



Strategic Planning Research Unit
A specialist team within DLP Planning Ltd

For and on behalf of
Telford & Wrekin Council

HOUSING REQUIREMENT TECHNICAL PAPER

**Telford & Wrekin Local Plan
2020 – 2040**

DRAFT PLAN CONSULTATION VERSION

**Prepared by
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1.0 SUMMARY

a) Context for Technical Paper

- 1.1 This Technical Paper sets out the evidence prepared to inform the assessment of housing need for Telford & Wrekin in accordance with national policy and guidance. This Technical Paper also informs the proposed housing requirement identified in Policy S2 of the Telford & Wrekin Local Plan 2020 – 2040 Draft Plan Consultation Version (October 2023).
- 1.2 The Technical Paper reflects the Council's position that the circumstances in Telford & Wrekin support the identification of alternatives to the calculation of local housing need using the Government's standard method. As set out in national planning policy and guidance, the standard method identifies the *minimum* number of homes needed and is the starting point for determining the number of homes needed in an area, which should be informed by a local housing needs assessment.
- 1.3 This Technical Paper should therefore be read alongside the published findings of the Telford & Wrekin Part 1 Economic and Housing Development Needs Assessment (EHDNA) (DLP Planning, 2020) and accompanying Telford & Wrekin – Housing & Demographics Report (Edge Analytics, 2023). A Draft Part 2 EDHNA assessing housing needs of different groups was also prepared in 2020.
- 1.4 Given the progress with the Council's timetable for the Local Plan and subsequent ongoing release of Census 2021 data the detailed outputs of the Draft Part 2 EHDNA have been in the most part superseded. A separate assessment of Housing Mix and Affordable Housing Needs (October 2023), which updates the evidence in the Draft Part 2 EHDNA to take account of currently available 2021 Census data, is published alongside this Technical Paper (and is summarised in section 8 of this report).
- 1.5 The Council currently expects that the draft Part 2 EHDNA will remain unpublished at this stage with the remaining detailed outputs to be updated and published ahead of the next stage of consultation on the Local Plan. The headline recommendations of the draft Part 2 EHDNA have informed the Council's approach to preparation of policies for the housing needs of the draft Local Plan and are summarised within this Technical Paper (including the need for accessible and adaptable dwellings, set out in section 9).
- 1.6 Within section 6.0(v)(v) the Technical Paper also summarises those outputs of the draft Part 2 EHDNA that inform the overall assessment of housing need in respect of adjustments to official projections of the non-household population. The Council expects further updates will take account of the revised series of official mid-2012 to mid-2020 population estimates together with further release of Census data.
- 1.7 The contents of the Council's Local Plan Review - Issues and Options consultation document (2021) are also relevant to informing the approach outlined in this Technical Paper.
- 1.8 The most recent evidence, including outputs from the 2021 Census for England & Wales, which reinforce the Council's justification for identifying that housing need exceeds the outputs of the standard method calculation, is referenced within this Technical Paper.
- 1.9 In establishing the amount of housing to be planned for, the Council has also had regard to national policy in respect of the contributions it may be able to provide to address needs that cannot be met within neighbouring areas, including the Association of Black Country Authorities (ABCA).
- 1.10 The Technical Paper provides the Council's current position on the contribution towards part of the Black Country's unmet housing needs identified as part of the proposed housing requirement. This will be confirmed prior to finalising the submission version Plan as part of further engagement under the Duty to Cooperate.

b) Assessment of Overall Housing Need

- 1.11 The Technical Paper sets out the Council's proposed justified alternative to the calculation of housing need using the standard method. This produces a total for objectively assessed housing needs equivalent to **930 dwellings per annum** taking account of adjustments for market signals for economic development, improved household formation and additional flexibility in the form of the affordability adjustment applied to the standard method.
- 1.12 This justified alternative approach compares to the current output of Local Housing Need calculated using the standard method of 475 dwellings per annum. However, as noted above, this is the *minimum* starting point from which overall housing need should be assessed, taking account of economic or demographic factors. The output of the Council's proposed alternative approach provides a clear estimate of housing need and its starting point is considered sound in accordance with national policy and guidance.
- 1.13 A separate assessment of demographic trends (projected population and household change) identifies a dwelling equivalent growth of **1,010 dwellings per annum**.
- 1.14 This represents a total of **80 dwellings per annum** not captured by the total of components forming the Council's justified alternative to local housing need (based on market signals and adjustments for affordability and improved household formation).
- 1.15 This outcome reinforces the Council's justification for a proposed alternative to the standard method as broadly reflecting current trends but sits outside of the elements that are counted towards the assessment of housing need.
- 1.16 The Government's Planning Practice Guidance supports the application of assessments of housing need calculated using the standard method or a justified alternative approach¹ undertaken part-way through the proposed plan period to an earlier base-date².
- 1.17 For Telford & Wrekin the proposed base date of 2020 reflects a positively prepared approach that increases the total need and requirement figures against which the total provision of housing is assessed. The proposed base-date aligns with the Council's starting point for commencing the update of the current adopted Plan and reflects the continuity of the Council's approach to planning positively for future needs.
- 1.18 As part of the Draft Local Plan the Council proposes a housing requirement based on the total dwelling-equivalent output based on projected trends of **1,010 dwellings per annum**.
- 1.19 The difference of **80 dwellings per annum** forms the basis of the Council's proposed approach to contribute towards part of the Black Country's unmet housing need.
- 1.20 The components of the Council's proposed housing requirement are set out in the table below. Due to the proposed contribution towards part of the Black Country's unmet needs, these should be considered distinct from the justified alternative to the standard method used to identify housing need.

¹ Utilising a 2021 Census base for projected household and population trends

² See paragraphs 6.15 and 6.16 for further explanation

Housing Requirement Component	Annual Net Dwellings	Total Net Dwellings (2020-2040)
Dwelling-led LHN (step 1)	412	8,240
Dwelling-led LHN (step 2 - uplift)	63	1,260
Market signals adjustment	253	5,060
Improved household formation	189	3,780
Non-household population adjustment	13	260
Total housing need³	930	18,600
Contribution towards Black Country's unmet needs ⁴	80	1,600
Total housing requirement	1,010	20,200

c) Affordable Housing Needs

1.21 In terms of affordable housing needs, the updated assessment of Housing Mix and Affordable Housing Needs (October 2023) identifies a net annual need for social and affordable rented housing of **371 dwellings per annum** and a net annual need for affordable home ownership of **112 dwellings per annum**.

d) Affordable Housing Split and First Homes

1.22 Taking account of the need to provide 25% of all affordable housing units delivered through planning obligations as First Homes, the suggested affordable housing tenure split for Telford & Wrekin is as follows:

- 25% First Homes
- 47% Social Rent
- 15% Affordable Rent
- 12% Affordable Home Ownership

1.23 The Council may wish to make adjustments to this suggested split when developing policies to reflect localised property market characteristics and deliverability, in particular noting that this split may be difficult to achieve due to viability considerations and a more flexible approach may therefore be required.

e) Housing Mix

1.24 Overall household growth has been modelled to reflect existing occupancy patterns and does not take into account future policy changes, nor socio-economic changes that might influence how households occupy housing.

1.25 To support the overall housing mix across Telford & Wrekin it is recommended that accommodation of all sizes continues to be provided. A purposefully broad range has been adopted in terms of the recommendations for overall housing mix:

- 1 bedroom: 5-15%
- 2 bedrooms: 20-40%
- 3 bedrooms: 30-50%

³ Calculated using justified alternative approach to calculating housing need.

⁴ Based on difference between current population trends projection (SNPP-2018-Rebased 2021 scenario detailed in section 5) (1,010 dpa) and total housing need (930 dpa).

- 4+ bedrooms: 15-30%

1.26 Recommendations on housing mix resulting from this modelling do not take account of differences by tenure or the characteristics of individual sites that might determine the most appropriate mix of provision.

f) People with Disabilities and Accessible and Adaptable Housing Needs

1.27 Taking account of trends in need by tenure and the impact of existing policies differential policy requirements for the provision of accessible and adaptable homes and wheelchair user dwellings are recommended.

1.28 Evidence set out in the Draft Part 2 EHDNA indicates that provision of 50% of new affordable housing (45% Part M4(2) and 5% Part M4(3)) and 23.5% of market housing (20% Part M4(2) and 3.5% Part M4(3) in accordance with the optional technical standards represents an appropriate starting point to test policy options.

2.0 NATIONAL POLICY

a) Requirements of National Policy Regarding Evidence of Overall Housing Need

- 2.1 Paragraph 11 (parts (a) and (b)) of the National Planning Policy Framework 2023 (NPPF2023) directing plan-making state that local planning authorities should plan for a sustainable pattern of development to meet the needs of the area and align growth and infrastructure provision. Strategic policies should, as a minimum, provide for objectively assessed needs for housing and other uses, as well as any needs that cannot be met within neighbouring areas.
- 2.2 Paragraph 20 of the NPPF2023 identifies that making sufficient provision for housing (including affordable housing) should be set out in strategic policies providing for the overall strategy in terms of the scale, pattern, and quality of development.
- 2.3 The Planning Practice Guidance (PPG)⁵ offsets out the evidence-gathering requirements for plan-making to build up a clear understanding of housing needs in the area, including:
- Definition of the Housing Market Area (HMA) most appropriate for the preparation of planning policies;
 - Establishing the overall housing need; and
 - Identifying the housing needs of different groups
- 2.4 This breakdown of steps closely reflects the contents of paragraphs 60 to 62 of the NPPF2023. Taken together, these paragraphs set out how the minimum number of homes needed should be determined, together with considering how needs that cannot be met within neighbouring areas should be planned for. The housing needs of different groups should be set out in terms of the size, type and tenure of housing needed in the context of the figure for local housing need.
- 2.5 Plan-making authorities should assess future needs and opportunities for their area, exploring and identifying options for addressing these, and then setting out a preferred approach⁶.
- 2.6 The Part 1 EHDNA Report addresses the first two bullet points summarised above, relating to definition of the HMA and assessing options for the assessment of local housing need. The Part 1 EHDNA concludes that Telford & Wrekin continues to form a self-contained Housing Market Area (paragraphs 12.102 to 12.104).
- 2.7 The other outputs and recommendations of the Part 1 EHDNA Report have been considered by the Council in setting out potential options for future levels of housing in the Review of the Telford & Wrekin Local Plan Issues and Options Paper (September 2020).

b) Local Housing Need and the Government's Standard Method

- 2.8 The NPPF2023 states that it is important that to support the Government's objective of significantly boosting the supply of homes, that a sufficient amount and variety of land can come forward where it is needed, that the needs of groups with specific housing requirements are addressed and that land with permission is developed without unnecessary delay.
- 2.9 To achieve this in a genuinely plan led system the NPPF2023 states in paragraph 61 that the minimum number of homes that may be planned for should be informed by a local housing need assessment, conducted using the standard method in national planning guidance. Only in exceptional circumstances may a lower figure be justified, and no such exceptional circumstances are considered to apply in Telford & Wrekin.

