Rotherham MBC Core Strategy

Comments on Core Strategy Objections

October 2013

Richard Fordham & Company

Thursden House, Upton Grey, Hants RG25 2RE

T: 01256 861310  M: 07714 411 613  E: Richard@richardfordhamandcompany.com
Contents

Summary ..................................................................................................................................... 3

1. Remit and structure of responses .......................................................................................... 4
   Council’s specification ........................................................................................................... 4
   Response in these comments ................................................................................................. 4

2. Key themes underlying the objections .................................................................................. 5
   Introduction ........................................................................................................................... 5
   1. Is the SHMAs are out of date? ............................................................................................. 5
   Population change .................................................................................................................. 5
   Housing Market change ......................................................................................................... 6
   Conclusions on the ‘out of date’ issue .................................................................................... 7
   2. The difference between the 2007 and 2010 Housing Needs Estimates ............................ 8
   3. Robustness of the data ....................................................................................................... 10
   Sample size ............................................................................................................................ 11
   Date of collection .................................................................................................................. 12
   4. Prospective changes in the SHMA Guidance ...................................................................... 12
   Definition of need ................................................................................................................... 12
   Methodology to be used ......................................................................................................... 13
   What data sources should be used? ....................................................................................... 14
   Conclusion ............................................................................................................................. 14

3. Responses to Objections ...................................................................................................... 15
   Introduction ............................................................................................................................ 15
   Homebuilders Federation ...................................................................................................... 15
   DLP Planning Consultants for Taylor Wimpey and Others .................................................... 15
   JVH town Planning Consultants Ltd .................................................................................... 18
   Council’s response to Affordable Policy Representations ...................................................... 18

Appendix 1: Primary and secondary data based estimates of housing need ......................... 19
   Introduction ............................................................................................................................ 19
   Gloucestershire estimates ..................................................................................................... 19
   Conclusions ........................................................................................................................... 20
Summary

The points in this short report mainly refer to the Inspector’s Question 2.1, with some impact on Question 2.6. The following are the key points.

**Point 1**: The test for the SHMA in para 159 of the NPPF is met by the 2010 Update SHMA. Nothing has occurred since then which would alter the relevance of its analysis for today, though each time a new population and household projection is published the numbers in an SHMA all change. The publication of the NPPF in 2012 was a major event, but does not invalidate the SHMA. However the main change since 2010 will only come in April 2014, when the full 2011 Census based household and population projections are available. All the evidence suggests that the 2010 SHMA is ‘adequate, up-to-date and relevant’ (NPPF para 159) to Rotherham now.

**Point 2**: The size of the affordable housing problem shown in the 2010 Update SHMA is about double that shown in the 2007 original. The simple reason for this is that, following the 2008 housing crash, all tenure moves tended to freeze, so affordable housing vacancies dropped sharply. Otherwise the two SHMAs show a similar pattern. It is worth recalling that the figures for overall net need are statements of the scale of a problem, not of policy for meeting that problem.

**Point 3**: The 2006 sample size of some 2,700 responses is well over the Guidance figure of 1,500 and ensures that the results are extremely robust. Moreover there has not been any major socio-economic change in Rotherham since the fieldwork survey and so its results still provide by far the most accurate and comprehensive view of the Rotherham housing market.

**Point 4**: New Guidance on SHMA’s has recently been published in draft. It is not formally relevant to this Core Strategy inquiry, but may be raised as an issue. Although the new draft guidance is rather weak on detail and on clear ideas as to how housing need should be assessed, it does not contradict any of the key features of the current 2007 Practice Guidance Version 2. The new draft requires essentially the same outputs. Therefore the current draft plan, supported by the 2010 Update SHMA provides appropriate policies, even if the current new draft Guidance is finalised in its present form.
1. Remit and structure of responses

**Council’s specification**

1.1 The tasks were set out in emails from Nick Ward (Planning Officer, Planning and Regeneration-Planning Policy, Rotherham MBC). Initially in emails of 29th August 2013, and subsequently 3rd and 14th October.

1.2 The final email says that the statements to look at, *as a priority* are:

- HBF; the last paragraph
- Bolton (DLP) Wimpey and Others; (paragraphs 2.1 and 2.1 and Section 2.6’

1.3 The material sent included a third, more minor statement, together with summaries of the objections and responses ('Rotherham Publication Core Strategy: Affordable Policy Representations'). All of these will be commented upon.

**Response in these comments**

1.4 On reading the objections in detail and considering the two SHMA studies (2007 and 2010) and the national policy changes since they were completed, the best method of addressing them seems to be a two staged one:

(i) To address a series of key topics

(ii) To deal with the specifics of each objection

1.5 In this way the general issues, that have been raised by several objectors, are addressed at the general level, and then specific objections are dealt with once the main issues have been addressed.
2. Key themes underlying the objections

**Introduction**

2.1 This section is devoted to a series of topics that arise through the objections. This will save repetition in addressing the specific objections. The list of topics is bound to be a bit arbitrary but the key ones seem to be the following:

(i) The SHMA’s are out of date and therefore the findings are no longer valid/reliable
(ii) The issue that the SHMA’s show different housing needs estimates for 2007 and 2010
(iii) Robustness of the data
(iv) The Guidance is changing and hence the SHMA’s are no longer fit for purpose

2.2 The following subsections follow this list, and are numbered for subsequent reference purposes.

1. Is the SHMAs are out of date?

2.3 As a first step in considering this point I will examine general evidence of rates of socio-economic change in Rotherham, to see whether it is likely that the 2010 Update SHMA is now out of date.

**Population change**

2.4 The 2007 SHMA states that the population of Rotherham has hardly changed since 1981:

1981: 253,200

2005: 252,000

2.5 In between those dates there had been a decline and then, since 2000, a systematic increase back to the 1981 level (2007 SHMA para 4.3). In the 2010 Update the figure was still slightly higher (para 3.4 of the 2010 SHMA Update):

2008: 252,900

2.6 For the change to 2013 there are two sources. One is the 2010 ONS projections, still based on adjustments to the 2001 Census, and the Interim 2011 based projections. The latter are only available for 10 years, and thus not a full plan period, so that the 2010 based projections are still the latest 20 year ones. The full population and household 20 year projections based on the 2011 Census will not be available till April 2014. The position shown for the past few years by these two sources is:
Table 1: Rotherham’s population ‘000

<table>
<thead>
<tr>
<th>Projection date</th>
<th>ONS 2010 based projection</th>
<th>ONS Interim 2011 based projection</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>256</td>
<td>258</td>
</tr>
<tr>
<td>2012</td>
<td>257</td>
<td>259</td>
</tr>
<tr>
<td>2013</td>
<td>258</td>
<td>260</td>
</tr>
</tbody>
</table>

2.7 As can be seen, the population of Rotherham is showing slight increases: it appears to have increased by about 1,000 people per annum since 2008 (given it was 253,000 then).

2.8 This represents a slight change from the decline of the 1980’s and 1990’s, but continues the slow increase that began at the turn of the century. The 2011 based projections are about 2,000 higher than the 2010 ones: an adjustment reflecting the findings of the 2011 Census, which generally showed slight upward adjustments. In terms of the total numbers (a quarter of a million) the recent increases are quite slight.

**Housing Market change**

2.9 As a shorthand for this I examined the Halifax price index historical and regional time series. The figures are as follows:

Table 2: Halifax seasonally adjusted price index (All Houses)

<table>
<thead>
<tr>
<th>Year</th>
<th>Yorks and Humberside</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>640.5</td>
<td>635.9</td>
</tr>
<tr>
<td>2010</td>
<td>538.2</td>
<td>539.6</td>
</tr>
<tr>
<td>2012</td>
<td>509.1</td>
<td>522.1</td>
</tr>
</tbody>
</table>

2.10 The major event reflected in these data is the 2008 price crash. The National and regional data do not show a major change after 2010, though Yorkshire and Humberside have clearly declined a bit further than the national index.
Conclusions on the ‘out of date’ issue

Clearly all statistical analysis is done for a given point in time, and becomes technically ‘out of date’ as soon as it is finished. Moreover studies such as SHMA’s are key to demographic data. Thus as soon as a new ONS or DCLG projection is published all of the figures in the existing SHMA are out of date.

The relevant question is:

*Is the 2010 Update SHMA materially out of date?*

In other words do the 2010 findings materially misrepresent the present situation in Rotherham. My view would be that there has not been any significant change since 2010 which would make the 2010 materially out of date.

After looking at both demographic and housing market change over the three years since 2010 there are two general observations to be made:

(i) The population of Rotherham has been stable for many years. It has shown slight increases through the present century, but the overall change from 2007 to 2013 is from 252,000 to 260,000 and from 2010 to 2013 is about 3,000 plus the ‘technical’ adjustment of 2,000 due to the jump from a 2001 to a 2011 basis. This is not a significant change.

(ii) In terms of seasonally adjusted house prices, both national and regional data show the big fall in price that followed the 2008 crash. But the 2010 SHMA contains most of that house price effect, which occurred between the 2007 and 2010 SHMAs. Since then there has not been much change. The current ‘recovery’ which is not yet reflected in annual HPI figures, but it is not likely to be sustained due the high levels of national and personal debt.

The NPPF (para 158) requires that the evidence base should be founded on ‘adequate, up-to-date and relevant evidence’. Even if the 2010 SHMA had been updated to today, all its figures will be rendered out of date when the full 20 year 2011 based population and household projections are available in April 2014.

The question is whether the 2010 SHMA provides an ‘adequate, up-to-date and relevant’ base for plan policy. Derived from the above analysis I should say that it is. Although all the figures will have changed slightly since 2010, they wont have changed enough to render the 2010 less than ‘adequate’. It still represents the housing market situation of Rotherham well, as that situation has hardly changed since 2010.
2. The difference between the 2007 and 2010 Housing Needs Estimates

2.17 The 2007 SHMA concludes that the annual need for affordable housing in Rotherham is 411 (para 11.5) and the 2010 SHMA Update concludes that the annual housing need requirement is 1,155 (para 6.42). Clearly this is a big difference and requires some explanation. There is a brief explanation in the 2010 Update (para 6.43) but I will provide a slightly more detailed explanation which I hope will make the position clear.

2.18 Both SHMA’s were done under the same guidance (Practice Guidance Version 2 2007). The 2007 SHMA was completed in October of that year, and Version 2 of the Guidance came out in July, but was virtually the same as the original version which dated from March 2007. Thus the modelling approach for addressing housing needs estimation was the same in both cases.

2.19 What I have done below is take the overall needs tabulation from the 2010 Update and insert an extra column to the right containing the 2007 figures.
Table 6.11 Housing needs assessment model for Rotherham edited to include 2007

<table>
<thead>
<tr>
<th>Stage and step in calculation</th>
<th>Notes</th>
<th>2010 Number</th>
<th>2007 Number</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>STAGE 1: CURRENT NEED (Gross)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1 Homeless households and those in temporary accommodation</td>
<td></td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>1.2 Overcrowding and concealed households</td>
<td>Two steps taken together</td>
<td>2,277</td>
<td>2,271</td>
</tr>
<tr>
<td>1.3 Other groups</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.4 Total current housing need (gross)</td>
<td>1.1+1.2+1.3</td>
<td>2,279</td>
<td>1,382</td>
</tr>
<tr>
<td><strong>STAGE 2: FUTURE NEED</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1 New household formation (gross per year)</td>
<td></td>
<td>1,663</td>
<td>1,382</td>
</tr>
<tr>
<td>2.2 Proportion of new households unable to buy or rent in the market</td>
<td>37.7%</td>
<td>40.8</td>
<td></td>
</tr>
<tr>
<td>2.3 Existing households falling into need</td>
<td></td>
<td>1,549</td>
<td>1,488</td>
</tr>
<tr>
<td>2.4 Total newly arising housing need (gross per year)</td>
<td>2.1x2.2+2.3</td>
<td>2,176</td>
<td>2,051</td>
</tr>
<tr>
<td><strong>STAGE 3: AFFORDABLE HOUSING SUPPLY</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1 Affordable dwellings occupied by households in need</td>
<td></td>
<td>1,047</td>
<td>1,111</td>
</tr>
<tr>
<td>3.2 Surplus stock</td>
<td></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>3.3 Committed supply of affordable housing</td>
<td></td>
<td>465</td>
<td>492</td>
</tr>
<tr>
<td>3.4 Units to be taken out of management</td>
<td></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>3.5 Total affordable housing stock available</td>
<td>3.1+3.2+3.3-3.4</td>
<td>1,512</td>
<td>1,603</td>
</tr>
<tr>
<td>3.6 Annual supply of social re-lets (net)</td>
<td></td>
<td>1,167</td>
<td>1,770</td>
</tr>
<tr>
<td>3.7 Annual supply of intermediate housing available for re-let or resale at sub-market levels</td>
<td></td>
<td>7</td>
<td>5</td>
</tr>
<tr>
<td>3.8 Annual supply of affordable housing</td>
<td>3.6+3.7</td>
<td>1,174</td>
<td>1,775</td>
</tr>
</tbody>
</table>

Source: Rotherham Strategic Housing Market Assessment Update, Fordham Research 2010

2.20 The table including both 2007 and 2010 figures allows a direct comparison of each row element of the overall housing needs model. All the figures are a bit different. This would be expected, as although the household survey is the same, all housing market data such as incomes prices etc have been updated to 2010 resulting in small differences.

2.21 But the main difference is in a figure obtained directly from the council in each year: Row 3.6. As can be seen, the 2010 figure is only about two thirds of the 2007 figure. It is the only figure (aside from resulting totals) which show a big difference.
2.22 Clearly the figure in Row 3.6 is a matter of recorded fact: how much affordable housing (mainly relets) was available? Why should there have been so dramatic a change?

2.23 Luckily the reason is not hard to find. The key is the HPI index figures in Table 2 above. The 2008 house price crash had no direct effect on affordable housing supply, but it froze the housing market in many ways including the private rented sector and the affordable one. There are many interactions between the tenures, especially the two rented sectors. If one freezes, the others tend to do so as well. Hence the much reduced supply of affordable housing in 2010 was not so much due to any radical change in the supply of new affordable housing (as can be seen in para 19 of the Council’s response to the Inspector’s Matter 2, there has been no radical change in supply). Instead the reason is that affordable housing moves were much reduced by the impact of the crash.

2.24 It is quite likely that the supply of affordable housing has improved since 2010, but probably not to the extent shown in 2007 as the housing market is still not as buoyant as it was prior to 2008. The precise net needs figure cannot really be worked out without redoing the whole thing. But it is pretty clear why the 2010 figure was so much higher than the 2007 one. It is likely that this differential has reduced over the past three years, but probably not vanished. In any case the level of housing need in 2007 was substantial in numbers terms and today’s figure is likely to be greater than the 2007 one.

2.25 To put this in context, one can view the recent affordable housing production figures (Council’s Statement in Response to Matter 2 (September 2013)). The average yield of new affordable housing over the three years 2010/11 to 2012/13 averages 210 per annum. This is well below the 2007 annual need figure of 411 cited at the start of this section: about half of it. Hence there is no chance that any sudden uplift in the production of affordable housing could have wiped out the annual housing needs requirement, even if affordable housing supply had improved to the 2007 level and thus reduced the housing needs figure of 2010 back to the 2007 level.

2.26 Finally, it is worth emphasising that the housing needs figure is the result of the Practice Guidance needs model shown above. It is not a policy requirement. It is the statement of the size of the problem. We suggested housing targets that might reduce the need in the SHMA’s, but the determining factor in the present situation is viability, and clearly the council has an up to date viability study to address the question of what target for affordable housing is viable.

3. Robustness of the data

2.27 Although both SHMA’s used a wide range of existing (secondary) data, their accuracy centrally depends on the primary survey of households carried out in 2006. I will consider the robustness of this dataset in terms of its size and date of collection.
Sample size

2.28 In the first place is the same size: this is the key to statistical accuracy (assuming that the mechanics of collecting and assembled the survey forms was correctly done). We used the same firm for collection of household data for more than a decade, and their work was tested in many inquiries and always found to be robust.

2.29 The survey data is summarised in Appendix A1.1 of the 2007 study:

<table>
<thead>
<tr>
<th>Tenure</th>
<th>Total number of households</th>
<th>% of households</th>
<th>Number of returns</th>
<th>% of returns</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner-occupied (no mortgage)</td>
<td>31,460</td>
<td>29.4%</td>
<td>762</td>
<td>28.1%</td>
</tr>
<tr>
<td>Owner-occupied (with mortgage)</td>
<td>43,002</td>
<td>40.2%</td>
<td>1,015</td>
<td>37.4%</td>
</tr>
<tr>
<td>Council</td>
<td>21,917</td>
<td>20.5%</td>
<td>645</td>
<td>23.8%</td>
</tr>
<tr>
<td>RSL</td>
<td>3,385</td>
<td>3.2%</td>
<td>102</td>
<td>3.8%</td>
</tr>
<tr>
<td>Private rented</td>
<td>6,457</td>
<td>6.0%</td>
<td>170</td>
<td>6.3%</td>
</tr>
<tr>
<td>Other rented</td>
<td>779</td>
<td>0.7%</td>
<td>20</td>
<td>0.7%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>107,000</td>
<td>100.0%</td>
<td>2,714</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Source: Rotherham SHMA 2007 – household survey data

Survey data was weighted to match the suggested tenure profile shown above. An important aspect of preparing data for analysis is ‘weighting’ it. As can be seen from the table above, social survey responses never exactly match the estimated population totals. As a result it is necessary to ‘rebalance’ the data to correctly represent the population being analysed via weighting. Weighting is recognised by the Strategic Housing Market Assessment Guidance as being a way of compensating for low response amongst certain groups. Although response rates were lower amongst certain groups of the population (owner-occupiers in the table above) the application of a sophisticated weighting process, as has been used in this survey, removes any bias.

2.30 I have left in the weighting comments as they help to explain how the survey responses were adjusted to exactly reflect the then distribution of population and households in Rotherham. The same exercise was carried out in the 2010 Update. The same exercise could be done again today. But it would not radically alter the results.

2.31 As can be seen, the sample was 2,714. The Practice Guidance 2007 Annex C para 18 points out that accuracy increases with sample size at least up to 2,000, but says:

‘Approximately 1,500 responses should allow a reasonable level of analysis for a local authority area’.

2.32 Clearly Rotherham has substantially more than that. This was driven by the desire to achieve accuracy at subarea level. But the point is that the overall estimates of housing need discussed above are based on a sample size that is quite large enough to guarantee accuracy.
Date of collection

2.33 The dataset is now about 7 years old. This is at the older end of the typical range, but by general standards is still robust. That is based on two pieces of evidence:

(i) Rotherham is a stable place in which there has been no strong socio-economic change since 2006. The 2008 house price crash affected the whole country, but did not alter the population and its socio-economic character: it simply lowered prices and reduced sales. Thus in principle a survey of 2006 should still be capable of representing the housing situation of the Metropolitan Borough.

(ii) Household surveys older than Rotherham’s have been judged robust by Inspectors. The only case I have readily to hand is London. In London the SHMA adopted in 2010/2011 was based on household survey data of 2002: 8 years prior to the EIP. London is clearly a much more dynamic housing market than Rotherham, and yet the inspector judged the SHMA to be robust.

2.34 I would therefore say that the SHMA update of 2010 not only still represents the character of the housing market in Rotherham, but is based on a housing survey that is still representative of Rotherham.

4. Prospective changes in the SHMA Guidance

2.35 Although published after the evidence for the EIP closed, there may be objectors who will argue that the prospective new guidance for SHMA’s should be addressed, and that the current 2010 SHMA does not conform to it. I will therefore consider the current draft Guidance. It is likely that the draft Guidance will survive into the final version without much change; that has been the case with the preceding two of DCLG Guidance on such surveys.

2.36 It should first be emphasised that both SHMA’s follow the existing 2007 Practice Guidance. This can be seen most simply by the above Table 6.11 and the comments involving Table A1.1 above.

2.37 I will comment on the Draft ‘Assessment of housing and economic development needs’ Guidance under a set of subheadings.

Definition of need

2.38 The draft begins by saying:

‘Need for housing in the context of the guidance refers to the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area of the plan period and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet that demand’.
The above statement could describe both previous Government manuals on the assessment of housing need: in 2000 and more fully in 2007 as the latter also emphasises market areas rather than local authority boundaries.

The draft requires a quantitative assessment of need, that also takes into account ‘qualitative requirements’ [it does not explain how to do this]. It goes on to say

‘Assessed development needs should be proportionate and does not require local councils to consider purely hypothetical future scenarios, only future scenarios that could be reasonably expected to occur’.

This instruction is not very helpful. All future scenarios are hypothetical. Who could have foreseen the 2008 crash? Not many and it would not be reasonable to expect local authorities to out-guess financial experts on such an issue. At least, however, the draft expects a quantitative analysis.

Under the heading ‘How should affordable housing need be calculated?’ the draft suggests that officers from different departments should discuss the issue of how many people lack their own housing or live in unsuitable housing. The latter term was one I originated the use of in 1993, but there is no context for its use here. The description of method here looks the same as the Practice Guidance Chapter 5 method encapsulated in Table 6-11 shown above. But without any of the detailed methodology. However it implies that a quantitative and robust assessment can be achieved by discussions among officers. This is a heroic assumption: the job of officers does not really include the carrying out of studies of this kind. But that is not the issue, which relates to the difference between what output was required in 2007 and what may be required from the final version of the current draft.

**Methodology to be used**

The draft instructs local authorities to use an *objective approach* and not to apply constraints to their assessments. This seems to be addressed to total future housing development, and presumably reflects the Government’s keenness to see much more housing and economic development. Any such ‘objective’ assessment would run the risk of being extremely hypothetical, and thus falling foul of the previous injunction.

The draft goes on to tie itself further into knots by saying that ‘use of this standard methodology is strongly recommended’ for reasons of transparency but then says that ‘there is no one methodological approach of use of a particular dataset(s) that will provide a definitive assessment of development need’ [the latter term including both housing need and economic development need]. The draft therefore contradicts itself within the same paragraph.

There is in fact no methodology stated in the draft. Simply a requirement to produce a set of outputs. Since the existing guidance does, at least in the case of affordable housing, provide a detailed methodology, it will presumably continue to be used in practice.
What data sources should be used?

2.46 The draft, confusingly, refers to data sources as ‘methodology’ (as in ‘what methodological approach should be used?’). It goes on to say:

‘Plan makers should avoid expending significant resources on primary research (information that is collected through surveys, focus groups or interviews etc and analysed to produce a new set of findings) as this will in many cases be a disproportionate way of establishing an evidence base’

2.47 However the draft goes on to suggest the use of Census, the national English Housing Survey and later on the use of Housing Registers. All these sources have their value, but none will provide even moderately accurate results at local authority level on socio-economic issues. Surveys based entirely on secondary sources, and not including any primary survey have been tried over the years, and especially after the 2007 Practice Guidance encouraged the use of non-primary survey. The trouble is that there is no substitute for primary survey if the aim is to produce the sort of objective and robust figures that the draft demands. No attempt is made in the draft to show, through worked examples, how robust figures could be derived without primary survey.

