

Why the council's housing requirement study is flawed

Tim Hamilton-Cox

(Green party city councillor)



Campaign to Protect
Rural England
Standing up for your countryside

Set up to fail: why housing targets based on flawed numbers threaten our countryside

Background to land allocations process

- National government pressure to build more housing
- Councils have to be seen to be “realistically optimistic”
- Councils submit plan to meet housing requirement to the Planning Inspectorate
- Turley - consultants commissioned to provide evidence of housing requirement

Lancaster Independent Housing Requirements Study 2015

Lancaster City Council

October 2015

'objective
assessment based on
facts and unbiased
evidence'



Turley
Economics

The logo for Turley Economics, featuring the word 'Turley' in a large, bold, sans-serif font above the word 'Economics' in a smaller, regular, sans-serif font.

Types of evidence used in Turley

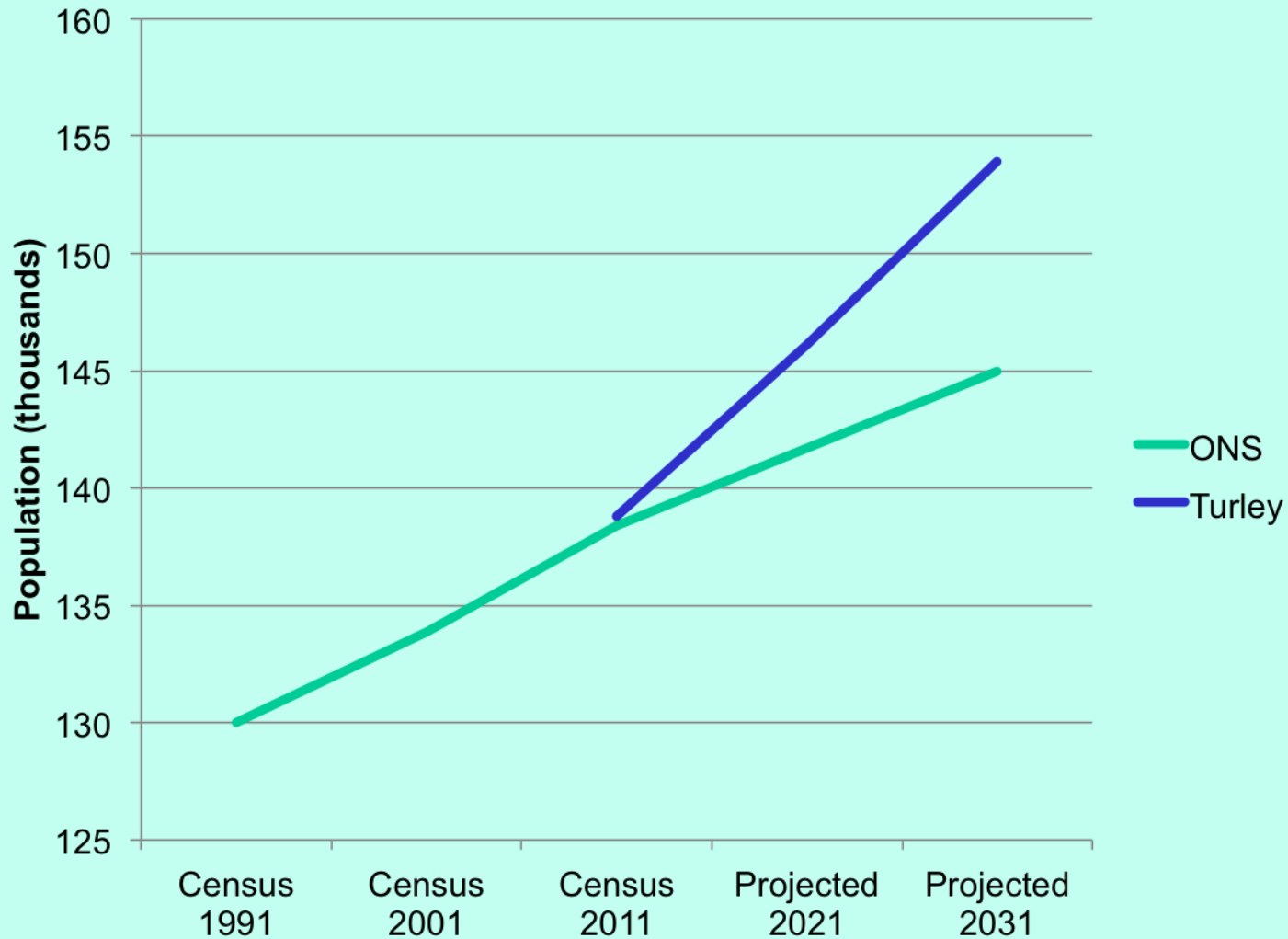
A. Population projections and household formation projections