⁵ PPG ID: 61-039-20190315

⁶ PPG ID: 61-034-20190315

- 2.10 This however simply provides a minimum figure and does not determine the appropriate level of housing to be planned for in a Local Plan.
- 2.11 The PPG provides additional advice stating that the housing need is an unconstrained assessment of the number of homes needed in an area. This means that the assessment of housing need is the first step in the process of deciding how many homes need to be planned for and that it should be undertaken separately from assessing land availability, establishing a housing requirement figure and preparing policies to address this such as site allocations (Reference ID: 2a-001-20190220).
- 2.12 **In respect of the minimum figure resulting from the standard method, this is described as a starting point in determining the number of homes needed in an area** as it does not predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. The guidance (Reference ID: 2a-010-20190220) highlights that there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates. The Guidance suggests that circumstances where it may be appropriate to consider a housing figure higher than the standard method may include:
- Growth strategies for the area that are likely to be deliverable, for example where funding is in place to promote and facilitate additional growth (e.g. Housing Deals);
 - Strategic infrastructure improvements that are likely to drive an increase in the homes needed locally;
 - An authority agreeing to take on unmet need from neighbouring authorities, as set out in a statement of common ground;
 - Situations where previous levels of housing delivery in an area are significantly greater than the outcome from the standard method; or
 - Situations where previous assessments of need (such as a recently-produced Strategic Housing Market Assessment) are significantly greater than the outcome from the standard method.
- 2.13 The PPG (Reference ID: 2a-010-20190220) states that authorities will need to take into account the above when considering whether it is appropriate to plan for a higher level of need than the standard model suggests. Where relevant the potential effect of these factors should be assessed prior to, and separate from, considering how much of the overall need can be accommodated (and then translated into a housing requirement figure for the strategic policies in the plan).
- 2.14 The nature of the criteria listed within the PPG are not mutually exclusive and, by the very nature of cross-boundary strategic priorities for plan-making, these may be interrelated. Factors such as previous levels of housing delivery or outcomes of alternative assessments of housing need may be relevant to discussions regarding accommodating part of neighbours' unmet needs or support for investment and growth strategies and where none of these circumstances would be provided for as part of the assumptions for the Government's standard method.
- 2.15 The PPG goes on to state that *"where a strategic policy-making authority can show that an alternative approach identifies a need higher than using the standard method, and that it adequately reflects current and future demographic trends and market signals, the approach can be considered sound as it will have exceeded the minimum starting point"* (ID: 2a-015-20190220). It is therefore important that these outputs are considered alongside the characteristics that indicate need may be greater than the result of the standard method.
- 2.16 It is relevant to note that as part of any evaluation of the role of the standard method in Telford & Wrekin the direction provided by the PPG in terms of the inputs specified for the local

housing need calculation are a relevant consideration. Specifically this reflects that the 2014-based household projections are used within the standard method to provide stability for planning authorities and communities, ensure that historic under-delivery and declining affordability are reflected, and to be consistent with the Government's objective of significantly boosting the supply of homes (ID: 2a-005-20190220).

- 2.17 More recently published household projections are not considered to provide an appropriate basis for use in the standard method and alternative approaches drawing upon these should be considered contrary to the objectives of Government policy in paragraph 61 of the NPPF2023 (ID: 2a-005-20190220). The PPG does not, however, expressly preclude the assessment of other official datasets including more recent population estimates and subnational population projections as relevant to the assessment of current and future demographic trends.
- 2.18 While outside of the PPG this was a point reinforced by the Government's April 2021 response to the local housing need proposals in "Changes to the current planning system"⁷. In opting not to introduce any change to the calculation of Steps 1 to 3 of the standard method calculation⁸ the Government indicated that it had carefully considered whether to use the 2018-based household projections.
- 2.19 The Government concluded that, due to the substantial change in the distribution of housing need that would arise as a result, in the interests of stability for local planning and for local communities, it would continue to expect only the use of the 2014-based projections. In opting not to make substantive changes to the standard method, the Government's response sought to facilitate plan-making and support levels of ambition that local planning authorities are familiar with.
- 2.20 It is also relevant to note that in December 2022 the Government published its 'Levelling-up and Regeneration Bill: reforms to national planning policy' consultation proposals together with draft text for consultation as part revisions to the NPPF. With regards the assessment of housing need these proposals are at 'consultation stage' only and at the time of writing there have been no changes to the plan-making process or national policy and guidance on these matters.
- 2.21 Notwithstanding this, the requirement for local planning authorities to establish their full objectively assessed needs for housing as set out in the NPPF will not change as a result of the proposed planning reforms put forward by the Government. These proposed reforms provided further clarification that the **'standard method for the calculation of Local Housing Need (LHN)' is the starting point when assessing an area's development needs.**
- 2.22 The calculation of local housing need therefore remains as presently defined by the inputs specified in the PPG. As part of its consultation proposals the Government indicated that it intends to continue to use the 2014-based household projections to provide stability, consistency and certainty to local planning authorities. The release of new subnational household projections, now planned for 2025, taking full account of the implications of new 2021 Census will enable the Government to review the approach to assessing housing need but clearly the possibility of changes to the standard method currently reflects longer timescales.
- 2.23 It is relevant to note that as part of the December 2022 consultation proposals the Government indicated its intention to clarify support for authorities who need to plan for more homes than the standard method (or an alternative approach) provides, for example to

⁷ Published 6 August 2020

⁸ The Urban and Cities Uplift introduced as a new Step 4 and forming parts of changes to Planning Practice Guidance as a result of this consultation is not applicable to Telford & Wrekin.

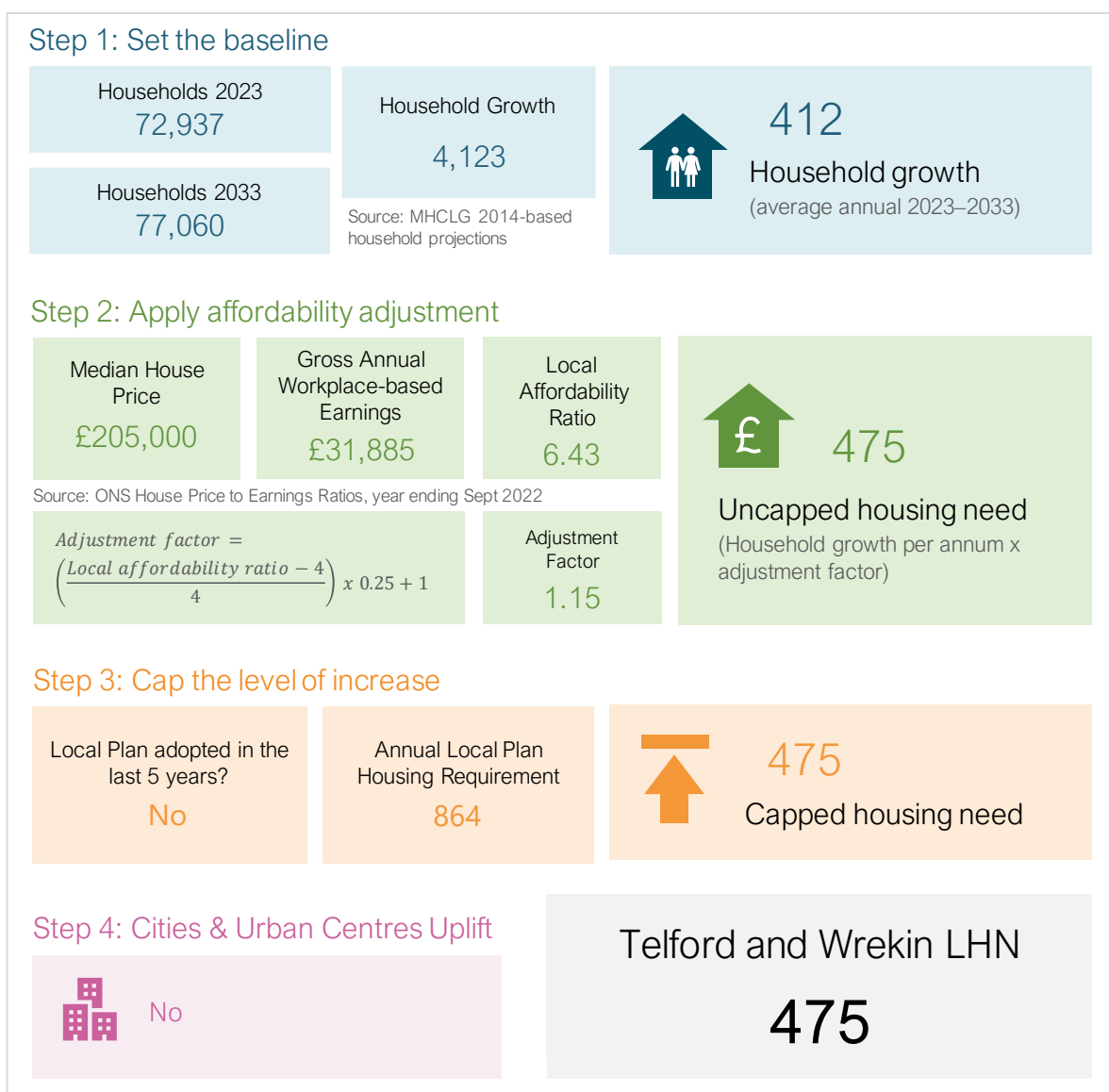
capitalise on economic development opportunities.

3.0 CALCULATION OF LOCAL HOUSING NEED

a) The Standard Method Calculation

- 3.1 The output of the present standard method provides the minimum housing requirement and a baseline against which other potential indicators, including those above outlined in the guidance (Reference ID: 2a-010-20190220) can be evaluated.
- 3.2 The Part 1 EHDNA identifies the starting point for the consideration of the future housing requirement to be planned for is that produced by the standard method using the approach set out in PPG as 510 dwellings per annum. This utilised inputs to the calculation available in 2020, when the Part 1 EHDNA was prepared.
- 3.3 The PPG states that the calculation of local housing need becomes fixed only at the point the Local Plan is submitted for Examination. It is therefore relevant to consider the most recent calculation subsequent to the Part 1 EHDNA.
- 3.4 The most recent calculation of Local Housing Need is set out in Figure 1 below:

Figure 1. Calculation of Local Housing Need (2023)



- 3.5 The principal difference to the calculation set out in the Part 1 EHDNA (Table 71) reflects the lower 10-year average projected change in households at Step 1 (412 versus 452). This is a function of the different time period over which the 10-year average is calculated and that within the official 2014-based subnational household projections annual changes in household formation generally fall in later years as the population ages.
- 3.6 It is relevant to note that projected population growth using the 2014 Sub-National Population Projection (2014-SNPP) scenario (with inputs that substantially pre-date increased rates of development) is over 60% lower than projected by the more recent 2018-based subnational population projections. All things being equal later 10-year periods used for the assessment at step 1 of the standard method would indicate a potentially greater departure from current evidence of demographic trends.
- 3.7 The difference between the two calculations at Step 1 (-40 households) is partly offset by worsening affordability at Step 2. The adjustment factor of 1.15 in the most recent calculation is equivalent to an affordability uplift of 63 dwellings, compared to an uplift factor of 1.13 (equivalent to 58 dwellings) in the Part 1 EHDNA calculation. This indicates a slight worsening in the ratio of median workplace-based earnings to house prices since 2019.

4.0 SUMMARY OF THE PUBLISHED EVIDENCE BASE

a) Background

- 4.1 DLP Planning and Edge Analytics were appointed by Telford & Wrekin Borough Council in 2020 to undertake an Economic and Housing Development Needs Assessment (EHDNA).
- 4.2 The objective of the study was to identify future employment and housing growth needs for Telford & Wrekin for the period covering 2020 to 2040.
- 4.3 The findings of the main published Part 1 EHDNA Report were accompanied by the Telford & Wrekin – Housing and Demographics Report, prepared by Edge Analytics.
- 4.4 The Part 1 EHDNA provides outputs as a range of scenarios and recommendations for further assessment. It does not provide definitive conclusions on the full objectively assessed need for housing in Telford & Wrekin nor does it provide a specific housing requirement figure as this requires judgement with regard to the different components of housing need addressed in national policy and guidance and the different elements of alternatives to the standard method set out in the Part 1 EHDNA.
- 4.5 More recent data, including the outputs of the 2021 Census, are also considered as part of this Technical Paper.

b) Outputs and Scenario Testing

- 4.6 The Part 1 EHDNA provides a review of local housing need calculated using the standard method, together with analysis of the associated population and household projections and the most recent evidence of housing delivery. This provides the context for scenario testing and assessing justified alternative approaches to the standard method in Telford & Wrekin.
- 4.7 The Telford & Wrekin – Housing & Demographics Report (Edge Analytics) provides further details of the range of scenarios that were prepared. All scenarios have been tested through the PopGroup software suite.
- 4.8 Each scenario illustrates projected demographic change (population, households and dwelling numbers) and inputs to each iteration are explained with reference to current trends..
- 4.9 The resulting demographic profile within each growth scenario, together with inputs based on economic activity and commuting rates, allows identification of growth in the labour force that may be available to take up forecast jobs growth based on the working-age population resident in the borough.
- 4.10 A full list of the projection outputs from the respective scenarios is explained in the Edge Analytics Report. All scenarios cover projection period of 2020-2040.
- 4.11 For all scenarios, projected trends in household formation and the total number of households across the projection period are calculated based on the household representative rates taken from the latest DLUHC 2014-based household projection model. This means that expected trends in household formation are consistent irrespective of other inputs to each scenario.
- 4.12 Additionally, an iteration of each scenario is produced with an allowance for 'Headship Rate Sensitivity' (referred to as the '2014-Return' output). This sensitivity analysis estimates how a return to higher household growth rates could result in higher dwelling growth outcomes for each scenario.
- 4.13 The implications of the 2014-Return allowance for sensitivity are particularly relevant to the assessment of dwelling-led scenarios where, all other things being equal, allowance for increased rates of household formation as part of projected trends results in lower levels of additional population growth equating to less significant increases in in-migration.

- 4.14 Outputs from these defined growth scenarios were published as part of the Council’s most recent Options consultation alongside the **2018-SNPP 2014-Return** trend-based projections. These options are summarised in Table 1 below:

Table 1. Summary of Part 1 EHDNA Consultation Options

Scenario (2014-Return)	Dwelling Change (Annual)
	2020-2040
Employment-led Experian Growth	848
SNPP-2018	964
Dwelling-Led 1150dpa	1,150

Source: Telford & Wrekin Part 1 EHDNA (2020) (DLP for T&W Council)

- 4.15 It is important to note that all three recommended EHDNA outputs are valid starting points for further assessment of housing need and plan-making considerations as they are in excess of local housing need as calculated using the standard method. However, this is a minimum figure and other factors (such as affordability and market signals) should be taken into account when objectively assessing housing needs.
- 4.16 One of the principal conclusions of the scenarios assessed within the Part 1 EDHNA is that the demographic baseline provided by the most recent 2018-based subnational population projections (2018-SNPP) provides a more up-to-date basis upon which to assess expected future change. This correlates most closely with recent increases in the level of housebuilding and resulting impacts on net migration.
- 4.17 The scenarios considered show relatively similar impacts when individual components of net change through migration are adjusted to compare short-term and long-term trends. One exception to this is the 2018-SNPP High scenario that assumes never previously experienced levels of international migration. The 2018-SNPP Principal scenario is therefore preferred.
- 4.18 The 2018-SNPP scenario using the 2014-based household formation rates generates a figure for local housing need of 797 dwellings per annum. The equivalent scenario for projected population growth using the 2014-Return household formation rates generates a figure for local housing need of 964 dwellings per annum. It is important to state that these outputs are based on projected trends and do not replicate any components of the standard method calculation such as the affordability adjustment.
- 4.19 Any alternative or current demographic trends should be considered alongside other elements relevant to the assessment of housing need including adjustments for affordability, household formation and market signals.
- 4.20 Furthermore, national policy and guidance does not dictate whether, relative to the calculation of the standard method, alternative projections should be considered to relate solely to the needs of any individual authority. This is important where neighbouring plan-making authorities are undertaking assessments of need under a variety of different projections (although principally the 2014-based projections underpinning the standard method).
- 4.21 The continuation of any given trends in population and formation for Telford & Wrekin as a standalone local planning authority may – when considered alongside elements relevant to establishing full objectively assessed housing needs as an alternative to the standard method – be relevant to identifying the scope to contribute towards part of the unmet needs of neighbouring authorities. This does not, however, reflect the extent of unmet needs declared by neighbouring authorities or the strength of their relationship with Telford & Wrekin.

5.0 UPDATES TO THE EVIDENCE BASE SINCE PUBLICATION OF THE PART 1 EHDNA

a) Background to Updating the Part 1 EHDNA

- 5.1 DLP Planning and Edge Analytics were appointed by Telford & Wrekin Council to undertake initial analysis of the First Phase (June 2022) release of data from the 2021 Census for England and Wales, within the context of the published Part 1 EHDNA.
- 5.2 The first phase of 2021 Census data supports the justified alternative approaches set out in the Part 1 EHDNA, including that the housing need in Telford & Wrekin is higher than the local housing need figure as calculated using the standard method.
- 5.3 The original Part 1 EHDNA scenarios continue to provide evidence to identify justified alternatives which exceed the standard method. This reflects a starting point that should generally be considered sound for plan-making purposes (see PPG ID: 2a-015-20190220).

b) Re-Basing to the 2021 Census

i) *Methodology*

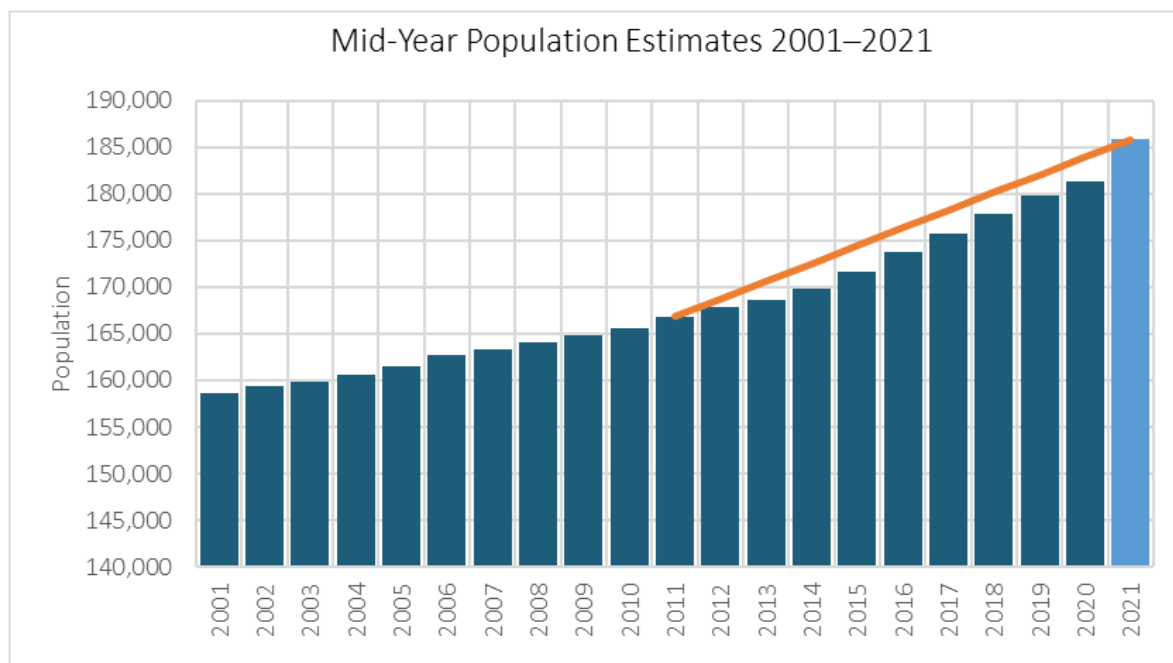
- 5.4 The outputs from the Part 1 EHDNA for scenarios based upon the principal 2018-based sub-national population projections have been updated to provide a starting point that is consistent with the official 2021 Census estimates for population and households.
- 5.5 Each scenario has a consistent 2021 base year. Fertility, mortality and migration assumptions remain consistent with the previous scenarios. It is not possible to update these at the present time in the absence of the official 2021-based Mid-Year Population Estimates (MYE) or the revised MYE time series upon which different trend-based assumptions could be configured.
- 5.6 Outputs from the 2021 re-based scenarios have been prepared for comparison with the original Part 1 EHDNA outputs for a revised period of 2021 to 2040.
- 5.7 The **SNPP-2018** scenarios are rebased to mid-year population estimates (MYEs) up to 2020 and the 2021 Census population count. As the 2021 Census count is higher than historical MYEs, the transition from MYEs to the 2021 Census results in a high level of growth in 2020-2021. This will not necessarily be reflective of estimates of annual population change once a revised MYE series is produced.
- 5.8 To enable comparison with the previous scenario evidence for Telford & Wrekin, 2020-21 has been excluded from the summary of periods compared. The revised intercensal MYEs (2012–2020) will likely address the step change in 2020-2021. These are expected to be published in early 2023 and would allow more meaningful comparison of a 2020 to 2040 period, if required.
- 5.9 Household growth assumptions remain unchanged, drawn from the **2014-based** and **2014-Return** models (but with the household headship rates rebased to the 2021 Census Household total).
- 5.10 Assumptions on the non-household population (used to derive the household population and therefore average household size) remain consistent with the previous SNPP-2018 scenarios (derived from the 2014-based household projections).

ii) *Key Headlines and Implications for Comparisons Between Part 1 EHDNA and Census 2021 Outputs*

- 5.11 Re-basing to the 2021 Census population and household totals will result in differences to the average household size projected under the **SNPP-2018** scenarios to the same year (2021) when the projected totals for population and households are different to the Census estimates. However, for Telford & Wrekin, these differences are relatively minor.

- 5.12 The starting point for the population recorded by the most recent pre-2021 Census population estimates is substantially higher than assumed by the projected population change in the 2014-based projections which inform the standard method. These higher starting points inform more recent official sub-national population and household projections, including the 2018-based series, and further support the circumstances for exploring alternatives to the standard method.
- 5.13 Official estimates of persons and households as recorded by the 2021 Census data substantially exceed projected totals provided by the 2014-based projections which inform the standard method (population +5.8% at 2021).
- 5.14 The re-based **2018-SNPP 2014-Return (2021 Census)** demonstrates that the most recent official 2018-based sub-national population projections provide a more robust demographic starting point.
- 5.15 Each scenario has a consistent 2021 base year. Fertility, mortality and migration assumptions remain consistent with the previous scenarios. It is not possible to update these at the present time in the absence of the official 2021-based Mid-Year Population Estimates (MYE) or the revised MYE time series upon which different trend-based assumptions could be configured.
- 5.16 The 2021 base year is shown by the light blue column shaded in Figure 2 below. The orange line reflects annualised intercensal change pending revision to the official mid-year estimates following release of Census data. Note that the more recent annual estimated population change through the official mid-year estimates tracks more closely the estimate of population ultimately recorded in the 2021 Census.

Figure 2. 2001-2011 Official MYPE and 2021 Census Population Estimates



- 5.17 The schedule of migration rates and fertility and mortality rates applied to the **Rebased 2021** scenario are unchanged from the **2018-SNPP** scenarios within the Part 1 EHDNA (in the absence of the ability to calculate a revised trend from the first phase 2021 Census release). Any additional difference in projected change beyond 2021 is purely a function of variation in the age-sex structure of the 2021 population to which these are applied when the Census population estimates are used as a new base within each scenario.

5.18 Table 2 below also demonstrates that the official Census population estimates indicate a greater population across all age groups at the revised 2021 base-date for all scenarios compared from the Part 1 EHDNA, except for the 0-14 age-groups. This may reflect lower levels of fertility than assumed in previous trend-based projections or lower than anticipated rates of net in-migration comprising dependent children.

Table 2. Comparison of Population by Age-Group

Population 2021	SNPP-2018-Rebased 2021	SNPP-2018	SNPP-2014
0-14	34,537	35,500	33,500
15-44	69,675	68,030	63,800
45-64	48,552	47,582	45,300
65+	32,835	32,515	32,200
Total	185,600	183,627	174,800

5.19 The estimated population and households at the Census date indicate that these projected trends have been exceeded in recent years but by a relatively small amount (persons +1.1% in 2021 versus 2018-based SNPP). These differences predominantly relate to additional growth in the working-age population relative to the earlier projections.

5.20 The re-based 2021 totals for population and households generate an average household size of 2.395 persons per households, which is below projected average household size from the Part 1 EHDNA (2.401). Total households are between 1.1% and 1.3% greater than recorded in the Part 1 EHDNA.

5.21 The re-based **2018-SNPP 2014-Return (2021 Census)** scenario is informed by the 2021 Census estimate of total households which exceeds the projected totals to the same date using either **dwelling-led or 2018-SNPP** scenarios provided from the Part 1 EHDNA. The corresponding age-sex structure of the 2021 Census population, to which the **2014-based** household formation rates have been applied, would suggest that the majority of these additional households are families with children and other household types.

Table 3. Comparison of Household Type and Size - 2021

Household Type	SNPP-2018		SNPP-2018-Rebased2021		SNPP 2014
	2014-based	2014-based Return	2014-based	2014-based Return	
One person male	9,246	9,316	9,344	9,344	8,836
One person female	9,327	9,378	9,427	9,427	9,136
Couple no child	20,580	20,644	20,787	20,787	19,901
Couple+adults no child	6,388	6,362	6,470	6,470	6,105
One child	11,538	11,532	11,772	11,772	10,794
Two children	8,764	8,819	8,893	8,893	8,131
Three+ children	4,310	4,287	4,387	4,387	3,992
Other households	5,329	5,299	5,420	5,420	5,119
Total	75,483	75,636	76,500	76,500	72,014
Average Household Size	2.401	2.396	2.395	2.395	2.394

5.22 This is likely to be a function of high recent rates of housing delivery and potentially a small improvement in rates of household formation as predicted by the Part 1 EHDNA. The resultant differences may in-part be accounted for by revisions to population and households estimates within the intercensal period that pre-date the base-date for the 2018-based projections.

iii) Outputs of Re-Based 2021 Part 1 EHDNA Scenarios

5.23 The findings of the Part 1 EHDNA and 2021 re-based scenarios are **not** directly comparable on a like-for-like basis for the period 2020-2040 or 2021-2040. The 2020-2040 period is preferred for the Part 1 EHDNA findings. The re-based scenario **can only** robustly be considered from a 2021 base-date. Whilst the base date for the demographic trends is 2021, the plan covers the period 2020 to 2040. The Council's evidence indicates that housing need is higher than the figure produced by the standard method so this approach is considered sound (see paragraphs 6.15 and 6.16 for further explanation).

5.24 Outputs for both time periods, with and without the non-household adjustment⁹, are shown in Table 4 below:

Table 4. Summary of SNPP-2018 Current Trends Projection Scenarios

Scenario	Equivalent Dwelling Change (Annual)			
	2020-2040		2021-2040	
	Household Population	Non-Household Adjustment (+13)	Household Population	Non-Household Adjustment (+13)
SNPP-2018	964	977	953	966
SNPP-2018-Rebased2021	1,063	1,076	997	1,010

5.25 The 2021-2040 period generates a slightly lower total for the original Part 1 EHDNA analysis. This is because projected rates of population and household growth trend downwards over time (primarily as a result of the population ageing and higher rates of household dissolution (death) relative to new household formation).

⁹ See Section 0.16.0(v)(v) of this Technical Paper for further details

- 5.26 Utilising the same trend-based assumptions derived for the 2018-SNPP scenario from within the original Part 1 EHDNA, the re-based 2021 Census scenarios project net additional annual dwelling growth that is **around 4.6% higher** than the official 2018-based projections for the equivalent 2021-2040 period (**997dpa vs. 953dpa**). The difference relates to dwellings required to accommodate the resultant effects on projected demographic and household change related to the age-sex structure of the 2021 Census estimates.
- 5.27 Projected changes in population and households taking account of the 2021 Census estimates continues to indicate an expected growth in the supply of labour in excess of levels associated with market signals for economic development and forecast growth in jobs. Whereas the **2018-SNPP** scenarios from the original Part 1 EHDNA would have provided for growth in the labour force around 1.0% greater than that required to support the **Employment-led Experian Growth** scenario (as of 2040) this would increase to around 3.4% taking account the Census 2021 population estimates. This reflects the effect of these estimates upon projected population changed in the re-based **2018-SNPP 2014-Return (2021 Census)** scenario.

Table 5. Comparison of Total Projected Labour Force (2040)

Scenario	2040 Labour Force
SNPP-2018	107,039
SNPP-2018-Rebased2021	109,581
Part 1 EHDNA Employment-led Experian Growth	106,013

6.0 COMPARISON OF UPDATED SCENARIO OUTPUTS INFORMING THE COUNCIL'S APPROACH

a) Background

- 6.1 Following the initial re-basing of Part 1 EHDNA Scenario outputs the Council has commissioned a range of scenario outputs to inform identification of components of a justified alternative assessment of housing need for Telford & Wrekin. More detail regarding the outputs from each scenario is set out within the following sections of the Technical Paper. As far as possible, notwithstanding the effect of the most recent Census 2021 data, the updated scenarios utilise inputs consistent with the approach to scenarios identified in the published Part 1 EHDNA.
- 6.2 In terms of the context for the updated scenarios the standard method only provides a *minimum* housing requirement figure and the PPG requires that other factors are considered. The Part 1 EHDNA demonstrates that the results of more recent official projections result in substantially greater changes in population and households over the plan period. It is therefore appropriate to consider the consequences of other projections of demographic change in the context of the present guidance and alternatives to the assessment of housing need using the standard method.
- 6.3 In interpreting the relevant scenarios it should be noted that the annotation of each output has been amended to reflect the use of the 2021 Census base.
- 6.4 **All scenarios** now refer to use of rescaled population estimates and details for household formation to reflect the position of official Census estimates as of 2021. The annotation for these assumptions, using the 2014-based household projections as a starting point in accordance with the standard method, means that a '**14-R**' annotation has been added.
- 6.5 An improvement in household representative rates has also been applied to selected scenarios, consistent with the recommendations of the Part 1 EHDNA. Where this improvement has been applied it has been applied together with the re-scaled estimates based on the 2021 Census. The annotation for these scenarios is therefore '**14-RR**'. In these instances, the addition to the annotation represents '**Return to Trend**' rates of household formation.

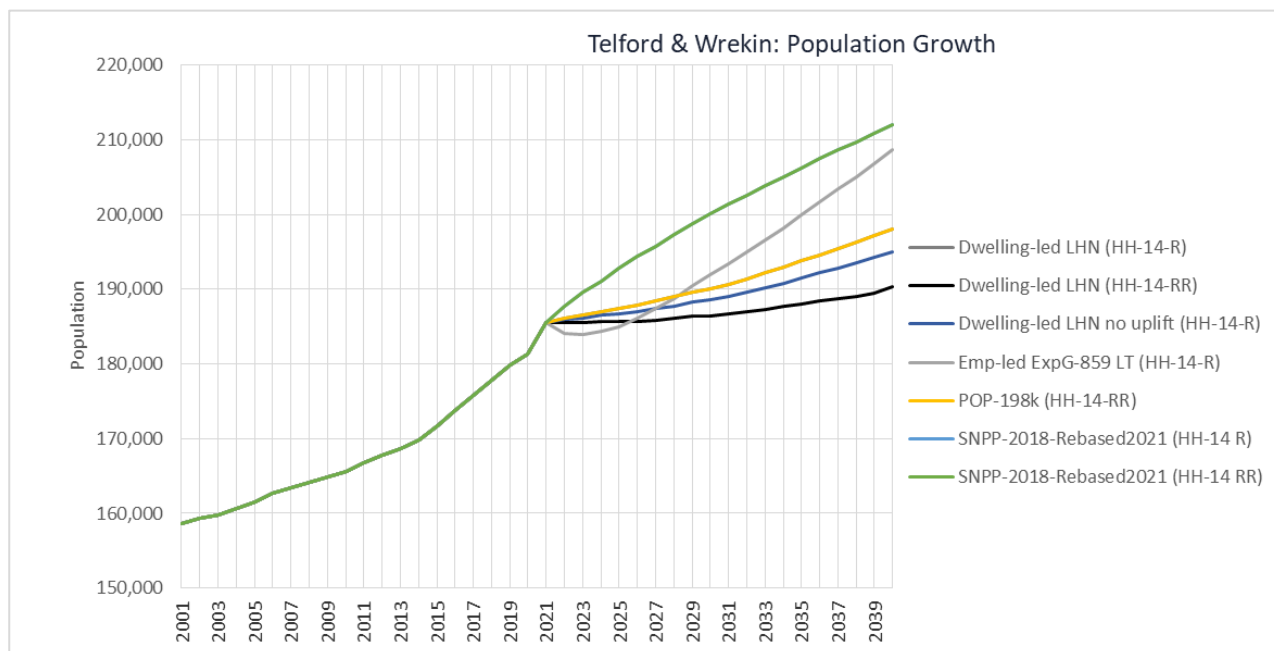
b) Updated Outputs of Part 1 EHDNA Scenarios

- 6.6 Scenarios have been produced that correspond to market signals for economic development ('employment-led') (yellow row) and to reflect current trends as identified in the official 2018-based subnational population projections (pink rows).
- 6.7 Improvements to household formation are represented by the 14-RR Return to Trend household representative rates.
- 6.8 Unlike the Part 1 EHDNA a comprehensive range of dwelling-led Local Housing Need scenarios have been generated based on outputs from Step 1 and Step 2 of the standard method (blue rows).
- 6.9 The Step 1 Local Housing Need scenario includes no uplift for the affordability adjustment and only applies rates of household formation in accordance with the 2014-based household projections. The Local Housing Need Scenarios consider iterations of the Local Housing Need affordability adjustment in terms of whether it facilitates *either* additional population growth *or* improvements in household formation.
- 6.10 The outputs of these scenarios in terms of population and household change and annual net equivalent dwelling figures are set out in Table 6 below. The total population projected under each of these scenarios is shown in Figure 3.

Table 6. Outputs of Updated EHDNA Scenarios

Scenario	Change 2021 - 2040			Average per year		
	Population Change	Population Change %	Households Change	Households Change %	Net Migration	Dwellings
SNPP-2018-Rebased2021 (HH-14 RR)	26,427	14.2%	18,366	24.0%	1,121	997
SNPP-2018-Rebased2021 (HH-14 R)	26,427	14.2%	14,880	19.5%	1,121	808
Experian-led Employment Growth (HH-14-R) ('Market Signals')	23,068	12.4%	11,833	15.5%	958	642
+12,420 Population Growth Dwelling-Equivalent (HH-14-RR) (inclusive of LHN Step 2 Affordability Adjustment and Population Growth)	12,420	6.7%	11,654	15.2%	513	633
Dwelling-led LHN (HH-14-R) (LHN Step 2 comprising additional population growth)	12,418	6.7%	8,748	11.4%	535	475
Dwelling-led LHN (HH-14-RR) (LHN Step 2 comprising improved household formation)	4,732	2.5%	8,748	11.4%	179	475
Dwelling-led LHN no uplift (HH-14-R) (LHN Step1)	9,345	5.0%	7,588	9.9%	393	412

Figure 3. Updated EHDNA Scenarios - Total Population



- 6.11 It is also worth noting that a further dwelling-led scenario of 1,150 dpa was consulted on at Issues & Options stage.
- 6.12 The range of Local Housing Need scenarios reflects that the implications of the standard method for population change based on the application of a dwelling-led constraint to the output of local housing need produce uncertain findings that could generate lower population growth than assumed under the step 1 baseline provided by the 2014-based projections where an improvement in household formation is applied. This could be regarded as contrary

to the objectives of the standard method.

- 6.13 To reflect this an additional scenario has been set out to illustrate that an uplift of 221 dwellings (633 dwellings per annum total and equivalent to a 54% uplift on Step 1 of the standard method) would be required to accommodate HRR improvements and generate the same population assumed by the dwelling-led LHN figure under 14-R headship assumptions. These are the circumstances under which LHN would provide for additional population growth (equivalent to +12,420 persons including the Step 2 affordability adjustment) and improvements in household formation based on the affordability adjustment. Population growth is constrained to the c.198,000 total persons in 2040 assumed when Local Housing Need is calculated with step 2 providing for additional population growth as part of the affordability adjustment.
- 6.14 This is not considered a realistic or justified alternative to the standard method in Telford & Wrekin because it is constrained to levels of population growth associated with 2014-based trends and equally the future improvement in rates of household formation is only applied to this constrained total. The scenario would produce substantially lower growth in the labour supply than required to support market signals for economic development as the dwelling-equivalent figure for projected population change (prior to the allowance for improvements in household formation) remains at 475 dwellings.

c) Base-Date for Application of the EHDNA Scenarios to Housing Need for the Plan Period

- 6.15 The Council's position is to apply its assessment of need and proposed housing requirement from the year 2020 (the start of the plan period) rather than the base-date of the evidence underpinning the updated scenarios (2021). This proposed base-date of 2020 aligns with the Council's starting point to commence an update of the current adopted Plan and reflects the continuity of the Council's approach to planning positively for future needs. This can only reasonably be viewed as justified and positively prepared. The PPG addresses different circumstances as part of the requirements for plan-making where it states that:

"Where the standard method for assessing local housing need is used as the starting point in forming the planned requirement for housing, Step 2 of the standard method factors in past under-delivery as part of the affordability ratio, so there is no requirement to specifically address under-delivery separately when establishing the minimum annual local housing need figure. Under-delivery may need to be considered where the plan being prepared is part way through its proposed plan period, and delivery falls below the housing requirement level set out in the emerging relevant strategic policies for housing. ID: 68-031-20190722

- 6.16 The PPG also expressly states that where alternative approach to the standard method is used, past under delivery should be taken into account (ID: 2a-011-20190220). While the circumstances of underdelivery against the proposed requirement do not apply in Telford & Wrekin, the Council relies on flexibility within the application of national policy and guidance in respect of the base-date for applying its alternative assessment of housing need.
- 6.17 Given that the Council's evidence indicates that housing need is higher than the figure produced by the standard method, and that through making provision for this level of growth the Council's approach should be considered sound, it can only be regarded as justified for the Council to seek to apply it from a base date of 2020 and providing in effect for a longer plan period.

d) Analysis of Updated Scenario Outputs and Relevance to Components of the Council’s Alternative Assessment of Housing Need

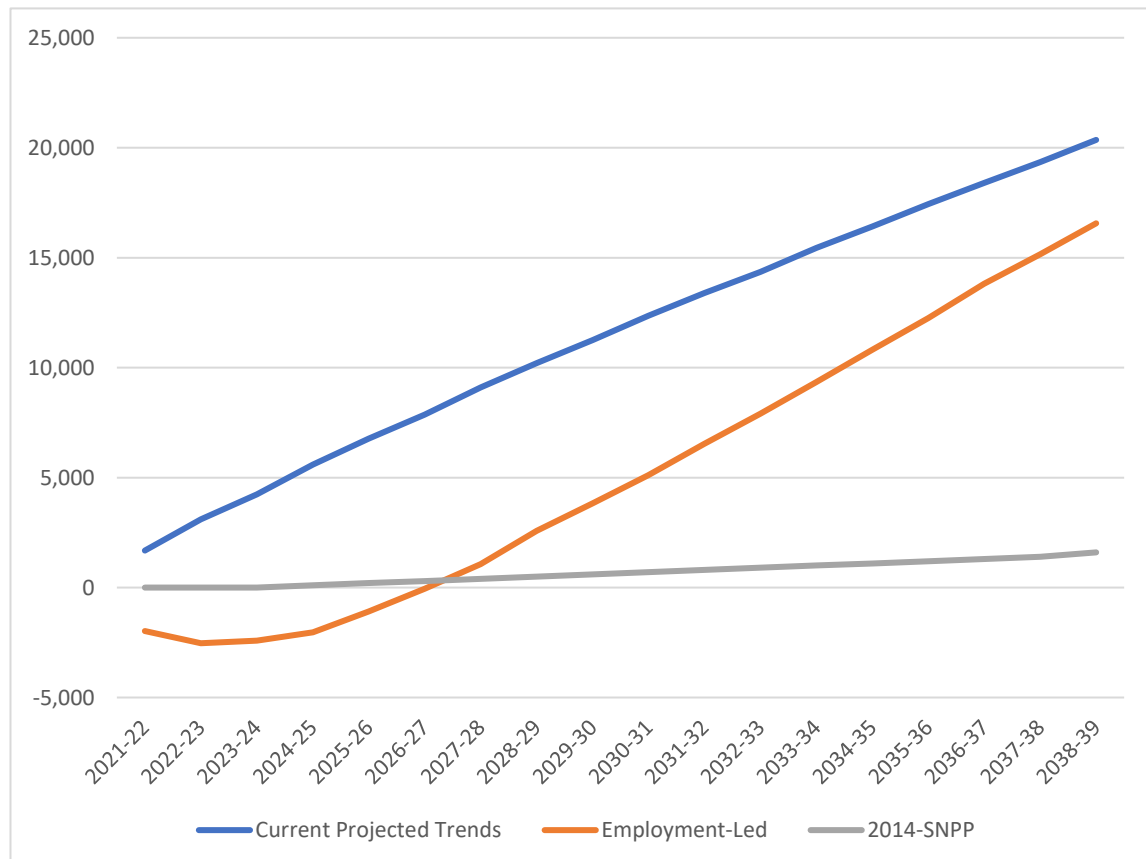
6.18 This sub-section sets out further analysis of how the scenario outputs from the original Part 1 EHDNA and updates set out above provide relevant information to inform the overall assessment of housing need.

i) Migration Implications of Current Demographic Trends and Alternatives to the standard method

6.19 The official 2014-based population projections reflect a substantially lower level of population growth for Telford & Wrekin (9,700 persons over the period 2021-2039). Regardless of whether the Council makes provision for housing in accordance with the Government’s standard method or a justified alternative approach as set out in this Technical Paper, projected population change would be expected to exceed levels set out in the official projections.

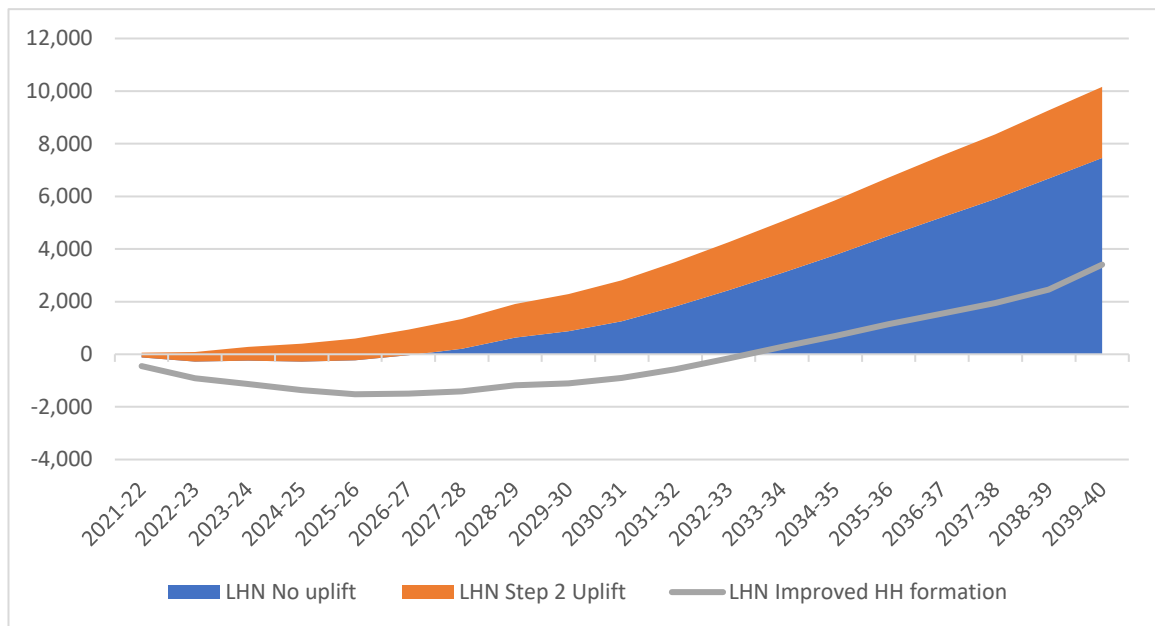
6.20 The main component of change that varies in response to different outcomes for overall population growth is total net migration. To a lesser extent earlier iterations of population projections supported higher levels of total population change with lower levels of net additional migration due to higher fertility rates and faster falls in mortality rates. Nevertheless, Figure 4 below illustrates cumulative total projected net migration based on current trends in the 2018-based subnational population projections and alternatively total net migration associated with fulfilling the balance between jobs and homes (market signals for economic development) relative to total net migration assumed in the 2014-based projections.

Figure 4. Total Net Migration – Projected Demographic Trends and Market Signals



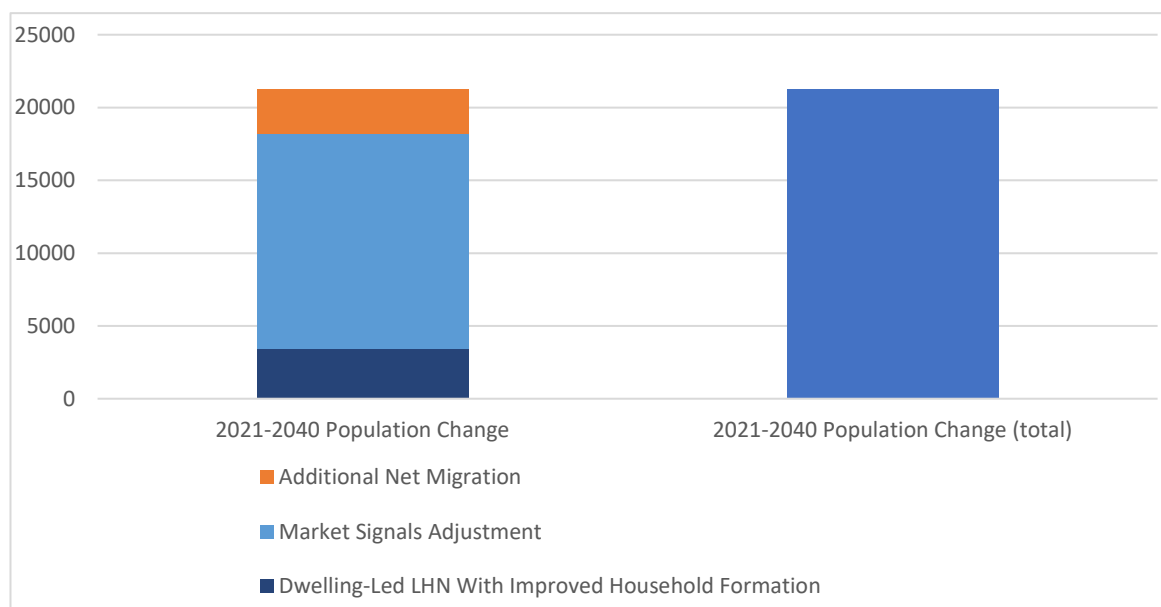
- 6.21 Current demographic trends indicate total net migration of 20,355 persons to 2039, as opposed to 16,563 persons based on the employment-led allowance for market signals. Both are markedly higher than the 1,600 persons allowed for under the 2014-based projections to 2039.
- 6.22 It is important to note that both the current trends and employment-led total are unconstrained figures that are not controlled to a fixed level of dwelling growth. Both scenarios can therefore make allowance for improvements in the rate of household formation without affecting the level of population growth or assumptions for net migration. This allows a dwelling-equivalent figure for the employment-led market signals scenario to be provided that would also make provision for improvements in household formation (equivalent to 848 dwellings per annum in the original Part 1 EHDNA).
- 6.23 Within the current trends scenario total projected population growth is based on a dwelling-equivalent for current trends of 808dpa and generates the same level of population change (and total net migration) before the application of allowances for improved household formation. Where provision is made for an additional number of homes over-and-above the dwelling-equivalent figure then if household formation does not improve in practice population growth (and total net migration) may exceed the levels projected.
- 6.24 This applies equally to the employment-led market signals projection for population change. This is based on a lower equivalent dwelling figure of 642dpa. The dwelling-equivalent figure is lower partly due to the lower overall population change required to support the level of labour supply at the start of the plan period. However, total net migration also follows an uneven profile, accelerating towards the end of the plan period but giving less scope for population growth and housing formation in earlier years. This reflects that in earlier years there is a greater availability of labour within the existing population, taking account of reductions in unemployment and the slightly higher than previously estimated population in 2021. Greater population growth is required in later years to offset ageing of the population and retirement from the labour force.
- 6.25 Figure 5 below compares these unconstrained projections of population change and total net migration with the outputs of the standard method. The outputs for Step 1 and Step 2 are shown without any allowance for improvement in household formation, where the affordability adjustment provides for additional population growth. These assumptions would generate total net migration of 7,462 persons for Step 1 and a total of 10,161 persons (+2,699 persons) following the uplift at Step 2. These levels of population change are still less than half of the unconstrained total for current trends.

Figure 5. Total Net Migration – Dwelling-Led Local Housing Need Scenarios



- 6.26 Also shown separately (grey line) as part of the local housing need outputs is the effect on net migration resulting in improvements in household formation aligned to the Step 2 figure. This would provide for net migration of only +3,405 persons during the period 2021-2040.
- 6.27 In this scenario Step 2 of the standard method reflects the outcome for net migration if improvement in household formation was applied as part of the dwelling-constrained standard method figure. This does not affect the overall provision for improved household formation (and its effect on the existing population) but instead sets a dwelling-constrained baseline for net migration that may not be exceeded unless household formation does not in-fact improve or the dwelling provision to support population growth (including market signals and current trends) exceeds that calculated by the standard method.
- 6.28 As such, a comparison of total net migration under different scenarios should be undertaken from the lowest total produced by the standard method outputs. This is shown in Figure 6 below.

Figure 6. Updated EHDNA Scenario Comparison of Total Net Migration 2021-2040



6.29 The outcome of this comparison is that taking all of these components together current demographic trends would make provision for **+3,090 persons** total net migration in addition to allowances for market signals and the effect of the standard method. This is not a figure affected by the extent of improvement to household formation.

6.30 This outcome reinforces the Council’s justification for a proposed alternative to the standard method but sits outside of the elements that are counted towards the assessment of housing need based on market signals. The additional migration associated with provision that might be made in accordance with current trends and a dwelling-equivalent figure of 1,010 dwellings per annum as the basis for the housing requirement may be assessed further in relation to the strength of links to neighbouring authorities and its relation with any expression of unmet needs.

ii) Impact of the Affordability Adjustment

6.31 The Council’s justified alternative to the assessment of local housing need incorporates Step 2 of the standard method calculation and a figure of 63 dwellings per annum forming part of the Council’s own assessment of housing need.

6.32 The Part 1 EHDNA scenarios present outputs with dwelling-equivalent figures in excess of the starting point provided by the standard method but the impact of the affordability uplift in accordance with the PPG is not explicit within the results. Comparison with the outputs at Step 1 and Step 2 of the standard method is therefore warranted in assessing the justification for alternative approaches.

6.33 The extent of the affordability uplift at Step 2 is modest. A substantially greater allowance is provided for based on specific improvements to household formation applied to current demographic trends. This is separate from population growth allowed for to take account of market signals and enumerated relative to the local housing need baseline at Step 1. With both of these elements forming part of the Council’s justified alternative to local housing need it could be argued that retention of the affordability adjustment reflects ‘double-counting’ where its intended effects are already measured as part of these components of need. However, there are three main points to rebut this.

6.34 Firstly, just as the PPG does not specify the outcome of the affordability adjustment for population growth or household formation the elements of housing need generated by

components of the Council's alternative approach rely on past and projected trends continuing as envisaged. The allowance for improved household formation is based on a specific level of population growth and assumptions for job creation reflect fixed details such as commuting trends. The Council cannot control the effect on practice of these allowances. Provision for additional household formation may in reality be a driver of additional population growth above the levels assumed, while the extent of provision for market signals may be inadequate should economic activity rates fall. Provision for the affordability adjustment within the Council's own assessment of need therefore provides for flexibility and a positively prepared approach to plan-making.

6.35 Secondly, the calculation of the affordability adjustment in the PPG is a separate step, undertaken separately from details of projected change in population and households. Specifically for the evidence base in Telford & Wrekin the extent of the affordability adjustment has no reference to projections based on current demographic trends. However, the extent of the affordability adjustment is as noted modest and for the circumstances in Telford & Wrekin means that when added to the other components it still leaves a substantial residual against the total dwelling-equivalent for 2021-2040. This reinforces that it is reasonable to include it alongside the other components of the Council's own assessment of housing need to provide flexibility against current trends.

6.36 Finally, it should be noted that the purposes of the affordability adjustment within the Government's standard method go beyond specific assumptions for household formation and supporting future jobs growth. The affordability adjustment also applies in part as a response to price signals and where it could assist with the co-location of jobs and homes (ID: 2a-006-20190220). Although the Council's alternative approach substantially exceeds the total under the standard method, including the affordability adjustment within the total measure of need, this reflects the more general purposes of the affordability adjustment. This could assist with boosting the supply of affordable housing and potentially improving the borough's commuting ratio (reducing the absolute volume of in-commuting in place of a further increase in resident workers) in addition to supporting future job creation.

iii) Market Signals and Balance Between Jobs and Homes

6.37 The Part 1 EHDNA recommends that the Council considers market signals to support economic development and seek for these to fully align job and housing growth given the strength of the Borough's prospects for economic development. Presenting the calculation in this way does not rely on any contribution from unmet needs from neighbouring areas.

6.38 The test typically applied by Inspectors in assessing the relationship between homes and jobs (though a requirement for providing for these needs in balance is no longer expressly linked in national policy) is that a lack of housing is having a negative effect on opportunities to support economic development or opportunities for people to live near their place of work. There can be no serious accusation of this in Telford & Wrekin.

6.39 In setting out this component of the Council's alternative to the standard method the calculation is undertaken relative to 2014-base projections (LHN step 1) so does not assume any contribution to additional population growth from the standard method affordability adjustment. This is a conservative assumption as in practice the impact of the affordability uplift in the standard method cannot be ascertained in terms of impact on projected population change.

6.40 The Part 1 EHDNA notes that the PPG highlights that growth strategies for an area are a consideration in determining the housing requirement. As part of its justification for an alternative approach the EHDNA notes the 2014 based projections actually model forward a decrease in the working age population which would have an impact on the area's future economy and the balance between labour demand and supply.

- 6.41 In contrast more recent demographic trends model an increase in the working age population which would support a level of economic growth.
- 6.42 In order to consider the level of housing required to support the levels of economic growth set out within an economic growth scenario developed within the Part 1 EHDNA equivalent to growth of 859 jobs per annum, the same two scenarios on household formation rates have been used to model the level of population and hence new dwellings that would be required.
- 6.43 An Experian-led Economic Growth scenario was prepared to take account of future trends associated with achieving a balance between assumptions for labour demand and supply. The Experian-led Economic Growth scenario is recommended in terms of reflecting market signals in the assessed of forecast future need for economic development.
- 6.44 Within the Part 1 EHDNA the balance between jobs and homes generated by this output corresponded relatively closely with the most recent subnational population projections (using improved household formation rates) (848dpa vs 964dpa – a difference of -12%). An equivalent comparison using 2014-based assumptions for household formation equates to 665dpa versus 797dpa.
- 6.45 The PPG suggests that when alternative scenarios for local housing need are higher than the outcome generated by the standard method then the fact that the minimum starting point has been exceeded should be considered when assessing soundness. In principle this applies to the Experian-led Economic Growth scenario.
- 6.46 The Experian-led Economic Growth scenario takes account of market signals, but the comparison of scenarios indicates that current demographic trends in the 2018-SNPP scenario reflect higher levels of population growth.
- 6.47 In updating the relationship between jobs and homes to reflect the outputs of the 2021 Census a degree of judgement is required. This corresponds to the base-date for the economic growth scenario pre-dating the Census estimates and following an uneven profile in the face of the recovery from the Coronavirus pandemic. A consistent starting point in 2021 is nonetheless required for comparison with other components of housing need.
- 6.48 For the purposes of this update the profile of jobs growth has been retained from the Part 1 EHDNA but constrained to achieve the annual growth in jobs of 859 per annum 2021-2040. This is a relatively conservative assumption.
- 6.49 Assessing needs for economic development draws upon a variety of methods that are not limited to the market signals/labour demand forecasts that inform jobs-led projections. Particularly in terms of past take-up (Part 1 EHDNA, Table 22) this produces a trend-based requirement of between 125-188ha, closely comparable with the 166.7ha informing the labour demand Growth Scenario.
- 6.50 There has been no suggestion from the Council that take-up has dropped significantly, or that employment densities have reduced (i.e., 'jobless' growth). A brief review of official employment estimates identifies that Telford & Wrekin has sustained growth in workplace-based jobs and has not seen significant increases in unemployment (out-performing conditions in the West Midlands). In terms of the *labour supply* method for assessing needs for economic development there is strong confidence in expected demographic trends that are expected to exceed the Growth Scenario for labour demand. Within this context a downward adjustment to either provision for housing or land for economic development would not reflect positive planning (and would depart from the Part 1 EHDNA recommendations).
- 6.51 When the re-profiled growth scenario is applied to a 2021 base-date and taking account of the higher official Census estimate this in reality produces a slightly lower dwelling equivalent figure of 642 dwellings per annum (versus the 665dpa referred to above). This does not affect

the other components of the Council's alternative to the standard method nor the output of the total projection based on recent demographic trends.

- 6.52 The effect of this difference would reduce the total alternative assessment of housing need to 908 dpa (17,246 dwellings over the period 2021-2040). This potentially leaves a residual of 102 dpa against the output for current projected trends.
- 6.53 To account for the uncertainties outlined above, and to provide consistency with the Part 1 EHDNA, the Council has continued to apply a dwelling-equivalent allowance of 665 dpa to the population and household change associated with responding to market signals.
- 6.54 In practice this provides a positive response to the Council's own assessment of need. Specifically the higher dwelling equivalent figure would correspond to the additional population growth (which is already reflected in total current trends) necessary to address potential outcomes such as higher jobs growth, lower than estimated unemployment or to provide flexibility in the labour market surrounding rates of economic activity and/or double-jobbing.

iv) Adjustments to Household Formation

- 6.55 As set out in the Part 1 EHDNA the standard method seeks to overcome the issue of falling household formation by adopting in full the 2014-based subnational household projections (which are higher nationally) together with an affordability adjustment.
- 6.56 However, in the case of Telford & Wrekin this approach significantly underestimates the future population by failing to take into account the recent (post-2014) changes in migration. This reinforces the justification for a potential departure from the standard method based on current demographic trends in the borough. Making provision for these trends in isolation would more likely compound, rather than resolve, lower rates of household formation.
- 6.57 To address this issue the Telford & Wrekin – Housing & Demographics Report (Edge Analytics) models two 'Headship Rate Sensitivity' scenarios:
- First, the future households are modelled on the basis of the household formation rates in the 2014-based subnational household projections and not the more recent (and lower) assumptions in the 2016 and 2018 Household projections. This also provides comparability when assessing the outcome of the alternative to the standard method proposed by the Council against the outputs of local housing need.
 - Second, responding to national policy initiatives aimed at reversing the above trend and to support the younger age groups that have seen the most significant change in household formation, due to a combination of housing undersupply and affordability issues, an alternative set of household representative rates has been generated for Telford & Wrekin, in which the 2014-based rates for the 25–34 age group have been adjusted to 'return' to their 2001 value between 2020–2039, fixed thereafter.
- 6.58 These two different household formation assumptions are applied to all of the demographic, employment and housing led scenarios. There are no more recent data to update this widely applied adjustment to improvements in household formation and therefore the application of this element remains the same when re-basing information to the 2021 Census.
- 6.59 Application of the improvement in household formation as modelled in the Council's proposed alternative to housing need should be regarded as a conservative approach. As noted, this is because the impact of the affordability uplift at Step 2 of the standard method cannot be discerned separately and may in-part allow additional households to form. In the case of Telford & Wrekin the two elements have been applied separately.

v) *Institutional Population and Older Persons' Housing Strategy (from Draft Part 2 EHDNA, 2020)*

- 6.60 An assessment of the needs for specialist housing for older people is provided in the Council's Specialist and Supported Housing Strategy produced on behalf of the Council.
- 6.61 The outputs of the Specialist and Supported Housing Strategy reflect an overall prevalence of housing for older people (from the totals in rows 1 to 4) of around 98 units per/1000 persons aged 65+. Calculation of this rate is a matter for the Specialist and Supported Housing Strategy.
- 6.62 The Draft Part 2 EHDNA has, however, considered the estimated future net need for specialist accommodation for older people calculated by the Specialist and Supported Housing Strategy. The implications of proposed levels of provision of specialist housing and care beds have been considered against projected changes in population and households in order to consider implications for overall housing need.
- 6.63 The outcome of this assessment, as explained below, is that the assessment of overall housing needs to be met by provision of net additional dwellings should be increased by 13 dwellings per annum.
- 6.64 The findings of the 2011 Census for England and Wales record the population of those aged 75+ who were resident in communal establishments within the borough. Notwithstanding potential levels of vacancy this provides a proxy for the number of bedspaces available in 2011.
- 6.65 The Census findings are considered in relation to the CLG household projections, which for persons age 75+ assume a given proportion of people will be living in communal establishments.
- 6.66 The Specialist and Supported Accommodation Strategy identifies requirements for gross care bed provision (residential care and nursing care) of 820 units¹⁰ for those aged 75+ at the start of the forecast period in 2020. This includes an identified requirement for a net additional 50 units' provision for care beds with nursing care. This is a modest increase in the estimated total provision of residential care as recorded in the 2011 Census.
- 6.67 The estimates provided at the base-date of the Specialist and Supported Accommodation Strategy are consistent with the projections prepared as part of the EHDNA.
- 6.68 For the purposes of housing need assessment scenario testing the methodology adopted within the CLG 2014-based household projections has been followed in terms of translating projected demographic change into assumptions for household formation and corresponding recommendations on the number of dwellings required. This methodology separates the 'population at risk' in terms of the application of derived assumptions for household formation from the overall demographic population.
- 6.69 The excluded population – referred to as the 'non-household population'- is excluded from assumptions regarding future growth in households. Any projected change within the total non-household population cannot be considered to be reflected in the calculation of local housing need expressed as a future requirement for dwellings where this is derived solely from official population and household projections.
- 6.70 Growth in the non-household population is a specific feature within the cohorts aged 75+. This is on the basis that, in accordance with the CLG methodology, the total non-household population is ascribed through the assumption that it will remain a fixed proportion of the total demographic projection. The proportion of the total population projection estimated to form

¹⁰ 61% residential care; 39% nursing care

the non-household population is higher amongst the older cohorts aged 80-84 and 85+.

- 6.71 The table below summarises the estimated non-household population in 2020 and the projected total non-household population in 2040, based on the 2018-SNPP 2014 Return scenario.

Table 7. Summary of Projected Growth in the Non-Household Population

	2020	2040
Total Population aged 75+	13743	24108
Non-Household ('Institutional') Population Aged 75+	835	1537
Non-Household Population as % of Total	6.1%	6.4%

Source: Source: ONS; EHDNA Projections; SPRU Analysis

- 6.72 In terms of consistency between the Specialist and Supported Accommodation Strategy (Table 69) and the EHDNA process there is a close alignment between provision for older persons' accommodation needs within residential care and the proportion of the population not captured by the household projections at the 2020 base-date. This is generally to be expected in terms of the information used to inform the official population and household projections (including details of the institutional population in the 2011 Census).
- 6.73 The 2018-SNPP 2014 Return EHDNA projections indicate a projected growth of +702 persons in the non-household population in 2040. This increase is therefore not reflected in the assessment of overall housing need capture in the household projections for the central scenario.
- 6.74 The position of the Supported and Specialist Accommodation Strategy is relevant in terms of expected trends in conventional 'bedspace' provision for older people (i.e., nursing/residential care corresponding to the non-household (communal establishment) population).
- 6.75 The anticipated difference between the assumed prevalence rate for 'bedspace' provision within the EHDNA non-household projections (effectively 63 units per/1000 residents at 2040) and the Supported and Specialist Accommodation Strategy equates to an expected total of -437 persons not captured by the overall assessment of housing need based on the household projections but not whose needs are not expected to be met by conventional 'bedspace' provision. This is summarised in Table 8 below.

Table 8. Comparison of Anticipated 'Bedspace' Provision for Non-Household Residents – EHDNA Projections (2018-SNPP 2014-Return) and Specialist Housing Strategy (2040)

Telford & Wrekin - 2040	2040 - EHDNA Projections	2040 - Specialist Housing Strategy
Total Population aged 75+	24,108	24,108
Anticipated Non-Household / Care-Bed Provision	1,537	1,100
Prevalence Rate (per 1000 persons)	64	46
Difference (persons)		437

Source: Specialist and Supported Housing Strategy; EHDNA Projections; SPRU Analysis

- 6.76 For the purpose of simplicity, the future provision required to meet projected growth in bedspaces in the EHDNA non-household projections is referred to as needs for 'C2 non-residential uses'.
- 6.77 This does not reflect a strict application of the types of specialist accommodation for older people falling under this Use Class. Provision of 'Housing with Care', including the growing profile of Extra Care accommodation may satisfy the criteria for Use Class C2. However, together with delivering the characteristics of self-build units, this may be associated with

better meeting needs for those captured within the household projections and resulting estimate of local housing need.

- 6.78 This means that the expected additional provision for Extra Care provision should not be measured separately in terms of addressing the specific accommodation requirements of the 437 persons not captured by the overall assessment of housing need using the household projections. This is on the basis that monitoring of Extra Care provision should form part of the total for overall provision of housing for older people including the needs of the vast majority of the population aged 65+ whose needs are captured by the household projections (and hence the overall assessment of housing need).
- 6.79 In terms of taking forward the outputs from this EHDNA and the implications of projected growth in the non-household population not captured by the overall assessment of housing need it is anticipated that the Council will monitor future supply of different components of housing for older people in accordance with the Specialist and Supported Accommodation Strategy. This means that based on expected trends in bedspace provision the needs of +437 persons should be considered as an additional component of the housing requirement based on the assessment of overall housing need. The accommodation needs for these persons are expected to be met as part of the provision of conventional housing for older people (including Extra Care) but are not currently captured by the household projections upon which the overall assessment of housing need is based.
- 6.80 The figure of +437 persons has been translated into an additional component of the housing requirement in accordance with the PPG (ID: 63-016a-20190626). This is on the basis that each person counted in the non-household population would not be expected to release accommodation in the housing market on a 1-for-1 basis.
- 6.81 Within Telford & Wrekin the average number of adults resident in households with a reference person aged 65+ is 1.63. Therefore, the needs of the 437 persons whose needs are not expected to be met in residential institutions is equivalent to 268 households. It is therefore recommended that the figure of +268 households is added to the housing requirement over the plan period 2020 to 2040 where this is based on the overall assessment of need in the 2018-SNPP 2014-Return scenario. This is to ensure that the overall assessment of housing need corresponds to the equivalent household population. This is illustrated in terms on the impact on the annualised figure for housing need in Table 71 below.

Table 9. Revision to 2018-SNPP 2014-Return Overall Assessment of Housing Need based on Reduction in Estimated Non-Household Population

Telford & Wrekin - 2020-2040	2018-SNPP 2014-Return Household Projections	Adjustment to Non-Household Population Assumptions	Total Households/ Household Population
Projected/Additional Growth in Household Population	26,619	437	27,056
Projected Growth in Dwellings	19280	268	19,548
Annual Rate of Dwelling Growth 2020-2040	964	13	977

Source: EHDNA Projections; SPRU Analysis

- 6.82 The adjustment of +13 dwellings per annum should be incorporated into resulting scenarios for the housing requirement considered by the Council based on the findings of this EHDNA. The reason for this is so that the future delivery of specialist housing for older people can be appropriately monitored as part of the overall housing requirement, taking account of the approach in the Specialist and Supported Accommodation Strategy.
- 6.83 In the absence of any more recent official subnational household projections the 2014-based

projections for the proportion of people aged 75+ forming the non-household population remains the most up-to-date information that is consistent with inputs to the standard method. The equivalent 13 dwellings per annum adjustment shown above would therefore reasonably be applicable to all housing need scenarios where future expected provision for specialist housing for older people (including care beds) is based upon the Specialist and Supported Housing Strategy.

- 6.84 In the circumstances the adjustment of +13dpa (to comprise a total of 977dpa) is correct and reflects that if the Extra Care is not provided then the Strategy assumes the equivalent population stay in their own homes rather than move into nursing or care home beds as they would have in the past. As such the fact that this population is staying put in their own homes must be reflected as part of the overall need figure.
- 6.85 The outcome of this approach highlights the need for specialist housing provision. As part of implementing the recommendations of this EHDNA it would be appropriate for the Council to consider counting the delivery of specialist housing for older people using a separate monitoring indicator (against need identified in the Specialist and Supported Housing Strategy i.e., 150 dpa for elderly including 40 dpa Extra Care). It should be noted that if the Council is able to identify and maintain a pipeline of supply in accordance with needs identified in the Strategy (e.g., through windfall or as a component of larger sites) the residual minimum requirement for general needs housing ($977 - 150 = 827$ dpa) would be proportionally reduced.
- 6.86 Total gross provision for residential care/nursing care in Telford & Wrekin should also be measured separately in accordance with the Specialist and Supported Accommodation Strategy, on the basis of achieving gross provision for 1,100 units in 2040. While it is anticipated this will require the provision of around 280 net additional bedspaces this is expected to reflect the composite outcome of reductions in residential care and c.500 net additional units for residential care provision. This total corresponds to the proportion of the EHDNA non-household projection that would remain separate from the overall assessment of housing need.
- 6.87 In accordance with the PPG the provision of additional accommodation in residential institutions not captured by the expected trends in the Specialist and Supported Accommodation Strategy can be counted towards the housing requirement in accordance with the PPG. However, care should be taken to ensure that additional provision from schemes in some years is offset against any expected losses of existing bedspaces.

7.0 COMPONENTS OF THE COUNCIL'S ALTERNATIVE ASSESSMENT OF HOUSING NEED

- 7.1 The Council has assessed recently published information provided by the 2021 Census population and household estimates to indicate that the most recent 2018-based official subnational population projections provide a robust measure of current and future demographic trends. There is no prescription in national policy that alternative official projections should be adopted as the output of an alternative approach to assessing housing need.
- 7.2 The Council's position on an appropriate measure for housing need which the Draft Local Plan should address, and the identification of a housing requirement (including potential contributions to part of the Black Country's unmet needs) to be provided for and against which supply (together with an appropriate buffer which is in addition to the overall requirement) should be assessed has been the subject of further analysis in accordance with national policy and guidance.
- 7.3 The Council recognises that it is critical that the distinction between the assessment of housing need and proposed housing requirement is made clear in the Draft Local Plan. It was outside of the scope of the Council's Part 1 EHDNA to make specific recommendations on the proposed housing requirement or provide a fixed conclusion on the level of housing need that should be considered a justified alternative to the Government's standard method.
- 7.4 This process requires planning judgement, which the Council has set out in this Technical Paper with reference to a series of components of housing need. These components are consistent with the considerations set out in the Part 1 EHDNA. This includes reference to adjustments for market signals and improvements to household formation. Unlike the Part 1 EHDNA the effect of these components is specifically considered alongside the starting point provided by the Government's standard method including the effect of the Step 2 affordability adjustment that applies were this to be followed. Reference to the standard method provides a useful contrast to reliance on the most recent subnational population projections to inform current demographic trends.

a) Components of Population Change Associated with the Council's Alternative Assessment of Housing Need

- 7.5 To complement the outputs of the Part 1 EHDNA and taking account of 2021 Census data the Council has also illustrated the implications of the Government's standard method in terms of projected change in population and households (with and without the Step 2 affordability uplift).
- 7.6 The objective of this comparison is to set out the cumulative implications for population change associated with providing for the cumulative components of a justified alternative to the standard method. This takes into account market signals and adjustments for affordability and improved household formation.
- 7.7 Comparison with the standard method scenarios illustrates that population growth associated with the components of the Council's justified alternative would substantially exceed the 2014-based projections that underpin the methodology for local housing need. The comparison with the updated EHDNA outputs using the re-based 2018-based subnational population projections illustrates that making provision for the components of the justified alternative would result in levels of population change broadly aligned with but slightly below projected levels of change should the most recent trends continue.
- 7.8 Understanding the nature of these differences also informs the distinction between the Council's alternative assessment of housing need and levels of population change associated with the proposed housing requirement. The differences largely correspond to different projection outputs for total net migration (summarised previously at paragraphs 6.19

- 6.30¹¹) and it therefore follows that the proposed housing requirement captures assumptions for greater net population change through migration than assumed either by the standard method or components of a justified alternative.

7.9 Provision for population change that sits outside the components of the Council's justified alternative to the standard method, together with the baseline provided by the 2014-based projections, is therefore a relevant indicator for how the potential contribution towards part of neighbours' unmet needs might be specified through the housing requirement.

7.10 The main findings of the relevant scenario comparisons undertaken to justify the Council's alternative assessment of housing need in terms of population change are set out as follows:

- Step 1 of the standard method (based on dwelling-led 10-year change in households) would produce population growth of **+9,350** persons over the period 2021-2040
- Step 2 of the standard method (based on an **affordability adjustment** equivalent to 63 dwellings) would produce population growth of **+12,420** persons over the period 2021-2040 (**+3,070 persons versus LHN Step 1**)
- The application of a dwelling-led constraint to the output of the LHN calculation (475dpa) but with provision for 2014-based household representative rates for the 25–34 age group have been adjusted to 'return' to their 2001 value between 2020–2039, fixed thereafter would support lower population growth than both the Step 1 LHN figure (190,330 persons versus 194,950 persons: **-4,620 persons**) and result of the standard method using the unadjusted 2014-based household projections (190,330 persons versus 198,020 persons: **-7,690 persons**).
- A **market signals adjustment** to ensure future growth in the supply of labour (taking account of rates of economic activity and commuting) corresponds to the creation of 859 jobs per annum for the period 2021 to 2040 would necessitate a total population of 208,670 persons in 2040. This is equivalent to total population change of +23,070 persons 2021-2040 (**+13,720 persons versus the output of LHN at Step 1**)
- If the population required was assumed to be provided net of the output of the standard method calculation but assuming no improvement in household formation (198,020 persons) the adjustment for market signals would be **+10,650 persons versus the output of LHN at Step 2**
- