastleigh examination:

“...there is no justification in the Framework or Guidance for reducing the identified need for affordable housing by the assumed continued role of the PRS with LHA. This category of housing does not come within the definition of affordable housing in the Framework. There is not the same security of tenure...” (Paragraph 34).

2.89 In reaching this conclusion, Inspector Emerson recognised that he was adopting a different approach to that which he had taken in his previous report on the Bath and North East Somerset Core Strategy. Paragraph 30 of his preliminary conclusions states:

“I recognise that I and other Inspectors elsewhere have previously accepted an on-going role for the PRS with LHA to discount the assessment of affordable housing needs, but I am no longer persuaded that this approach is justified. I have no doubt that households in need of affordable housing readily perceive a substantial difference between these two types of housing.”

\textsuperscript{14} Oadby and Wigston v Secretary of State for CLG and Bloor Homes (2015) EWHC 1879 (Admin)
2.90 The Inspector’s concerns regarding the PRS includes a lack of security of tenure, concerns regarding the quality of housing stock, and evidence regarding its relative lack of affordability. He therefore urged the Council to explore the practicality of delivery of affordable housing through increase an overall housing delivery and to start doing so in the short term.

2.91 The implication of this is that the West of England SHMA has underestimated the affordable housing need for the Wider Bristol HMA, which should actually be recorded as 51,200. The SHMA and the JSP have both failed to consider whether an increase in the FOAN should be applied in order to contribute towards meeting the objectively assessed affordable housing need.

**Conclusion**

2.92 This analysis demonstrates that the Wider Bristol HMA SHMA is fundamentally flawed. It fails to satisfactorily adhere to national policy and guidance in the form of the NPPF and the PPG and also conflicts on a number of substantial matters with several High Court Judgments.

2.93 The SHMA concludes that the FOAN for the three authorities that form the Wider Bristol HMA equates to 85,000 dwellings between 2016 and 2036. Assuming an allowance of 4% to take account of vacant and second homes, this is just 4.1% above the increase in the number of households identified by the 2012 SNHP for the Wider Bristol HMA for the JSP. This is clearly insufficient to respond to the upward pressures associated with market signals, the strong local economy and affordable housing factors.

2.94 The next sections of this report provide a clear demonstration that the FOAN for the Wider Bristol HMA – and the JSP area which is the proper spatial area for assessment – is substantially higher than that set out in the SHMA and carried forward into the JSP.
Objective Assessment of Housing Need

NLP has adopted a number of scenarios to establish the need for housing in the Wider Bristol HMA and across the JSP area, using our HEaDROOM framework. These scenarios are based on different demographic and economic factors, as detailed below.

3.1

The initial scenarios (Scenarios A, B, C and D) apply the household headship rates derived from the 2012-based SNHP. A partial catch-up scenario has then been applied alongside each of these scenarios to test the implications of a future increase in household formation rates in line with long term trends (Scenarios Ai, Bi, Ci and Di).

Demographic Scenarios

a. Scenario A: Baseline – based on the 2012 SNPP, which take account of the results of the 2011 Census. This scenario is consistent with the CLG 2012-based SNHP;
b. Scenario Ai: Baseline with partial catch-up;

Economic Scenarios

e. Scenario C: SHMA jobs – based on the forecasts of annual job growth applied by the SHMA;
f. Scenario Ci: SHMA jobs with partial catch-up;
g. Scenario D: Experian forecast – based on the latest forecasts of annual job growth prepared by Experian Business Strategies in December 2015; and,
h. Scenario Di: Experian forecast with partial catch-up.

3.3

In order to provide a comparison with the OAN figure provided by the Wider Bristol HMA SHMA, the combined total results for the three local authorities of Bristol, North Somerset and South Gloucestershire are shown, followed by the total figures for the four local authorities covered by the JSP. The results for each individual local authority for each of the scenarios are included in Appendix 1.

Summary of Assumptions

3.4

The following key assumptions have informed the assessment of all the scenarios contained within this evidence.
Base Year

3.5 A base year of 2016 has been adopted to reflect the start of the Joint Spatial Plan period. The population figures for this year have been taken from the 2012 SNPP.

Fertility and Mortality Rates

3.6 The Total Fertility Rates (TFR) and Standard Mortality Rates (SMR) have been applied from the 2012-based SNPP for the period from 2016.

Migration

3.7 The baseline scenario (Scenario A) applies the levels of domestic and overseas migration from the 2012-based SNPP.

3.8 The long term migration scenario (Scenario B) applies the average 10-year migration trends for each local authority from the ONS Mid-Year Estimates for the years 2004/05 to 2013/14.

3.9 For the economic scenarios (Scenario C and D), the level of migration is an output of the model, but a migration profile is applied based on the age-sex profile of migration for the year 2016 provided by the 2012-based SNPP.

Unemployment

3.10 The unemployment rate uses an International Labour Organisation (ILO) base definition using data from the ONS Annual Population Survey estimate of economically active people aged over 16 that are not in employment. The most recent rates of unemployment are set out below, together with a pre-recession average (2004-2008):

<table>
<thead>
<tr>
<th></th>
<th>Bristol</th>
<th>North Somerset</th>
<th>South Gloucestershire</th>
<th>Bath &amp; North East Somerset</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 2014-2015</td>
<td>5.5%</td>
<td>4.1%</td>
<td>3.9%</td>
<td>3.7%</td>
</tr>
<tr>
<td>Average 2004-2008</td>
<td>4.9%</td>
<td>2.8%</td>
<td>2.8%</td>
<td>3.3%</td>
</tr>
</tbody>
</table>

Source: ONS Annual Population Survey

3.11 It is assumed that the unemployment rate in 2016 will be equal to that in July 2014-15. A gradual reduction in unemployment is then applied, on the basis that as the economy grows out of recession unemployment will steadily fall to the pre-recession average. This is projected to happen over the period to 2036, which is considered to be a conservative estimate.

Commuting Patterns

3.12 A standard net commuting ratio is used through the modelling using a Labour Force ratio which is worked out using the formula:
(A) Number of employed workers living in area ÷ (B) Number of workers who work in the area (number of jobs).

3.13 The most recent available data for these figures is the Annual Population Survey (APS) and Business Register and Employment Survey (BRES).

3.14 These figures have been calculated for 2014 using APS and BRES data, reflecting the known labour force and number of jobs, as summarised below:

Table 3.2 Commuting Ratios in 2014

<table>
<thead>
<tr>
<th>Local Authority</th>
<th>No. Employed Residents</th>
<th>No. Workers in area</th>
<th>Commuting Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bristol</td>
<td>219,194</td>
<td>255,042</td>
<td>0.86</td>
</tr>
<tr>
<td>North Somerset</td>
<td>93,480</td>
<td>83,156</td>
<td>1.12</td>
</tr>
<tr>
<td>South Gloucestershire</td>
<td>141,488</td>
<td>149,454</td>
<td>0.95</td>
</tr>
<tr>
<td>Bath &amp; North East Somerset</td>
<td>87,397</td>
<td>85,252</td>
<td>1.03</td>
</tr>
</tbody>
</table>

Source: APS / BRES

3.15 The 2014 commuting ratio for each local authority has been applied as a constant throughout the modelling period. This approach reflects the Oadby and Wigston High Court Judgment, in which Hickinbottom J concluded that the reduction of commuting rates in planning for housing would constitute a “policy-on” decision and therefore should not inform the objective assessment of housing need.\(^{15}\)

**Economic Activity**

3.16 The modelling has applied age and gender specific economic activity rates for each of the local authorities. The basis for these rates is the 2011 Census, but adjustments have been made to take account of the 2011, 2012, 2013 and 2014 Annual Population Survey, which indicates the known number of economically active people in each local authority in those years. It is assumed that the observed economic activity rates in 2014 will continue to 2016 and throughout the JSP period but with the following adjustments:

a For age groups 16-24, rates are projected to reach the ONS Labour Force Projections (LFP) by 2020, and then held constant.

b For ages 25-69, the ONS LFP growth rates are applied, and held constant post 2020.

c In older age groups, an adjustment has been made to take account of higher economic activity than projected in the LFP. Rates for 70-74 year olds are projected to reach a mid-point between the ONS LFP and a linear trend based on 2001-2011 growth, then held constant. For those aged 75 and older, the 70-74 growth rate is applied.

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\(^{15}\) Oadby and Wigston Borough Council v Secretary of State for Communities and Local Government and Bloor Homes Ltd (2015) EWHC 1879 (Admin), paragraph 34i
Further adjustments have been made for males and females age 65-69 to take into account of changes in Statutory Pension Age in 2018-2020 and 2026-2028.

Second Homes / Vacancy Rates

In line with accepted practice, NLP has applied an allowance for vacant and second homes to the number of households in order to identify the future level of housing that will be required.

This allowance is based upon an assessment of Council Tax Base (CTB) Data over the previous 5 years (2011 to 2015) and includes data relating to second homes and empty dwellings (including both those that are exempt and not exempt from council tax). The average number of second homes and vacant homes has been calculated for each local authority, and these averages have been held constant throughout the JSP period.