B. Jobs growth forecasts

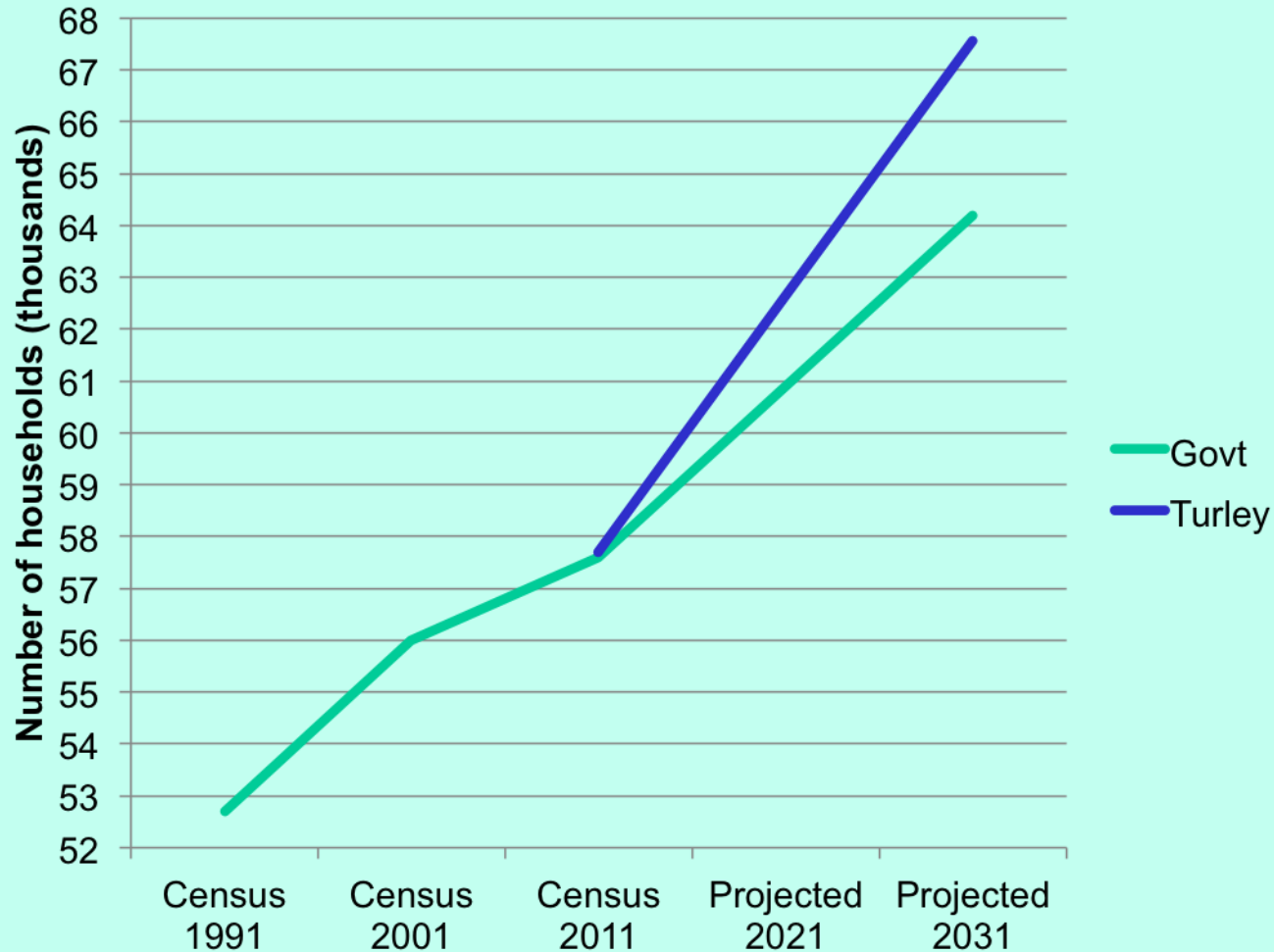
C. Market signals

D. What these mean for numbers of houses to 2031

Comparison of ONS and Turley population projections



Comparison of government and Turley household formation projections



“Plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area”