2.48 Fordham Research did its best, in several SHMA’s, to do the work using only secondary data only, and the results were poor. The attached Appendix 1 summarises a parallel primary and secondary study in Gloucestershire where the ‘secondary only’ results (done by two separate consultancies) produced wildly different results. The number of (each reasonable sounding) assumptions required to get from a known and reasonably accurate national statistic to a local authority level one is alarming, and ensures that the result is a poor approximation to the true figure.

2.49 Fortunately Rotherham possesses a good primary dataset and will not have to worry about this issue for some years. Hopefully by then the Government will have been persuaded to see sense on this issue.

Conclusion

2.50 In terms of the Rotherham EIP the key point to make is that the new draft guidance would, if implemented, not invalidate any of the work represented by the two SHMA’s. The draft Guidance requires essentially the same outputs as the present Guidance does. The differences, in terms of housing, relate to the housing market area. I do not know what position the MBC is taking on housing market area, but the 2007 SHMA showed quite clearly that Rotherham has, in terms of migration, more than 70% self-containment (see Table S1 of the 2007 SHMA). The housing market area is outside the remit for the present work. I doubt if the 2011 census would show a radical change.

2.51 Thus one can say with perfect confidence that the 2010 Update SHMA produces the outputs required by the draft, and so would conform to it.
3. Responses to Objections

Introduction

3.1 The following subsections detail responses to the objections provided. Consistent with instructions, the following comments do not include viability issues. That means there is not much point in discussing the percentage target for affordable housing, since that is largely governed by the viability position.

3.2 Reference is made to the four general discussion topics in the previous section in square brackets [].

Homebuilders Federation

3.3 The HBF in its penultimate paragraph, makes a series of points about the 2010 SHMA, which are listed below with related points from the discussion in Section 2 noted in brackets:

(i) The SHMA’s show major differences in results [2]

(ii) A 35% affordable housing target would improve market balance but is unlikely

3.4 In relation to the second point: the Balancing Housing Markets (BHM) model used in the 2010 SHMA was designed to show how, over the long term, the housing needs of the MBC could be reduced or removed. Hence the 35%. But if viability prevents it, then of course it is not reasonable to seek it. Hence there is no issue. The HBF actually supports the 25% which is apparently the council’s target.

DLP Planning Consultants for Taylor Wimpey and Others

3.5 This Objection has para numbers and so reference is made to them in what follows. I have put the para references to the objection in bold.

3.6 Para 2.2 flatly claims that there is no up-to-date SHMA. For the reasons set out in detail in [1] above, this is not true. All SHMA assessments fall out of date from the moment that they are produced. In the present instance, as soon as the new population and household projections are published in April 2014, any SHMA done at this moment would be rendered completely out of date. In the words of para 159 of the NPPF, the 2010 SHMA provides ‘adequate, up-to-date and relevant’ information on which to base policy. An SHMA done today is most unlikely to show a different picture from that provided by the 2010 SHMA.

3.7 Paras 2.25-2.27 raise issues about the two SHMAs based on the different figures for housing need produced by them [2]. The assertion is also made that the figures in the 2007 SHMA ‘was clearly
wrong as this suggested that there would only be a market demand for 344 dwellings a year'. The figure for housing need in the SHMA's is an estimate of the size of the problem, not the scale of a solution. SHMAs are not absolute predictors of the future housing market, or else developers would pay good money from them rather than attacking them.

3.8 Para 2.28 says that DLP has reservations about the BHM model used in the Fordham Research studies, but does not say what they are. The BHM model has been through numerous EIPs on Core Strategies and no substantial criticism has ever been made of it. The para goes on to quote para 8.2 of the 2010 SHMA to produce a misleading impression. It fails to quote the following para, and so I am showing both of them here:

8.2 The 2007 report used the net annual housing need requirement of 411 new affordable homes per annum alongside evidence of custom and practice elsewhere to propose a target of 25% of housing as affordable on appropriate sites.

8.3 The net annual need figure has now increased to 1,155 per year due to reduced supply in Rotherham. Therefore a target of 35% still seems appropriate in the Metropolitan Borough. This target is subject to sites being viable to support this percentage of affordable housing. This is particularly important considering the high level of need for affordable housing found in Rotherham by this study, and the difficulties for delivery likely to be generated by the economic downturn. This figure is a recommendation based on the evidence presented in the report to be discussed by the SHMA steering group.

3.9 The second para makes clear that a higher target would be good for improving balance in the housing market, but that viability is the key to what can reasonably be done through policy.