<table>
<thead>
<tr>
<th></th>
<th>Second homes</th>
<th>Vacant dwellings</th>
<th>Total second home / vacancy rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bristol</td>
<td>1.1%</td>
<td>2.0%</td>
<td>3.1%</td>
</tr>
<tr>
<td>North Somerset</td>
<td>0.6%</td>
<td>1.9%</td>
<td>2.4%</td>
</tr>
<tr>
<td>South Gloucestershire</td>
<td>0.3%</td>
<td>1.9%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Bath &amp; North East Somerset</td>
<td>0.9%</td>
<td>2.2%</td>
<td>3.2%</td>
</tr>
</tbody>
</table>

Source: DCLG Council Tax Base (CTB) Data

Population not in Households

The level of population not in households (i.e. in institutional accommodation) has been taken from the CLG 2012-based household projections. These are used as absolute numbers up to age 74, and above this age the numbers are converted into a percentage which is applied to the population. This allows for changes in the elderly population in institutional care where there are changes in the level of population over age 75 in the different scenarios.

Headship Rates

The initial scenarios (Scenarios A, B, C and D) apply the household headship rates derived from the 2012-based SNHP.

However, although the 2012-based SNHP draw upon on longer term trends since 1971 they have a greater reliance upon trends experienced over the last 10 years than to those experienced over the longer term. The implication of this “recency bias” is that the latest household projections continue to be affected by the recently observed trends during the period of suppressed household formation which are associated with the impacts of the economic downturn, constrained mortgage finance and past housing under-supply, as well as the preceding time of increasing unaffordability which also served to
suppress household formation. It is reasonable to assume that future rates of household formation and average household size will reflect a change in line with long term trends as the economy strengthens and peoples’ circumstances improve, resulting in improved confidence and a greater propensity to form new households.

Therefore, an additional set of scenarios (Scenarios Ai, Bi, Ci and Di) have been produced that apply the 2012 SNHP household formation rates until 2017, to allow for a return to pre-recession trends. These scenarios assume that headship rates in the 15-34 age cohorts will return to a level more in line with longer term trends, such that by 2033, half of the difference between the headship rates in the 2008-based and 2012-based projections is made up. Thereafter, the rate of change in headship rates from 2032 to 2033 is trended forwards.
Demographic Scenarios

Scenario A: Baseline

This scenario mirrors the demographic change for each local authority projected by the 2012-based SNPP. The assessment of the household and dwelling implications of the projections apply headship and household composition trends contained within the 2012-based SNHP.

4.2 The headline changes are shown below:

Table 4.1 Summary of baseline scenario: Wider Bristol HMA

<table>
<thead>
<tr>
<th></th>
<th>Change (2016-2036)</th>
<th>Annual Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>154,438</td>
<td>7,722</td>
</tr>
<tr>
<td>Household</td>
<td>78,560</td>
<td>3,928</td>
</tr>
<tr>
<td><strong>Dwellings</strong></td>
<td><strong>80,716</strong></td>
<td><strong>4,036</strong></td>
</tr>
<tr>
<td>Indigenous Labour Force</td>
<td>53,978</td>
<td>2,699</td>
</tr>
<tr>
<td>Jobs supported at existing jobs density ratio</td>
<td>61,122</td>
<td>3,056</td>
</tr>
</tbody>
</table>

Source: NLP analysis of POPGROUP outputs

4.3 Under this scenario, the total population of the Wider Bristol HMA is projected to increase by 154,438 people between 2016 and 2036. This would result in an additional 78,560 households, and taking account of housing vacancy rates, an additional 80,716 dwellings would be required to accommodate these additional households (4,036 dpa).

4.4 Applying age specific economic activity rates to the projected population shows that this scenario would result in an additional 53,978 people in the indigenous labour force over the Plan period. By applying the ratio of workers to jobs, this result would support 61,122 additional jobs between 2016 and 2036.

Table 4.2 Summary of baseline scenario: JSP area

<table>
<thead>
<tr>
<th></th>
<th>Change (2016-2036)</th>
<th>Annual Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>171,544</td>
<td>8,577</td>
</tr>
<tr>
<td>Household</td>
<td>87,882</td>
<td>4,394</td>
</tr>
<tr>
<td><strong>Dwellings</strong></td>
<td><strong>90,347</strong></td>
<td><strong>4,517</strong></td>
</tr>
<tr>
<td>Indigenous Labour Force</td>
<td>56,239</td>
<td>2,812</td>
</tr>
<tr>
<td>Jobs supported at existing jobs density ratio</td>
<td>63,609</td>
<td>3,180</td>
</tr>
</tbody>
</table>

Source: NLP analysis of POPGROUP outputs

4.5 When Bath and North East Somerset is included within this scenario, the total population of the JSP area is projected to increase by 171,544 people between 2016 and 2036. This would result in an additional 87,882 households, and taking account of housing vacancy rates, an additional 90,347 dwellings would be required to accommodate these additional households (4,517 dpa).

4.6 Applying age specific economic activity rates to the projected population shows that this scenario would result in an additional 56,239 people in the indigenous
labour force over the Plan period. By applying the ratio of workers to jobs, this result would support 63,609 jobs between 2016 and 2036.

**Scenario Ai: Baseline with partial catch-up**

4.7 This scenario replicates scenario A but includes an adjustment for headship rates, as explained in paragraph 3.22.

4.8 The headline changes are as follows:

<p>| Table 4.3  Summary of baseline with partial catch-up scenario: Wider Bristol HMA |</p>
<table>
<thead>
<tr>
<th>Change (2016-2036)</th>
<th>Annual Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household</td>
<td>86,954</td>
</tr>
<tr>
<td>Dwellings</td>
<td>89,348</td>
</tr>
</tbody>
</table>

Source: NLP analysis of POPGROUP outputs

4.9 This partial catch-up scenario results in the same level of population change as the baseline scenario (Scenario A). However, by applying the adjustment to headship rates, this population change results in an additional 86,954 households in the Wider Bristol HMA, and taking account of housing vacancy rates, an additional 89,348 dwellings would be required (4,467 dpa). This represents an 11% increase in the number of dwellings required compared to the Baseline Scenario.

4.10 The number of jobs supported by this level of population change would also remain the same as for the Baseline scenario.

<p>| Table 4.4  Summary of baseline with partial catch-up scenario: JSP area |</p>
<table>
<thead>
<tr>
<th>Change (2016-2036)</th>
<th>Annual Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household</td>
<td>98,051</td>
</tr>
<tr>
<td>Dwellings</td>
<td>100,811</td>
</tr>
</tbody>
</table>

Source: NLP analysis of POPGROUP outputs

4.11 Under this scenario, the JSP area would include an additional 98,051 households, and an additional 100,811 dwellings would be required (5,041 dpa).

**Scenario B: Long term migration trends**

4.12 This scenario represents the housing and economic implications of the projected demographic shift based on average migration trends he last 10 years period from 2004/05 to 2013/14.

4.13 There are large differences between the projected migration levels in the 2012-based SNPP for the Plan period of 2016 to 2036 and long term migration trends for each of the local authorities. This is illustrated in Table 4.5.
Table 4.5  Difference between 2012-based SNPP and 10-year past trends in migration

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bristol</td>
<td>-1,134</td>
<td>-169</td>
</tr>
<tr>
<td>North Somerset</td>
<td>1,827</td>
<td>1,823</td>
</tr>
<tr>
<td>South Gloucestershire</td>
<td>3,399</td>
<td>471</td>
</tr>
<tr>
<td>Bath and North East Somerset</td>
<td>-102</td>
<td>368</td>
</tr>
</tbody>
</table>

Source: ONS 2012-based SNPP and MYE for years 2004 to 2014

4.14 
These differences account for the significant variation between the projected population changes in this long term migration trends scenario compared to the baseline scenario. The reason for these differences relates to the way that the SNPP are calculated, based upon trends experienced in the most recent five years (in this case, the years 2007 to 2012). This methodology takes into account past trends in specific levels of migration between local authorities as well as constraining the total level of population change to the national population projections. Meanwhile, the MYE simply indicate observed levels of migration in each local authority area.

4.15 
The headline outputs for the long term migration scenario are shown below:

Table 4.6  Summary of long term migration trends scenario: Wider Bristol HMA

<table>
<thead>
<tr>
<th></th>
<th>Change (2016-2036)</th>
<th>Annual Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>227,610</td>
<td>11,381</td>
</tr>
<tr>
<td>Household</td>
<td>112,742</td>
<td>5,637</td>
</tr>
<tr>
<td><strong>Dwellings</strong></td>
<td><strong>115,950</strong></td>
<td><strong>5,798</strong></td>
</tr>
<tr>
<td>Indigenous Labour Force</td>
<td>91,490</td>
<td>4,575</td>
</tr>
<tr>
<td>Jobs supported at existing jobs density ratio</td>
<td>99,963</td>
<td>4,998</td>
</tr>
</tbody>
</table>

Source: NLP analysis of POPGROUP outputs

4.16 
Under this scenario, the total population of the Wider Bristol HMA is projected to increase by 227,610 people between 2016 and 2036. This would result in an additional 112,742 households, and taking account of housing vacancy rates, an additional 115,950 dwellings would be required to accommodate these additional households (5,798 dpa).

4.17 
Applying age specific economic activity rates to the projected population shows that this scenario would result in an additional 91,490 people in the indigenous labour force over the Plan period. By applying the ratio of workers to jobs, this result would support 99,963 additional jobs between 2016 and 2036.

Table 4.7  Summary of long term migration trends scenario: JSP area

<table>
<thead>
<tr>
<th></th>
<th>Change (2016-2036)</th>
<th>Annual Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>260,996</td>
<td>13,050</td>
</tr>
<tr>
<td>Household</td>
<td>130,258</td>
<td>6,513</td>
</tr>
<tr>
<td><strong>Dwellings</strong></td>
<td><strong>134,046</strong></td>
<td><strong>6,702</strong></td>
</tr>
</tbody>
</table>
The total population of the JSP area is projected to increase by 260,996 people between 2016 and 2036. This would result in an additional 130,258 households, and taking account of housing vacancy rates, an additional 134,046 dwellings would be required to accommodate these additional households (6,702 dpa).

Applying age specific economic activity rates to the projected population shows that this scenario would result in an additional 102,549 people in the indigenous labour force over the Plan period. By applying the ratio of workers to jobs, this result would support 110,749 jobs between 2016 and 2036.

**Scenario Bi: Long term migration trends with partial catch-up**

This scenario replicates scenario B but includes an adjustment for headship rates.

The headline changes are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Change (2016-2036)</th>
<th>Annual Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household</td>
<td>121,591</td>
<td>6,080</td>
</tr>
<tr>
<td>Dwellings</td>
<td>125,049</td>
<td>6,252</td>
</tr>
</tbody>
</table>

By applying the partial catch-up adjustment to headship rates, the population change identified in Scenario B results in an additional 121,591 households in the Wider Bristol HMA, and taking account of housing vacancy rates, an additional 125,049 dwellings would be required (6,252 dpa). This represents an 8% increase in the number of dwellings required compared to the Long Term Migration Scenario.

The number of jobs supported by this level of population change would also remain the same as for Scenario B.

Under this scenario, the JSP area would include an additional 140,834 households, and an additional 144,928 dwellings would be required (7,246 dpa).
5.0 Economic Scenarios

Scenario C: SHMA jobs

5.1 The Wider Bristol HMA SHMA applies an assumption regarding the number of jobs that will be created between 2016 and 2036 which is based on a set of forecasts produced by Oxford Economics in 2013. These forecasts are summarised in the West of England Economic Development Needs Assessment 2015\(^\text{16}\), which provides a breakdown of the job growth expected in each local authority area, as shown in Table 5.1. The SHMA applies an uplift of 1.1% to each of these figures to align with the LEP target for growth for this period. This approach results in the assumption of an increase of 84,400 jobs in the JSP area during the Plan period\(^\text{17}\).

5.2 However, the SHMA assumes that, since the employment target contained within the Bath and North East Somerset Core Strategy equates to 12% of the jobs growth expected in the JSP area, the job growth attributed to the three Wider Bristol HMA local authorities is reduced so that they collectively account for 88% of the total number of jobs for the JSP area (84,400). Therefore, the SHMA assumes that 74,300 additional jobs will be created in the Wider Bristol HMA over the Plan period (88% of the total of 84,400 jobs in the JSP area).

5.3 In this scenario, NLP has applied the assumptions applied by the SHMA regarding the level of jobs to be provided in Bath and North East Somerset. However, given that it is necessary to identify a separate jobs growth figure for each local authority, we have split the total figure of 74,300 additional jobs within the Wider Bristol HMA according to the proportions of growth attributable to each local authority by the Oxford Economics 2013 medium-high forecast for these three authorities. This approach is outlined in Table 5.1.

5.4 This scenario is included for comparison purposes only, since the econometric forecasts applied by the SHMA are out-of-date. NLP has applied an up-to-date set of econometric forecasts in Scenarios D and Di.

<table>
<thead>
<tr>
<th>Local Authority</th>
<th>Oxford Economics 2013 medium-high forecast</th>
<th>Oxford Economics 2013 forecast with 1.1% uplift</th>
<th>SHMA assumptions with breakdown according to OE 2013 forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bristol</td>
<td>13,451 (16%)</td>
<td>13,599</td>
<td>11,888</td>
</tr>
<tr>
<td>North Somerset</td>
<td>16,569 (20%)</td>
<td>16,751</td>
<td>14,860</td>
</tr>
<tr>
<td>South Gloucestershire</td>
<td>53,173 (64%)</td>
<td>53,758</td>
<td>47,552</td>
</tr>
<tr>
<td>Wider Bristol HMA total</td>
<td>83,193</td>
<td>84,108</td>
<td>74,300</td>
</tr>
<tr>
<td>Bath &amp; North East Somerset</td>
<td>333 (0%)</td>
<td>337</td>
<td>10,100</td>
</tr>
<tr>
<td>JSP area total</td>
<td>83,526</td>
<td>84,444</td>
<td>84,400</td>
</tr>
</tbody>
</table>

\(^{16}\) West of England Economic Development Needs Assessment 2015, Table 2.1

\(^{17}\) Wider Bristol HMA SHMA, paragraph 5.3.7
The headline changes are shown below:

### Table 5.2  Summary of SHMA jobs scenario: Wider Bristol HMA

<table>
<thead>
<tr>
<th></th>
<th>Change (2016-2036)</th>
<th>Annual Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>195,219</td>
<td>9,761</td>
</tr>
<tr>
<td>Household</td>
<td>88,305</td>
<td>4,415</td>
</tr>
<tr>
<td>Dwellings</td>
<td>90,520</td>
<td>4,526</td>
</tr>
<tr>
<td>Indigenous Labour Force</td>
<td>69,690</td>
<td>3,485</td>
</tr>
<tr>
<td>Jobs supported at existing jobs density ratio</td>
<td>74,300</td>
<td>3,715</td>
</tr>
</tbody>
</table>

Source: NLP analysis of POPGROUP outputs

In order to support the total of 74,300 additional jobs proposed by the SHMA, the application of the ratio of jobs to workers indicates that a total of 69,690 workers would be required within the Wider Bristol HMA.

By applying age specific economic activity rates, this scenario indicates that the total population of the Wider Bristol HMA would need to increase by 195,219 people between 2016 and 2036 to support this number of workers. This would result in an additional 88,305 households, and taking account of housing vacancy rates, **an additional 90,520 dwellings would be required to accommodate these additional households (4,526 dpa)**.

### Table 5.3  Summary of SHMA jobs scenario: JSP area

<table>
<thead>
<tr>
<th></th>
<th>Change (2016-2036)</th>
<th>Annual Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>227,708</td>
<td>11,385</td>
</tr>
<tr>
<td>Household</td>
<td>102,731</td>
<td>5,137</td>
</tr>
<tr>
<td>Dwellings</td>
<td>105,423</td>
<td>5,271</td>
</tr>
<tr>
<td>Indigenous Labour Force</td>
<td>80,022</td>
<td>4,001</td>
</tr>
<tr>
<td>Jobs supported at existing jobs density ratio</td>
<td>84,400</td>
<td>4,220</td>
</tr>
</tbody>
</table>

Source: NLP analysis of POPGROUP outputs

The SHMA assumes that a total of 84,400 jobs will be created in the JSP area during the Plan period. The application of the ratio of workers to jobs indicates that a total of 80,022 workers would be required to support this level of growth.

In order to provide these workers, a population increase of 227,708 would be required between 2016 and 2036. This would result in an additional 102,731 households, and taking account of housing vacancy rates, **an additional 105,423 dwellings would be required to accommodate these additional households (5,271 dpa)**.

### Scenario Ci: SHMA Jobs with partial catch-up

This scenario replicates scenario C but includes an adjustment for headship rates.

The headline changes are as follows:
Table 5.4  Summary of SHMA jobs with partial catch-up scenario: Wider Bristol HMA

<table>
<thead>
<tr>
<th></th>
<th>Change (2016-2036)</th>
<th>Annual Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household</td>
<td>97,043</td>
<td>4,852</td>
</tr>
<tr>
<td>Dwellings</td>
<td>99,499</td>
<td>4,975</td>
</tr>
</tbody>
</table>

Source: NLP analysis of POPGROUP outputs

5.12 This partial catch-up scenario results in the same level of population change and the number of jobs supported as the SHMA Jobs Scenario (Scenario C). However, by applying the adjustment to headship rates, this population change results in an additional 97,043 households in the Wider Bristol HMA, and taking account of housing vacancy rates, an additional \textbf{99,499 dwellings would be required (4,975 dpa)}. This represents a 10% increase in the number of dwellings required compared to the SHMA Jobs Scenario.

Table 5.5  Summary of SHMA jobs with partial catch-up Scenario: JSP area

<table>
<thead>
<tr>
<th></th>
<th>Change (2016-2036)</th>
<th>Annual Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household</td>
<td>113,446</td>
<td>5,672</td>
</tr>
<tr>
<td>Dwellings</td>
<td>116,445</td>
<td>5,822</td>
</tr>
</tbody>
</table>

Source: NLP analysis of POPGROUP outputs

5.13 Under this scenario, the JSP area would include an additional \textbf{113,446 households}, and an additional \textbf{116,445 dwellings would be required (5,822 dpa)}.

Scenario D: Experian Jobs

5.14 A set of economic forecasts was obtained from Experian Business Strategies for each of the four local authorities. These were compiled in December 2015 using Experian UK’s Regional Planning Service (RPS) and provide forecasts to 2035\textsuperscript{18}. Given that the Plan period extends to 2036, an average figure for the number of jobs created per annum between 2016 and 2035 was applied to estimate the final year’s forecast.

5.15 This approach indicates the following levels of job growth, which have been applied in scenario D:

Table 5.6  Experian job forecasts

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2035</th>
<th>2036 estimate</th>
<th>Change in jobs (2016-2036)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bristol</td>
<td>300,080</td>
<td>355,460</td>
<td>358,370</td>
<td>58,290</td>
</tr>
<tr>
<td>North Somerset</td>
<td>97,590</td>
<td>113,350</td>
<td>114,180</td>
<td>16,590</td>
</tr>
<tr>
<td>South Gloucestershire</td>
<td>180,940</td>
<td>200,700</td>
<td>201,740</td>
<td>20,800</td>
</tr>
<tr>
<td>BANES</td>
<td>105,660</td>
<td>114,570</td>
<td>115,040</td>
<td>9,380</td>
</tr>
<tr>
<td>Wider Bristol HMA</td>
<td>578,610</td>
<td>669,510</td>
<td>674,290</td>
<td>95,680</td>
</tr>
<tr>
<td>JSP area</td>
<td>684,270</td>
<td>784,080</td>
<td>789,330</td>
<td>105,060</td>
</tr>
</tbody>
</table>

Source: Experian RPS Strategies, December 2015 publication

\textsuperscript{18} Appendix 2
As set out in paragraph 2.52, these figures do not make any allowance for policy objectives or local aspirations (i.e. each represents a policy-off forecast). Therefore, this scenario simply considers the implications of delivering this level of employment growth in each local authority.

The headline changes are shown below:

Table 5.7  Summary of Experian jobs scenario: Wider Bristol HMA

<table>
<thead>
<tr>
<th></th>
<th>Change (2016-2036)</th>
<th>Annual Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>212,414</td>
<td>10,621</td>
</tr>
<tr>
<td>Household</td>
<td>102,831</td>
<td>5,142</td>
</tr>
<tr>
<td><strong>Dwellings</strong></td>
<td><strong>105,667</strong></td>
<td><strong>5,283</strong></td>
</tr>
<tr>
<td>Indigenous Labour Force</td>
<td>87,570</td>
<td>4,379</td>
</tr>
<tr>
<td>Jobs supported at existing jobs density ratio</td>
<td>95,680</td>
<td>4,784</td>
</tr>
</tbody>
</table>

Source: NLP analysis of POPGROUP outputs

This scenario assumes that a total of 95,680 additional jobs would be created in the Wider Bristol HMA over the Plan period. In order to support these jobs, a total of 87,570 workers would be required within the Wider Bristol HMA.

Under this scenario, the total population of the Wider Bristol HMA is projected to increase by 212,414 people between 2016 and 2036. This would result in an additional 102,831 households, and taking account of housing vacancy rates, an additional 105,667 dwellings would be required to accommodate these additional households (5,283 dpa).

Table 5.8  Summary of Experian jobs scenario: JSP area

<table>
<thead>
<tr>
<th></th>
<th>Change (2016-2036)</th>
<th>Annual Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>243,550</td>
<td>12,177</td>
</tr>
<tr>
<td>Household</td>
<td>116,791</td>
<td>5,840</td>
</tr>
<tr>
<td><strong>Dwellings</strong></td>
<td><strong>120,089</strong></td>
<td><strong>6,004</strong></td>
</tr>
<tr>
<td>Indigenous Labour Force</td>
<td>97,138</td>
<td>4,857</td>
</tr>
<tr>
<td>Jobs supported at existing jobs density ratio</td>
<td>105,060</td>
<td>5,253</td>
</tr>
</tbody>
</table>

Source: NLP analysis of POPGROUP outputs

The Experian job forecast anticipates a total of 105,060 additional jobs across the JSP area within the Plan period. This would require a total of 97,137 additional workers.

This scenario indicates that the total population of the JSP area would need to increase by 243,550 people between 2016 and 2036 to support this level of growth. This would result in an additional 116,791 households, and taking account of housing vacancy rates, an additional 120,089 dwellings would be required to accommodate these additional households (6,004 dpa).

**Scenario Di: Experian Jobs with partial catch-up**

This scenario replicates scenario D but includes an adjustment for headship rates.

The headline changes are as follows:
Table 5.9  Summary of Experian jobs with partial catch-up scenario: Wider Bristol HMA

<table>
<thead>
<tr>
<th></th>
<th>Change (2016-2036)</th>
<th>Annual Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household</td>
<td>112,014</td>
<td>5,601</td>
</tr>
<tr>
<td>Dwellings</td>
<td>115,111</td>
<td>5,756</td>
</tr>
</tbody>
</table>

Source: NLP analysis of POPGROUP outputs

5.24 This partial catch-up scenario results in the same level of population change and jobs supported as the Experian jobs scenario (Scenario D). However, by applying the adjustment to headship rates, this population change results in an additional 112,014 households in the Wider Bristol HMA, and taking account of housing vacancy rates, an additional **115,111 dwellings would be required (5,756 dpa)**. This represents a 9% increase in the number of dwellings required compared to the Experian Jobs Scenario.

Table 5.10  Summary of Experian jobs with partial catch-up scenario: JSP area

<table>
<thead>
<tr>
<th></th>
<th>Change (2016-2036)</th>
<th>Annual Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household</td>
<td>127,928</td>
<td>6,396</td>
</tr>
<tr>
<td>Dwellings</td>
<td>131,551</td>
<td>6,578</td>
</tr>
</tbody>
</table>

Source: NLP analysis of POPGROUP outputs

5.25 The JSP area would include an additional 127,928 households, and an additional **131,551 dwellings would be required (6,578 dpa)**.
Summary of Scenarios and Analysis

The scenarios outlined above present a range of different housing outcomes based on their principal drivers. The outputs for the Wider Bristol HMA are summarised in Table 6.1 whilst the headline changes for the JSP area, which includes Bath and North East Somerset are summarised in Table 6.2.

Scenario analysis

With the exception of the Baseline scenario (Scenario A), all of the scenarios tested have indicated a level of housing need in the Wider Bristol HMA that is higher than the 85,000 figure proposed by the SHMA.

Demographic scenarios

There is a large difference between the level of housing need indicated by the demographic scenarios based on the SNPP levels of migration and long term past trends. For example, the baseline scenario (Scenario A) indicates a need for a total of 80,716 dwellings, whilst the long term migration scenario (Scenario B) states that a total of 115,950 dwellings will be required in the Wider Bristol HMA over the Plan period (44% higher).

As explained in paragraph 4.14, this difference is due to the way that migration levels are calculated within the SNPP, compared to those recorded in the MYE. A particular concern with applying the migration assumptions contained within the 2012-based SNPP is that these projections carry forward the trends experienced during the years 2007 to 2012 and are therefore influenced by the recession. Net migration is therefore expected to be higher in the coming years, reflecting the buoyancy of the current economic climate. If the long term trends for this area are not taken into account in planning for housing, there is a risk that there will be a substantial shortfall in accommodation for a large proportion of the population if these migration trends are to continue. In this context, the longer term trends are considered to represent a more accurate barometer of future migration levels.
Table 6.1  Summary of Scenarios: Wider Bristol HMA

<table>
<thead>
<tr>
<th>Demographic Scenarios</th>
<th>Economic Scenarios</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A: Baseline</td>
</tr>
<tr>
<td>Population change</td>
<td>154,438</td>
</tr>
<tr>
<td>Household change</td>
<td>78,560</td>
</tr>
<tr>
<td>Dwellings change</td>
<td>80,716</td>
</tr>
<tr>
<td>Labour Force change</td>
<td>53,978</td>
</tr>
<tr>
<td>Jobs supported</td>
<td>61,122</td>
</tr>
</tbody>
</table>

Table 6.2  Summary of Scenarios: JSP area

<table>
<thead>
<tr>
<th>Demographic Scenarios</th>
<th>Economic Scenarios</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A: Baseline</td>
</tr>
<tr>
<td>Population change</td>
<td>171,544</td>
</tr>
<tr>
<td>Household change</td>
<td>87,882</td>
</tr>
<tr>
<td>Dwellings change</td>
<td><strong>90,347</strong></td>
</tr>
<tr>
<td>Labour Force change</td>
<td>56,239</td>
</tr>
<tr>
<td>Jobs supported</td>
<td>63,609</td>
</tr>
</tbody>
</table>

Source: NLP analysis of POPGROUP outputs
**Economic scenarios**

6.5 Whilst the SHMA states that its provision of 85,000 homes would support a jobs figure of 74,300, the SHMA jobs scenario (Scenario C/Ci) indicates that a higher level of population, and therefore a higher number of dwellings, would be needed to support this level of growth. The SHMA jobs scenarios indicate that a total of between 90,520 and 99,499 dwellings would be required.

6.6 The difference between the results of these scenarios and the SHMA’s assessment of alignment between housing and jobs is due to several factors, including the application of economic activity and unemployment rates. NLP’s approach to these assumptions is detailed in Section 3, and our critique of ORS’s approach in preparing the SHMA are provided in Section 2.

6.7 More fundamentally, however, NLP considers that the econometric forecasts utilised by the SHMA are out-of-date and that they do not reflect past trends. NLP has obtained the most recent econometric forecasts provided by Experian, which were published in December 2015. These jobs figures have been applied to the modelling in scenarios D and Di. These forecasts anticipate the addition of 95,680 jobs in the Wider Bristol HMA between 2016 and 2036 (4,784 p.a.), a total which is 29% higher than the forecast applied by the SHMA. Meanwhile, long term past trends in job growth recorded by Experian for the years 1997 to 2015 indicate an even higher average increase of 5,318 jobs p.a.

6.8 The Experian jobs scenario (Scenario D) indicates that, in order to support the anticipated employment growth of 95,680 jobs in the Wider Bristol HMA during the Plan period, a total of 105,667 additional dwellings will be required. Meanwhile, the Experian jobs partial catch-up scenario (Scenario Di) indicates that 115,111 dwellings will be needed. These figures are significantly higher than the 85,000 homes proposed in the SHMA, indicating a substantial risk that the economic growth of the area could be constrained if the SHMA OAN figure is taken forward as part of the JSP.

6.9 It important to note that the demographic-led long term migration scenarios indicate a higher level of housing need than the Experian jobs scenarios. This indicates that if past levels of demographic growth are to continue a higher number of homes will be required than those anticipated by the Experian jobs scenarios. Caution should be applied in cases where the employment-led scenarios would not result in sufficient housing being delivered to reflect the longer term demographic trends, as this could result in a shortfall, and a resultant deterioration of market signals.

**Partial catch-up scenarios**

6.10 The results of the partial catch-up scenarios (Scenarios Ai, Bi, Ci and Di) indicate a higher level of housing need than those utilising the headship rates included in the 2012-based SNHP. This indicates that, for the Wider Bristol HMA and JSP areas, the recession had a substantial impact on the ability of
individuals to form households. The difference between the initial scenarios and partial catch-up scenarios ranges between 8% for the long term migration scenario and the long term migration partial catch-up scenario (Scenarios B and Bi) and 11% for the baseline scenario and its associated partial catch-up scenario (Scenarios A and Ai).

6.11 It is important to recognise that the economy has improved substantially since the end of the recession. As a result, household formation is increasing and the property market is starting to move again. Therefore, NLP considers that the assessment of housing need for the Wider Bristol HMA and JSP areas should include an appropriate adjustment to the headship rates contained in the 2012-based SNHP, and the “partial catch-up” approach fulfils this requirement. Therefore, in NLP’s view the partial catch-up scenarios present a more robust set of results than the initial scenarios.

Synthesis

6.12 NLP’s analysis indicates that the long term migration scenarios present the most robust set of results in terms of planning for future demographic change, and the Experian jobs scenarios provide the best assessment of alignment between housing and likely job growth. Meanwhile, the partial catch-up scenarios (Scenarios Ai, Bi, Ci and Di) provide the most appropriate approach to household formation rates.

6.13 Therefore, NLP considers that the Experian jobs with partial catch-up scenario (Scenario Di) and the long term migration with partial catch-up scenario (Scenario Bi) provide the most robust assessment of OAN for the purposes of the JSP.

6.14 In conclusion, we have identified a range of FOAN for the Wider Bristol HMA of 115,111 to 125,049 dwellings from 2016 to 2036.

6.15 NLP considers that the JSP should contain a FOAN for the whole of the JSP area (i.e. all four local authority areas). As a result, the FOAN that should be applied for the purposes of the JSP is 131,551 to 144,928 dwellings over the Plan period.

6.16 The fact that the demographic-led long term migration with partial catch-up scenario indicates a higher level of housing need than the economic-led Experian jobs with partial catch-up scenario suggests that it would be prudent to plan for the figures at the higher end of these ranges. This would ensure that the likely situation where the population continues to increase in line with long-term trends is taken into account in planning for the housing needs of the area.
Market Signals

7.0

The NPPF sets out the central land-use planning principles that should underpin both plan-making and decision-taking. It outlines twelve core principles of planning that should be applied, including the role of market signals in effectively informing planning decisions. Paragraph 17 states that:

7.1

“Plans should take account of market signals, such as land prices and housing affordability, and set out a clear strategy for allocating sufficient land which is suitable for development in their area, taking account of the needs of the residential and business communities”

7.2

The PPG indicates that once an assessment of need based upon household projections is established, this should be adjusted to reflect appropriate market signals and indicators of the balance between the demand for and supply of housing. The guidance explicitly sets out six market signals:

- a. Land prices;
- b. House prices;
- c. Rental values;
- d. Affordability;
- e. Rate of development; and,
- f. Overcrowding/Homelessness.

7.3

It goes on to indicate that appropriate comparison of these should be made with upward adjustment being made where such market signals indicate an imbalance in supply and demand and a need to increase housing supply to meet demand and tackle affordability issues:

“These includes comparison with longer term trends (both in absolute levels and rates of change) in the housing market area; similar demographic and economic areas; and nationally. Divergence under any of these circumstances will require upwards adjustment to planned housing numbers compared to ones based solely on household projections.

“In areas where an upward adjustment is required, plan makers should set this adjustment at a level that is reasonable. The more significant the affordability constraints (as reflected in rising prices and rents, and worsening affordability ratio) and the stronger other indicators of high demand (e.g. the differential between land prices), the larger the improvement in affordability needed and, therefore, the larger the additional supply response should be” (ID 2a-020-20140306: NLP emphasis).

7.5

The guidance sets out a clear and logical ‘test’ for the circumstances in which OAN will be increased above demographic-led projections.

7.6

In the context of the NPPF and the PPG, NLP has reviewed the housing market signals in order to assess the extent to which they indicate an imbalance between supply and demand in the Wider Bristol HMA and the JSP
area and whether an upwards adjustment should therefore be made to the demographic-led baseline housing figure already identified.

Land Prices

7.7 The PPG states that land values are determined by the demand for land in particular uses, relative to the supply of land in those uses. Price premiums highlight the shortage of land in any locality for any particular use (ID: 2a-019-20140306). The DCLG’s Land Value Estimates for Policy Appraisal 2015, sets out the relative cost of one hectare of land with planning permission for residential use for each local authority in England.

7.8 Figure 7.1 shows the average land prices in Bristol, South Gloucestershire, North Somerset and Bath and North East Somerset, the South West and England (excluding London) for 2015. It shows that land prices in South Gloucestershire and North Somerset are below those of the South West (£2,00,000) and England (excluding London) (£2,100,000). However, the land prices in Bristol and Bath and North East Somerset are higher than the regional and national averages, indicating that particular pressure exists for residential development land in these authority areas.

Figure 7.1  Average Land Prices in Bristol, South Gloucestershire, North Somerset, Bath and North East Somerset, South West England and England excluding London

Source: DCLG Land Value Estimates for Policy Appraisal 2015
House Prices

7.9 The PPG indicates that long term changes in house prices may indicate an imbalance between the demand for and supply of housing.

7.10 Figure 7.2 shows the average house prices Bristol, South Gloucestershire, North Somerset, Bath and North East Somerset and England since 1999. It indicates that house prices in the Wider Bristol HMA have tracked reasonably closely with the national average, albeit that they have increased by a greater amount in both absolute and relative terms. The prices for North Somerset and South Gloucestershire are currently higher than the national average, standing at £204,000 and £205,000 respectively in 2014 compared to £195,000 in England. House prices in Bath and North East Somerset have been consistently higher than the national average, standing at £249,950 in 2014.

Figure 7.2 Average House Prices in Bristol, South Gloucestershire, North Somerset, Bath and North East Somerset and England

Source: CLG Live Table 586 Housing market
Table 7.1  Change to average House Prices in Bristol, South Gloucestershire, North Somerset, Bath and North East Somerset and England, 1999-2014

<table>
<thead>
<tr>
<th></th>
<th>1999</th>
<th>2014</th>
<th>Actual Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bristol</td>
<td>£68,000</td>
<td>£194,000</td>
<td>£126,000</td>
<td>+185.3%</td>
</tr>
<tr>
<td>North Somerset</td>
<td>£74,500</td>
<td>£204,000</td>
<td>£129,500</td>
<td>+173.8%</td>
</tr>
<tr>
<td>South Gloucestershire</td>
<td>£74,000</td>
<td>£205,000</td>
<td>£131,000</td>
<td>+177.0%</td>
</tr>
<tr>
<td>Bath and North East Somerset</td>
<td>£89,995</td>
<td>£249,950</td>
<td>£159,955</td>
<td>+177.7%</td>
</tr>
<tr>
<td>England</td>
<td>£74,000</td>
<td>£195,000</td>
<td>£121,000</td>
<td>+163.5%</td>
</tr>
</tbody>
</table>

Source: CLG Live Table 586 Housing market

Affordability

7.11 The PPG identifies that assessing affordability involves comparisons between the cost of housing and ability to pay. The indicators for this are lower quartile house prices and lower quartile earnings, which together form an affordability ratio which can be tracked over time. The affordability ratio is another indicator of housing supply not keeping pace with demand. As house prices increase in the absence of wage growth, affordability ratios worsen.

7.12 The data shows that the affordability ratio in Bristol, South Gloucestershire and North Somerset has been consistently higher than that of England, and stood at 7.58, 8.07 and 7.82, respectively in 2014, compared to 6.88 in England. In Bath and North East Somerset, the affordability ratio has been is considerably higher than the national average, standing at 10.59 in 2014. Furthermore, the affordability ratio in each of the JSP authorities has increased at a higher rate than the national average, in both absolute and relative terms, such that they are all within the 55% least affordable English local authorities. Bath and North East Somerset is within the 20% least affordable authorities.