PPG

Turley – 'likely' job growth

Baseline

9,551 additional FTE jobs

2011 – 31

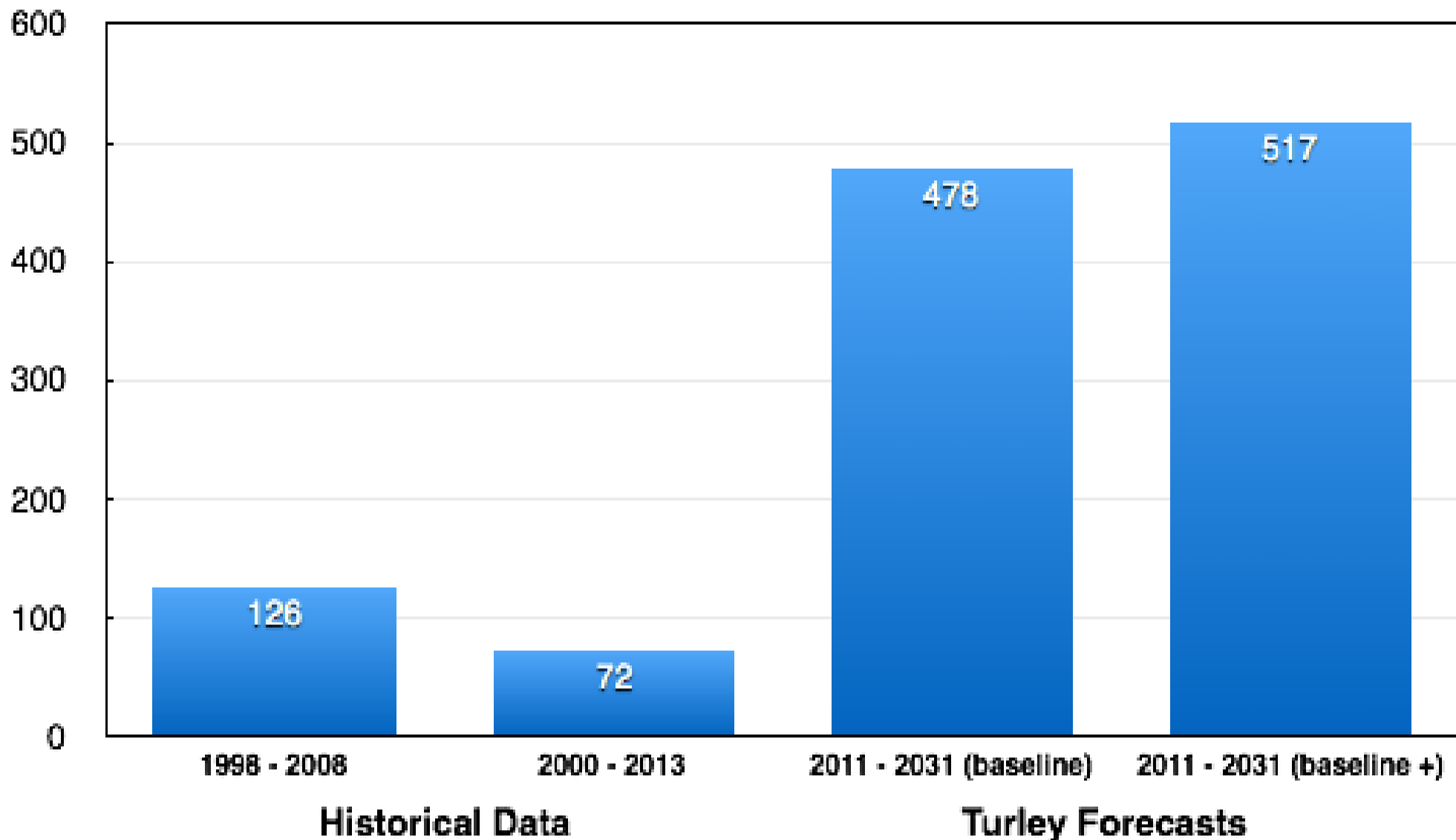
Baseline+

10,348 additional FTE

jobs 2011 – 31

- Approximately 6,000 jobs are 'non-B-class employment' closely associated with projected population change
 - Health, Education, Accommodation & Food Services, Retail
- Noted that this version of Experian forecasts underpinned by 2010 sub-national population projections

Average Annual FTE Job Growth



Hart, Rushmoor and Surrey Heath Joint Employment Land Review Consultation Draft – March 2015

7.55 Scenario 1 (Labour Demand forecasts) are based upon Experian-derived forecasts which are considered unreliaibly high in that they make too many assumptions around unconstrained economic growth...

“[...] forecasts such as Experian are essentially derived from top down models of sector growth levels at the national level...”

Comment on Experian by Edge Analytics for Guildford BC

'The latest Experian economic forecast implies a higher jobs growth than previous forecasts. It is recommended that the viability of this forecast in terms of implied sectoral growth^{2.7} is scrutinised.'

NB Experian's 2014 jobs forecast for Lancaster over 2011-2031 more than doubled from 2013.

Implied housing need outputs

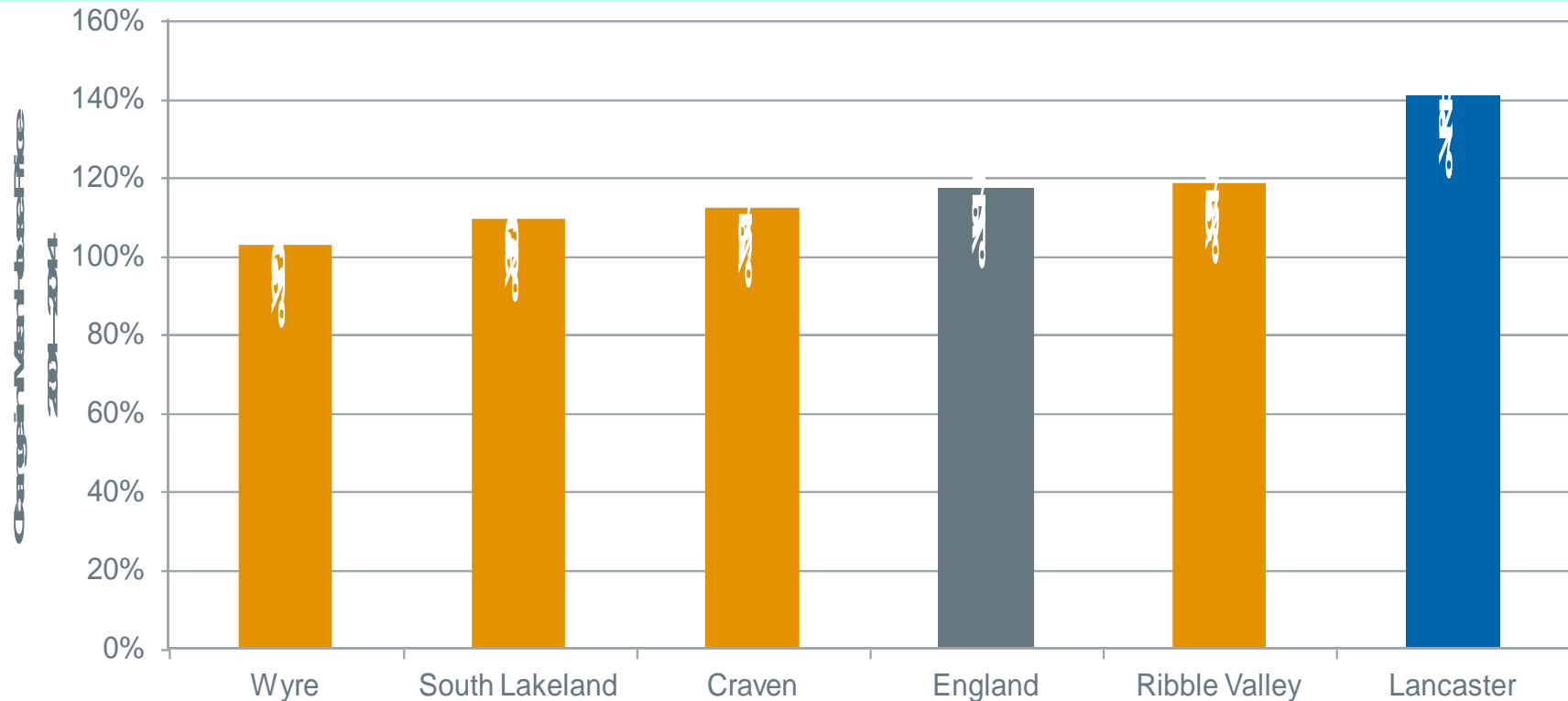
- Inclusion of scenario considering OBR linked adjustments to economic activity rates

	Change 2013 – 2031		Average per year	
	Population change	Households change	Net migration	Dwellings
SNHP 2012	6,974	5,850	333	341
10yr Past Growth	14,071	8,927	604	521
Jobs (Baseline)	23,817	12,449	1,130	727
Jobs (Baseline+)	25,482	13,096	1,212	765
Baseline (OBR)	19,926	10,947	934	639

Market signals

- ***“The housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings”*** PPG
- Land prices, house prices, rents, affordability, rate of development and overcrowding identified as key market signals
- Each considered in turn and benchmarked against national picture and neighbouring authorities

Turley – % change in mean house prices 2001-2014



- **Notable growth in mean house prices between 2001 and 2014**
- May be indicative of imbalance between supply and demand
 - But increasing from a relatively low base (£67,460 in 2001 compared to national average of £121,768)
 - Continue to be comparatively low compared to neighbouring areas

Illustration of house price changes from Rightmove website

39 Dorrington Road, Lancaster, Lancashire LA1 4TB

£115,650	Terraced, Freehold	04 Sep 2015	3 bedrooms
£110,000	Terraced, Freehold	23 Jan 2004	
£45,500	Terraced, Freehold	07 Jun 2000	



10 Devonshire Street, Lancaster, Lancashire LA1 4TQ

£133,000	Terraced, Freehold	04 Sep 2015	3 bedrooms
£129,000	Semi-Detached, Freehold	01 Oct 2007	



15 Gregson Road, Lancaster, Lancashire LA1 3DH

£125,000	Terraced, Freehold	04 Sep 2015	2 bedrooms
£97,000	Terraced, Freehold	06 Oct 2014	



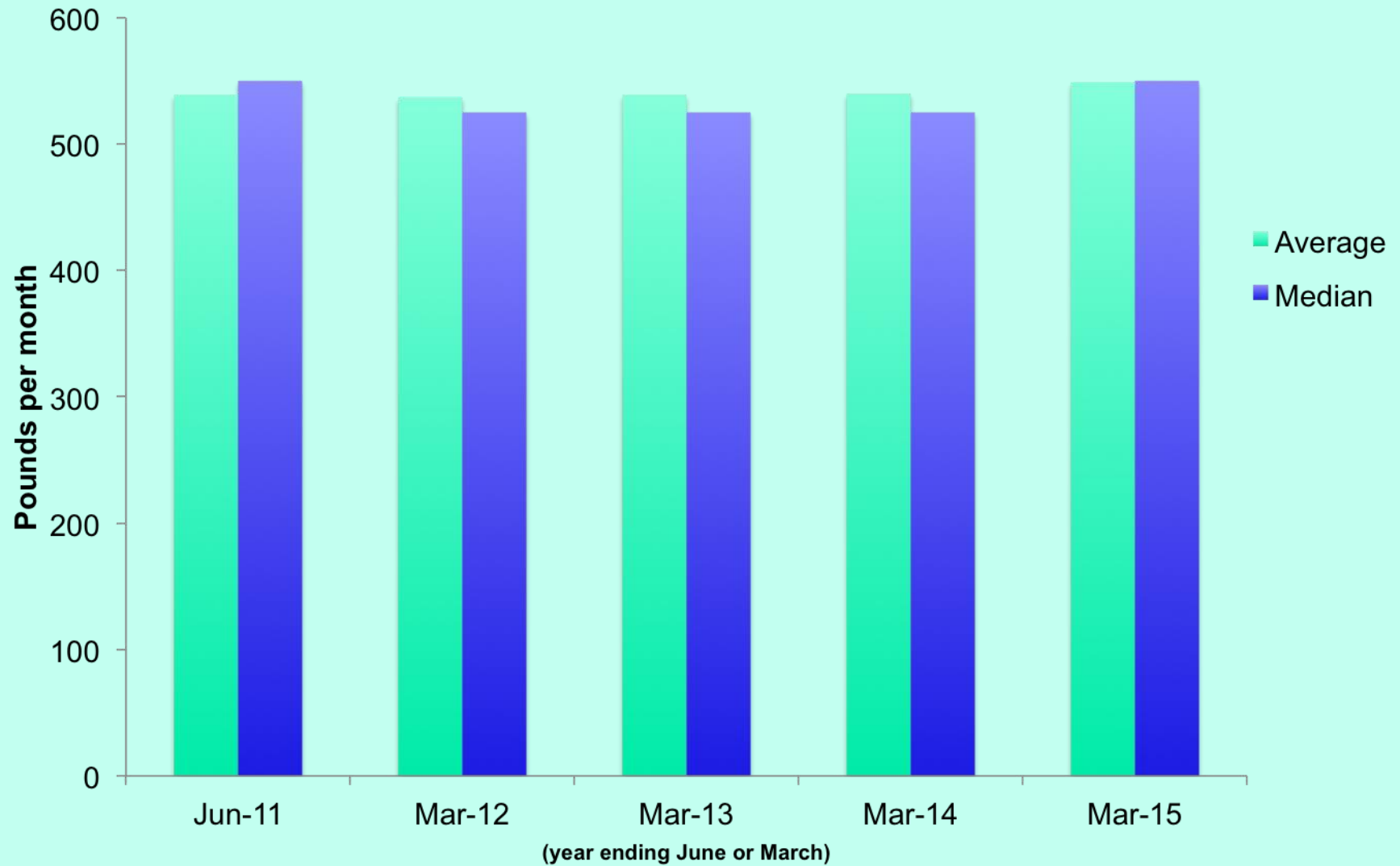
45 Mas onfield Cres cent, Lancaster, Lancashire LA1 3SR

£218,500	Semi-Detached, Freehold	04 Sep 2015	4 bedrooms
£213,000	Semi-Detached, Leasehold	10 Dec 2012	
£210,000	Semi-Detached, Leasehold	09 Jul 2004	
£157,200	Semi-Detached, Leasehold	17 Mar 2002	



Lancaster District 2-bedroom house rents 2011-15

(source: Valuation Office Agency)



Vacancy rate: Example of impact of varying one assumption

Proportion of housing stock empty, ie 'vacancy rate', assumed to be 4.8% throughout period to 2031.

Blackpool BC: 'Generally it is considered that an overall vacancy level of 3% is normal.'

Difference is over 1000 dwellings 're-occupied' rather than built new. ie Worth 50+ homes/year.

Conclusions

A **Demographic/household projections** used by Turley are considerably in excess of census-based evidence.

B **Jobs growth forecast** considerably above past trend; workforce implications sensitive to assumptions on economic activity rates; and majority of jobs growth is related to population growth.

C **Market signals** on rents and prices show fairly stable picture – may be small real-terms reductions. Assumed vacancy rate too high.

As a result....

Objective assessment of need (OAN) of 13000-14000 homes (650-700/year) is result of combining too many skewed assumptions.

From: CPRE's publication 'Set up to fail...' November 2015



'Building estates on greenfield sites... wastes energy and infrastructure. It promotes commuting and destroys a dwindling environment. Housing "need" is in cities, where labour mobility and immigration are high and most poor people find work. The rejection of Labour's brownfield-first planning policy was the crassest of ... innovations.'

Simon Jenkins 2014

'40. Planning guidance sets out that Local Plans may be found sound conditional on an early review; this may be an appropriate mechanism to address future uncertainty or some shortcomings in Local Plan strategies.'

Government statement Feb 2015