3.10 Para 2.29 suggests that the DCLG household projections imply a 22,000 increase in households over the next 20 years. These projections pay no attention to reality: they are simply statistical exercises (to quote a distinguished planning Inspector: detailed extract below:

7.10 It is important to remember, as many respondents have stressed, that household projections are not statements of housing requirements but statistical exercises showing what would happen if demographic trends continue. They do, however, represent the best available statistical basis for considering how many additional households there might be requiring homes in the region in future. Given the number of variables and the uncertainties of forecasting over a 20 year period, we consider it important not to try to be over-precise in interpreting projections for planning purposes. The limits of “sound science” in this area need to be understood. No one projection provides a “correct” figure of household increase that should be planned for. The new ODPM 2003-based

3.11 Household projections of this kind are in fact meaningless as a prediction of the number of new houses that will be built. They take no account of economics. The levels of debt in England, both personally and nationally, mean that such figures are fanciful. Despite the current short term recovery, which is based on money printing (Quantitative Easing) cannot be sustained. The present underlying bad state of the economy will take decades to remedy, as the most senior Civil Servant recently observed:

‘This [rebalancing the economy] is not a two year project or a five-year project. This is a 10-year project, a 20-year generational battle to beef up the economy in ways that we have not seen for many decades’

Sir Jeremy Heywood speech reported on 3rd July 2013 (Daily Telegraph)

3.12 Paras 2.30 and 2.31 quite various bits of the 2010 SHMA to make an allegation about the 35% target, which makes no sense: you cannot sensibly combine comments about past events and potential future targets in the way they have.

3.13 Para 2.31 asserts that there is no detail of the questionnaire used. Although the objector refers to the 2007 he clearly has not read it. Appendix A4 of that SHMA contains the detailed questionnaire used. The substantive point concerns asking (about to be) newly forming households about their intentions. We rarely tried to apply separate questionnaires to the older children in a household (typically the newly forming households to be). That is because we took the view that the opinions of the parents were more likely to be a reliable long term guide as to the likely tenure of the newly forming household. Neither route is guaranteed to be reliable, but we preferred asking the parents as a method. Section G of the questionnaire ‘Requirements of future households’ contains detailed questions about the nature and timing of the future household’s likely emergence as well as the size and type/tenure of housing likely to be required.

3.14 Para 2.36 This suggests that the demand for family sized accommodation might be ‘greater than that calculated by a simple ‘needs’ [based assessment as set out in the Fordham reports]’. This comments suggests that the objector has not read the SHMA reports. The operation of the BHM involves looking at all moves across all size ranges and family types and sizes. The result is an accurate estimate of the size mix of housing required. The SHMAs were not ‘narrowly focussed’. They examined all sizes and types of housing, and did so on the basis of a very detailed indication of the dynamics of the housing market derived from the 2006 dataset. There is no more reliable indication of the types of housing required. Housebuilders and their representatives are always inclined to press for family sized housing, as that is what makes the highest profit. To distort the provision of housing to meet the housebuilders profit requirements would be most unwise, and bad for the long term development of Rotherham.
The beginning of this objection states that the Core Strategy sets out a requirement for 1,155 affordable dwellings per annum. The consultants have become confused. The 2010 SHMA said that the scale of the problem in Rotherham was such that 1,155 new affordable dwellings per annum would be needed to meet it. The core strategy is not suggesting that this is the solution, which instead depends how the ?25% target works out in practice. The figures in para 19 of the Council’s Statement show that about 210 affordable dwellings have been built in the recent past: nothing like the ‘problem’ figure in the SHMA. That is quite normal: few local authorities can aim to build as much affordable housing as they really need. There is not the money to do so.

Council’s response to Affordable Policy Representations

The following comments refer to the objections and responses already processed by the council. These are just a couple of points. The detailed analysis in points 1-4 at the start of this report also apply.

(i) DLP. This is the same organisation as addressed in the second objection above. The objection confuses the scale of the problem and the proposed scale of the solution. The council’s response begins by saying that the 2010 SHMA estimate is just a snapshot. The survey of 2006 was a snapshot, but the two SHMA’s look over the usual 20 year plan period. The reason for which DLP’s objection is wrong is that they have not read the studies very carefully and confuse the overall scale of the problem with the suggested solution.

(ii) Signet Planning make some of the same points but object that the SHMA is out of date (please see point 1 of the first section). It includes the amusing typo: the target is ‘foundered’ upon reliable and up to date evidence. In fact the SHMA is robust, as discussed in the first section of this report.
Appendix 1: Primary and secondary data based estimates of housing need

Introduction

1. The CLG Practice Guidance on Strategic Housing Market Assessments says (p 16) that:

   ‘Throughout the guidance there is an assumption that secondary data (i.e. data from local administrative or national data collection exercises rather than specially commissioned surveys or interviews) should be used where appropriate and feasible’

   Although the words do not quite say this, Government Offices and CLG itself have taken this to mean that secondary data only SHMAs could be robust. The policy towards such SHMAs was felt most strongly in the West Midlands, where all the SHMAs are secondary data based.

2. This has led to much poor evidence. For example none of the secondary data based SHMAs can address the wide range of housing issues that has to use household survey (primary) to provide data on housing circumstances and financial matters. In the West Midlands many local authorities are now turning to primary, household survey based studies to repair the damage.

Gloucestershire estimates

3. Gloucestershire is the only place in the country where a direct test of this issue is possible. There are now two sets of results for the districts in the county, one based on secondary data only, and the other based on household survey combined with secondary data for such elements as supply. Fordham Research was commissioned to carry out an SHMA across the county, which began by using secondary data only, but which was then supplemented by primary data.

4. A housing need estimate was made using the model provided in Chapter 5 of the Practice Guidance. This was published in early 2009 and subsequently checked by a parallel secondary data exercise carried out by the consultants ECOTEC (the researcher involved subsequently leaving that firm and setting up under his own name: Peter Smith). The detail of the assumptions made by the two sets of consultants was substantially different, making the point that such secondary data estimates require a great volume of assumptions to create. However the total estimate of housing need for the county was very similar:
Fordham Research: 2,421 households in need; ECOTEC (Peter Smith): 2,435 households in need

5. The subsequent primary survey provides a more robust estimate, but also a different one. The following tables provide a comparison of the primary and secondary estimates.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cheltenham</td>
<td>548</td>
<td>929</td>
<td>439</td>
</tr>
<tr>
<td>Cotswold</td>
<td>535</td>
<td>535</td>
<td>845</td>
</tr>
<tr>
<td>Forest of Dean</td>
<td>703</td>
<td>703</td>
<td>301</td>
</tr>
<tr>
<td>Gloucester</td>
<td>462</td>
<td>857</td>
<td>442</td>
</tr>
<tr>
<td>Stroud</td>
<td>570</td>
<td>424</td>
<td>264</td>
</tr>
<tr>
<td>Tewkesbury</td>
<td>986</td>
<td>356</td>
<td>130</td>
</tr>
<tr>
<td><strong>Gloucestershire</strong></td>
<td><strong>3,804</strong></td>
<td><strong>3,804</strong></td>
<td><strong>2,421</strong></td>
</tr>
</tbody>
</table>

Source: 2009 HNA and SHMA

Key: * Column 1 shows figures that have been adjusted from the raw figures in Column 2, to reflect the fact that the urban extension outside Gloucester and Cheltenham are designed to meet both demand and housing need from within those cities. Thus the change reduces the visible need in the cities, and increases it in Stroud and Tewkesbury, the locations of the urban extensions.

**Conclusions**

6. As can be seen, the primary based estimate is much larger than the secondary data based one. The primary one is 157% of the secondary one.

<table>
<thead>
<tr>
<th>Council area</th>
<th>Primary need estimate (adjusted)</th>
<th>Secondary need estimate</th>
<th>2006 total households(000s)</th>
<th>Households by district</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cheltenham</td>
<td>14</td>
<td>18</td>
<td>50</td>
<td>22%</td>
</tr>
<tr>
<td>Cotswold</td>
<td>14</td>
<td>35</td>
<td>36</td>
<td>16%</td>
</tr>
<tr>
<td>Forest of Dean</td>
<td>18</td>
<td>12</td>
<td>34</td>
<td>15%</td>
</tr>
<tr>
<td>Gloucester</td>
<td>12</td>
<td>18</td>
<td>48</td>
<td>21%</td>
</tr>
<tr>
<td>Stroud</td>
<td>15</td>
<td>11</td>
<td>47</td>
<td>21%</td>
</tr>
<tr>
<td>Tewkesbury</td>
<td>26</td>
<td>5</td>
<td>34</td>
<td>15%</td>
</tr>
<tr>
<td><strong>Gloucestershire</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>249</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Above table and 2009 SHMA Table 5.1
7. The second table shows also that the needs estimates vary strikingly between districts: the secondary data estimate shows a major proportion of need in the high priced Cotswold district, whereas the primary data based one shows the major concentration on Tewkesbury (once allowance is made for the urban extensions).

8. The type and tenure of households in need is likely to be different between the two sorts of estimates. Indeed the secondary data based ones are usually unable to be very specific about that. Insofar as they are, it is usually based on the housing register, which often contains a majority of households not actually in housing need.

Fordham Research
Oct 2009