7.13 This highlights a significant constraint on people being able to access housing in the local area and is indicative of housing market stress, with housing price increases far outstripping rising earnings.
Figure 7.3  Affordability Ratio in Bristol, South Gloucestershire, North Somerset and Bath, North East Somerset and England

![Affordability Ratio Graph]

Table 7.2  Affordability Ratio Change 1999-2014

<table>
<thead>
<tr>
<th></th>
<th>1999</th>
<th>2014</th>
<th>Actual Change</th>
<th>% Change</th>
<th>2014 National Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bristol</td>
<td>3.52</td>
<td>7.58</td>
<td>4.06</td>
<td>115.3%</td>
<td>174</td>
</tr>
<tr>
<td>North Somerset</td>
<td>4.25</td>
<td>7.82</td>
<td>3.57</td>
<td>84.0%</td>
<td>163</td>
</tr>
<tr>
<td>South Gloucestershire</td>
<td>4.01</td>
<td>8.07</td>
<td>4.06</td>
<td>101.2%</td>
<td>153</td>
</tr>
<tr>
<td>Bath and North East Somerset</td>
<td>4.87</td>
<td>10.59</td>
<td>5.72</td>
<td>117.5%</td>
<td>59</td>
</tr>
<tr>
<td>England</td>
<td>3.68</td>
<td>6.88</td>
<td>3.2</td>
<td>87.0%</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: CLG Live Table 576

Rental Values

7.14 High and increasing costs of private rents are another indicator of housing market stress.

7.15 Table 8.3 shows that rental values in each of the local authorities in the 12 months to Q1 2015 were between 4% and 42% higher than the average for England. All of the JSP authorities experienced higher absolute and relative increases in rental values between Q2 2011 and Q1 2015 than England, highlighting housing market pressures of private rents across the JSP area.
These pressures in relation to private rental values are important in casting even more doubt over the appropriateness of the allowance that ORS has made to the private rental sector in its analysis of affordable housing need.

Table 7.3  Median monthly rental values in the JSP area and England, 12 months to Q1 2015

<table>
<thead>
<tr>
<th>Area</th>
<th>Median monthly rental values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bristol</td>
<td>£775</td>
</tr>
<tr>
<td>South Gloucestershire</td>
<td>£725</td>
</tr>
<tr>
<td>North Somerset</td>
<td>£625</td>
</tr>
<tr>
<td>Bath and North East Somerset</td>
<td>£850</td>
</tr>
<tr>
<td>England</td>
<td>£600</td>
</tr>
</tbody>
</table>

Source: VOA Private Rental Market Statistics

Overcrowding and Homelessness

Overcrowding, shared households and homelessness are further indicators of unmet housing need in an area. The PPG suggests that long term increases in the number of these types of household may indicate that planned housing needs must be increased to account for these.

The 2011 Census includes detailed data on household occupancy. A standard formula is applied to a given household, based upon the number of people within the household and their relationship to each other, to determine how many bedrooms are required. A negative rating indicates a household has fewer rooms than required (i.e. overcrowding); conversely, a positive number implies that the household has more rooms than required.

Table 10.4 shows the percentage of households in each of the JSP authorities which are considered to be living in overcrowded accommodation.
Table 7.4  Overcrowded households in Bristol, South Gloucestershire, North Somerset, Bath and NES and England

<table>
<thead>
<tr>
<th></th>
<th>2001 % Households Overcrowded</th>
<th>2011 % Households Overcrowded</th>
<th>Rank (out of 326)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bristol</td>
<td>7.8%</td>
<td>13.1%</td>
<td>38</td>
<td>+5.3 (+67.3%)</td>
</tr>
<tr>
<td>North Somerset</td>
<td>4.2%</td>
<td>4.6%</td>
<td>200</td>
<td>+0.4 (+10.2%)</td>
</tr>
<tr>
<td>South Gloucestershire</td>
<td>3.4%</td>
<td>4.7%</td>
<td>198</td>
<td>+1.3 (+39.4%)</td>
</tr>
<tr>
<td>Bath and North East Somerset</td>
<td>5.4%</td>
<td>6.9%</td>
<td>107</td>
<td>+1.5 (+26.8%)</td>
</tr>
<tr>
<td>England</td>
<td>7.1%</td>
<td>8.7%</td>
<td>-</td>
<td>+1.6 (+22.6%)</td>
</tr>
</tbody>
</table>

Source: Census 2001 and 2011

7.20 Overcrowding is a less significant issue in North Somerset, South Gloucestershire and Bath and North East Somerset than in England, but is considerably greater in Bristol. However, the level of overcrowding has increased between 2001 and 2011 in Bristol, South Gloucestershire and North Somerset at a significantly greater rate than in England, demonstrating the growing effects of a lack of suitable and affordable housing for people.

Table 7.5 presents homelessness data (available for 2004/05 to 2014/15) which shows that homelessness has decreased across Bristol, South Gloucestershire, North Somerset and Bath and North East Somerset. The rate of decline in North Somerset and Bath and North East Somerset has exceeded the national average, whilst the rate of change in Bristol and South Gloucestershire has been below the national average.

Table 7.5  Homelessness - Households per 1,000 in Priority Need in Bristol, South Gloucestershire, North Somerset, Bath and NES and England

<table>
<thead>
<tr>
<th></th>
<th>2014/15 Households in Priority Need (per 1,000 households)</th>
<th>Rank (out of 326)</th>
<th>Change 2004/5 – 2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bristol</td>
<td>4.65</td>
<td>33</td>
<td>-3.07</td>
</tr>
<tr>
<td>North Somerset</td>
<td>1.18</td>
<td>203</td>
<td>-4.56</td>
</tr>
<tr>
<td>South Gloucestershire</td>
<td>1.63</td>
<td>152</td>
<td>-1.32</td>
</tr>
<tr>
<td>Bath and North East Somerset</td>
<td>0.64</td>
<td>265</td>
<td>-2.15</td>
</tr>
<tr>
<td>England</td>
<td>2.40</td>
<td>-</td>
<td>-3.33</td>
</tr>
</tbody>
</table>

Source: CLG Live Table 784 (P1e returns)

7.22 This data reveals that Bristol is within the top 12% of local authorities nationally in terms of homelessness and overcrowding issues. These problems are less serious in other parts of the JSP area but the severity of the problem in Bristol is indicative of a need to respond through an uplift in housing delivery.
Rate of Development

7.23 The rate of development is intended to provide a supply-side indicator of previous under-delivery and the extent to which there may be a backlog of housing need. One way to overcome the difficulties of dealing with a backlog of housing need is to compare past completions against the relevant housing requirement for that period, assuming that this housing requirement was a reasonable and fully tested basis for that period in order to meet development requirements. This provides an indicator of the extent to which there may have been previous unmet needs. With regard to past undersupply of development, the PPG sets out that:

“If the historic rate of development shows that actual supply falls below planned supply, future supply should be increased to reflect the likelihood of under-delivery of a plan.” (ID 2a-019-2014036).

Bristol

7.24 During the past 4 years, net housing completions amount to 5,365, resulting in an oversupply of 85 dwellings.

7.25 A total of 733 net affordable houses were completed in Bristol between 2011 and 2015, amounting to 13.7% of all completions. This is significantly below the identified target of “40% in North West, Inner West and Inner East Bristol; 30% in all other locations”

Table 7.6 Total Housing Completions in Bristol 2011-2015

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Completions</th>
<th>Annual Housing Requirement</th>
<th>Surplus / Shortfall</th>
<th>Affordable Completions</th>
<th>% of all housing completions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011/12</td>
<td>1,746</td>
<td>1,320</td>
<td>426</td>
<td>244</td>
<td>14.0%</td>
</tr>
<tr>
<td>2012/13</td>
<td>878</td>
<td>1,320</td>
<td>-442</td>
<td>179</td>
<td>20.4%</td>
</tr>
<tr>
<td>2013/14</td>
<td>1,287</td>
<td>1,320</td>
<td>-33</td>
<td>97</td>
<td>7.5%</td>
</tr>
<tr>
<td>2014/15</td>
<td>1,454</td>
<td>1,320</td>
<td>134</td>
<td>213</td>
<td>14.6%</td>
</tr>
<tr>
<td>Total</td>
<td>5,365</td>
<td>5,280</td>
<td>85</td>
<td>733</td>
<td>13.7%</td>
</tr>
</tbody>
</table>

Source: Bristol Residential Development Survey Report 2015

North Somerset

7.26 A total of 2,476 dwellings were completed in North Somerset between 2011 and 2015, resulting in an undersupply of 1,720 dwellings. A net total of 519 additional affordable dwellings have been completed in North Somerset over the same period, accounting for 18.9% of all completions. Again, this is below the identified target of 30% of new dwellings to be provided as affordable homes.
Table 7.7  Total Housing Completions in North Somerset 2011-2015

<table>
<thead>
<tr>
<th></th>
<th>Total Housing Completions</th>
<th>Affordable Housing Completions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Completions</td>
<td>Annual Housing Requirement</td>
</tr>
<tr>
<td>2011/12</td>
<td>515</td>
<td>1,049</td>
</tr>
<tr>
<td>2012/13</td>
<td>527</td>
<td>1,049</td>
</tr>
<tr>
<td>2013/14</td>
<td>760</td>
<td>1,049</td>
</tr>
<tr>
<td>2014/15</td>
<td>674</td>
<td>1,049</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,476</strong></td>
<td><strong>4,196</strong></td>
</tr>
</tbody>
</table>

Source: North Somerset Residential Land Survey April 2014 Headline Findings; North Somerset Council

South Gloucestershire

7.27 An additional 4,065 dwellings have been completed in South Gloucestershire since 2011, of which 1,116 were affordable. During this period, there has been an average undersupply of 1,335 dwellings against the housing requirement and the affordable housing supply has failed to meet the target of 35% provision.

Table 7.8  Total Housing Completions in South Gloucestershire 2011-2015

<table>
<thead>
<tr>
<th></th>
<th>Total Housing Completions</th>
<th>Affordable Housing Completions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Completions</td>
<td>Annual Housing Requirement</td>
</tr>
<tr>
<td>2011/12</td>
<td>923</td>
<td>1,350</td>
</tr>
<tr>
<td>2012/13</td>
<td>823</td>
<td>1,350</td>
</tr>
<tr>
<td>2013/14</td>
<td>1,095</td>
<td>1,350</td>
</tr>
<tr>
<td>2014/15</td>
<td>1,224</td>
<td>1,350</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,065</strong></td>
<td><strong>5,400</strong></td>
</tr>
</tbody>
</table>

Source: South Gloucestershire Authority's Monitoring Report 2015

Bath and North East Somerset

7.28 A total of 2,190 dwellings have been completed in Bath and North East Somerset since 2011 which, when set against the annual housing requirement has resulted in a shortfall of 690 dwellings. There have been a total of 686 net affordable housing completions over the same period, amounting to 31.3% of all completions. This compares to the Core Strategy target of between 30% and 40%, depending on the geographical area.
Table 7.9  Housing Completions in Bath and North East Somerset 2011-2015

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Housing Completions</th>
<th>Affordable Housing Completions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Completions</td>
<td>Annual Housing Requirement</td>
</tr>
<tr>
<td>2011/12</td>
<td>463</td>
<td>720</td>
</tr>
<tr>
<td>2012/13</td>
<td>550</td>
<td>720</td>
</tr>
<tr>
<td>2013/14</td>
<td>545</td>
<td>720</td>
</tr>
<tr>
<td>2014/15</td>
<td>632</td>
<td>720</td>
</tr>
<tr>
<td>Total</td>
<td>2,190</td>
<td>2,880</td>
</tr>
</tbody>
</table>

Source: Bath and North East Somerset Housing and Economic Land Availability Assessment: Appendix 2: Housing Trajectory

Summary

7.29 Cumulatively, there have been 14,096 completions across the JSP area between 2011 and 2015, resulting in a cumulative shortfall of 3,660 dwellings during this period. There has similarly been a shortfall in affordable housing delivery, when tested against the identified affordable housing targets identified in each local authority area. This demonstrates that past delivery has not been meeting the identified requirements for market or affordable housing and represents clear evidence of the upward pressure that now exists for additional housing development across the West of England JSP area.

Synthesis of Market Signals

7.30 The preceding analysis indicates that market signals do point towards serious pressure across the Wider Bristol HMA and the JSP area. The area faces significant challenges with regards to a failure to match the demand for market and affordable housing with supply. This is causing problems in terms of inflating house prices and rental values, increasing affordability pressures and thereby generating increasingly adverse outcomes for people who need to access the housing market.

7.31 In order to draw meaningful conclusions about the extent to which these market signals indicate housing market stress within each of the JSP authorities, the PPG suggests comparing these to similar areas and national trends in terms of both absolute and relative change. To allow for appropriate comparison against other areas, market signals within the following local authority areas within the wider region have also been considered:

a  Bristol;
b  Bath and NES;
c  North Somerset;
d  South Gloucestershire;
e  Wiltshire;
f  Stroud;
g  Mendip;  

h  Sedgemoor; and,

i  England.

7.32 This comparison is set out in Table 7.10. A higher rank in this table indicates a worse market signal. In many indicators, the JSP authorities perform worse than nationally:

a  The greatest rate of increase in house prices between 1999 and 2014 occurred in Bristol, Bath and North East Somerset, South Gloucestershire and North Somerset;

b  In terms of rate of increase in affordability issues, Bath and North East Somerset, Bristol and South Gloucestershire are worse than England;

c  Rental levels increased in Bristol, Bath and North East Somerset, North Somerset and South Gloucestershire at a greater rate than the national average; and,

d  Overcrowding and homelessness are particular issues in Bristol.

7.33 Taken together with the analysis set out above, this demonstrates that there is considerable pressure across the JSP area and that an upwards adjustment to the baseline (SNPP) housing need figure. Based upon this analysis, and the commentary set out in Section 2, it is considered that a 10% adjustment should be applied to the baseline housing need for the JSP area. This would increase the SNPP baseline with partial catch-up figure to 110,892 between 2016 and 2036. However, a further uplift is required to take account of the implications of the long term migration trends, employment growth and the need for affordable housing.
## Table 7.10 Market Signals Comparator Table

<table>
<thead>
<tr>
<th>House Prices</th>
<th>Affordability</th>
<th>Rents</th>
<th>Overcrowded Households</th>
<th>Households in Priority Need</th>
</tr>
</thead>
<tbody>
<tr>
<td>BANES Bristol</td>
<td>BANES</td>
<td>BANES</td>
<td>BANES</td>
<td>BANES</td>
</tr>
<tr>
<td>Wiltshire</td>
<td>BANES Stroud Mendip Bristol Mendip Bristol BANES BANES South Glouc England England England South Glouc BANES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stroud South Glouc South Glouc Wiltshire Sedgemoor Bristol South Glouc North Somerset South Glouc BANES BANES BANES Wiltshire England Sedgemoor</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Glouc North Somerset Wiltshire South Glouc South Glouc South Glouc Wiltshire South Glouc Wiltshire Wiltshire Mendip South Glouc South Glouc Sedgemoor Bristol</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North Somerset Mendip North Somerset North Somerset Mendip Sedgemoor North Somerset Wiltshire North Somerset England South Glouc Wiltshire Mendip Mendip Mendip Stroud</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>England Stroud Bristol Bristol England North Somerset Stroud Stroud Stroud North Somerset Mendip North Somerset BANES England</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bristol Wiltshire England Sedgemoor Stroud England Mendip Sedgemoor Mendip Sedgemoor Sedgemoor Sedgemoor Sedgemoor BANES Stroud North Somerset</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sedgemoor Sedgemoor Sedgemoor England Wiltshire Stroud Sedgemoor Mendip Sedgemoor North Somerset Stroud North Somerset Stroud</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **CLG Live Table 586/Land Registry**
- **CLG Live Table 586/Land Registry**
- **CLG Live Table 586/Land Registry**
- **CLG Live Table 576/Land Registry/ASH E**
- **CLG Live Table 576/Land Registry/ASH E**
- **CLG Live Table 576/Land Registry/ASH E**
- **VOA Private Rental Market Statistics**
- **VOA Private Rental Market Statistics**
- **VOA Private Rental Market Statistics**
- **Census 2011**
- **Census 2001, Census 2011**
- **Census 2001, Census 2011**
- **CLG Live Table 784 (P1e Returns)**
- **CLG Live Table 784 (P1e Returns)**
- **CLG Live Table 784 (P1e Returns)**
Conclusion and Summary

8.1 This report has been prepared in response to consultation on the West of England Joint Spatial Plan Issues and Options Document. It provides a detailed critique of the Wider Bristol HMA SHMA, prepared by ORS in July 2015 to inform the JSP and sets out an alternative assessment of the FOAN that accurately reflects the level of need that exists within the JSP area.

8.2 In summary, the figure of 85,000 dwellings that purports to be the FOAN for the Wider Bristol HMA for the JSP period significantly underestimates the true level of need. Assuming an allowance of 4% to take account of vacant and second homes, this is just 4.1% above the increase in the number of households identified by the 2012 SNHP for the Wider Bristol HMA for the JSP. This level of additional housing is clearly insufficient to respond to the upward pressures associated with market signals, the strong local economy and affordable housing factors.

Critique of JSP Approach

8.3 This analysis demonstrates that the Wider Bristol HMA SHMA is fundamentally flawed. It fails to satisfactorily adhere to national policy and guidance in the form of the NPPF and the PPG and also conflicts on a number of substantial matters with several High Court Judgments.

8.4 In summary:

a The SHMA FOAN assessment excludes Bath and North East Somerset, which should form part of the wider HMA and align with the Functional Economic Area identified by the West of England LEP. The JSP should be based upon the FOAN – and provide a housing requirement – for all four local authority areas.

b The SHMA does not provide a breakdown of housing need for the individual local authority areas and is therefore not in accordance with the Satnam Millennium v Warrington Borough Council (2015) High Court Judgement19.

c The SHMA does not utilise the latest (2012-based) Sub-National Population (SNPP) and Sub-National Household Projections (SNHP) as a starting point for its assessment of housing need and therefore does not accord with the requirements of the PPG20.

d Long term trends in migration have been applied from a 10-year average based on the years 2001 to 2011, rather than the latest figures from 2004/05 to 2013/14. This approach fails to comply with the PPG requirement to take account of the latest ONS population estimates21 and

19 Satnam Millennium v Warrington Borough Council (2015) EWHC 370 (admin)
20 PPG (ID: 2a-015-20140306)
21 PPG (ID: 2a-017-20140306)
the NPPF requirement for local plans to be based upon up-to-date
evidence\textsuperscript{22}.

e The inclusion of an allowance for Unattributable Population Change
(UPC) is inappropriate, given that ONS has not applied it within the
SNPP because, at a national level, UPC is within the confidence level of
the international migration estimates. ONS has also stated that
improvements in its demographic modelling will mean that UPC will
reduce in future. This position is supported by planning inspectors’
reports relating to the Eastleigh Local Plan\textsuperscript{23} and Vale of Aylesbury Plan
Strategy\textsuperscript{24} and a s.78 appeal at Farnsfield, Nottinghamshire\textsuperscript{25}.

f The SHMA assessment fails to take account of known population change
since 2012. It does not apply the 2013 and 2014 ONS Mid-Year
Estimates and is therefore not in accordance with the PPG requirement
to take account of the latest population estimates\textsuperscript{26}.

g The alignment between housing and jobs is considered for additional
jobs only, rather than the total number of jobs to be supported over the
Plan period. This approach therefore does not account for the fact that
the population is ageing and so will support fewer jobs in future.
Therefore, there will be a need for additional working age people to move
into the area in order to fill existing and newly forming jobs.

h Economic activity rates are applied for the Wider Bristol area as a whole,
rather than for the individual local authorities. This does not account for
differences between the authorities. Also, no adjustment has been made
to the 2011 census-based economic activity figures to take account of
changes since that time.

i The economic forecasts used are from August 2013 and are therefore
now out-of-date. No account has been taken of past trends in job growth
in the West of England, even though the PPG indicates that these are
important in considering likely future job growth\textsuperscript{27}.

j No adjustment is applied to the household formation rates contained
within the 2012 SNHP in recognition of the fact that these rates reflect
recessionary trends, including mortgage rationing, financial instability and
affordability constraints, as well as the preceding time of increasing
unaffordability which also served to suppress household formation.

k Although there is clear evidence of significant market pressure within
each of the JSP authorities in relation to the change in house prices,
availability and overcrowding over time, the SHMA provides an
inadequate response to market signals.

l The assessment does not capture the full affordable housing need, due
to its methodological approach in applying national rather than local data.

\textsuperscript{22} NPPF, paragraph 158
\textsuperscript{23} Eastleigh Borough Local Plan, Inspector’s Report (February 2015), paragraph 23
\textsuperscript{24} Vale of Aylesbury Plan Strategy, Inspector’s Report (January 2014), paragraph 35
\textsuperscript{25} APP/B3030/W/15/3006252 Land at Southwell Road, Farnsfield, Nottinghamshire (7 January 2016), paragraph 18
\textsuperscript{26} ID: 2a-017-20140306
\textsuperscript{27} ID: 2a-018-20140306
on affordable housing need and also its inappropriate inclusion of the private rented sector as affordable housing.

**Objective Assessment of Housing Need**

8.5 The NPPF states that an objective assessment of housing need must be one that meets household and population projections, taking account of migration and demographic change (the demographic-led scenarios) and employment change (the economic-led scenarios), as well as market signals and the need for affordable housing.

8.6 **Taking account of NLP’s conclusion that the JSP should contain a FOAN for the whole of the JSP area (i.e. all four local authority areas), the FOAN that should be applied for the purposes of the JSP is 131,551 to 144,928 dwellings over the Plan period (2016-2036).**

**The Starting Point – Demographic Needs**

8.7 NLP’s analysis begins with the application of the most up-to-date official population and household projections (the 2012-based SNPP and SNHP) in the baseline scenario (Scenario A). This scenario indicates an unadjusted need for an additional 80,716 dwellings in the Wider Bristol HMA and 90,347 dwellings in the JSP area over the Plan period.

8.8 In order to take account of the fact that the 2012-based SNHP have been heavily influenced by the recession, NLP has applied an increase in headship rates amongst the 15-34 age groups in line with longer term trends. This approach indicates a higher level of housing need across both geographical areas. This higher level of need is considered to be appropriate because it takes proper account of the likelihood that household formation rates (and hence, the demand for housing) will increase as the economy improves and people become more able to realise their housing ambitions rather than being forced into concealed households.

8.9 The adjusted household formation rates increase the housing need associated with the baseline (SNPP) scenario to 89,348 dwellings in the Wider Bristol HMA and 100,811 dwellings in the JSP area over the Plan period.

8.10 The long term migration scenario (Scenario B) applies the average 10-year migration trends for each local authority from the most up-to-date ONS Mid-Year Estimates, for the years 2004/05 to 2013/14. An analysis of the results of these two scenarios indicates that long term migration levels are considerably higher than those included in the 2012-based SNPP. Given that the SNPP figures would have been significantly affected by the conditions experienced during the recession, the long term trend is considered to provide a preferable and more reliable indication of the likely level of future population change across the JSP area.

8.11 Therefore, in terms of the demographic-led need for housing NLP considers that the long term migration with partial catch-up scenario (Scenario Bi)
provides the most robust assessment of FOAN for the JSP area. This scenario indicates a need for 125,049 dwellings in the Wider Bristol HMA and 144,928 dwellings in the JSP area.

**Is there a Need to Increase Housing Supply to Meet the Economic Potential of the JSP Area?**

8.12 Reflecting the requirements of paragraph 19 of the NPPF, the JSP local authorities should do “everything (they) can to support sustainable economic growth”.

8.13 In this case, the baseline scenarios (Scenarios A and Ai) would not provide a level of population sufficient to support the level of economic growth identified by Experian Business Strategies in their most up-to-date forecasts (December 2015). It is therefore necessary to apply an uplift to the baseline scenarios to take account of expected employment growth and the requirement of paragraph 158 of the NPPF for Local Plans to ensure alignment between housing and employment strategies.

8.14 Naturally, the higher FOAN indicated by the Experian jobs scenarios (Scenarios C and Ci: 120,089 – 131,551 dwellings across the JSP area between 2016 and 2036) would be able to support this level of job growth. For the reasons set out above, the high figure associated with scenario Ci is to be preferred as it incorporates an adjustment to take account of increasing household formation rates.

8.15 In this case, the long term migration scenario would also provide a level of population increase that would be sufficient to support this expected employment growth.

**Is there a Need to Increase Housing Supply to Aid the Delivery of Affordable Housing?**

8.16 The SHMA identifies a total affordable housing need of 51,200 dwellings over the Plan period but then reduces this figure by incorrectly taking account of the number of households in need currently living in the private rented sector.

8.17 This significant level of need for affordable housing provides additional evidence that the FOAN for the JSP area should be higher than that identified in the Baseline scenario in order to contribute towards meeting this need.

**Do Market Signals Indicate the Need for an Upwards Adjustment to Purely Demographic Led Needs?**

8.18 The SHMA recognises that an upward adjustment is required in response to market signals in the Wider Bristol area but suggests that these market pressures were less than “modest” and only warrant an uplift of 7.5% to the FOAN. This conclusion is difficult to reconcile with the evidence contained within this report which shows that there is considerable pressure across the
JSP area and indicates that an upwards adjustment to the baseline (SNPP) housing need figure is appropriate. Based upon this analysis, and the commentary set out in Section 2, a 10% adjustment should be applied to the baseline housing need for the JSP area.

**Conclusion on Objectively Assessed Housing Need**

8.19 This assessment indicates that the baseline scenarios would not provide a sufficient level of population to support expected levels of economic growth, contribute towards the delivery of affordable housing or respond to evidence of market pressure. Significant adjustments are therefore required to reflect these considerations.

8.20 In this case, both the demographic-led scenarios based on long term migration trends and the economic-led scenarios based on the most recent Experian job forecasts would provide a sufficient level of population increase to support the expected level of economic growth. Given that these scenarios indicate a need for homes that is significantly higher than the baseline scenarios, it is considered that this level of provision would help to contribute towards improving market conditions as well as helping deliver affordable housing needs, and therefore no further uplift is necessary.

8.21 The importance of ensuring that the housing requirement within the JSP reflects the expected future increase in household formation rates leads towards the clear conclusion that the “partial catch-up” scenarios should be applied in preference to the scenarios which apply headship rates derived from the 2012-based SNHP, which suffer from a “recency bias” and which are affected by the perpetuation of the conditions that have characterised the recent past.

8.22 Taking account of NLP’s clear conclusion that the JSP should contain a FOAN for the whole of the JSP area (i.e. all four local authority areas), the FOAN that should be applied for the purposes of the JSP is between 131,551 and 144,928 dwellings over the Plan period.

8.23 In considering this range, caution should be applied in cases where the employment-led scenarios would not result in sufficient housing being delivered to reflect the longer term demographic trends, as this could result in a shortfall, and a resultant deterioration of market signals. In the light of this, and taking account of the other pressures that have been identified, it would be prudent to plan for the figures at the higher end of the identified range.

8.24 It should be noted that this figure is very closely aligned with the conclusions of the work that has been independently undertaken by Barton Willmore on behalf of a consortium of housebuilders. The fact that both reports – which are based on slightly different assumptions and inputs – reach such similar conclusions on the FOAN for the JSP figure adds significant weight to the evidence base against the Wider Bristol HMA SHMA and the FOAN figure contained within the JSP.
## Appendix 1  Summary of HEaDROOM Analysis

### Bristol

<table>
<thead>
<tr>
<th></th>
<th>Demographic</th>
<th>Economic</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Baseline</td>
<td>Baseline with Partial Catch up</td>
</tr>
<tr>
<td>Population change (2016-2036)</td>
<td>74,428</td>
<td>74,428</td>
</tr>
<tr>
<td>Household change (2016-2036)</td>
<td>37,523</td>
<td>42,633</td>
</tr>
<tr>
<td>Dwellings change (2016-2036)</td>
<td>38,723</td>
<td>43,996</td>
</tr>
<tr>
<td>Indigenous labour force (2016-2036)</td>
<td>32,883</td>
<td>32,883</td>
</tr>
<tr>
<td>Jobs supported at existing jobs density ratio (2016-2036)</td>
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## North Somerset

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<td>(2016-2036)</td>
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<tr>
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<td>existing jobs density</td>
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<td>ratio (2016-2036)</td>
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## South Gloucestershire

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<td>Baseline with Partial Catch up</td>
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## Bath and North East Somerset

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<td>LT Migration with Partial Catch up</td>
<td>SHMA Jobs</td>
<td>SHMA Jobs with Partial Catch up</td>
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## Appendix 2  Experian Employment Forecasts

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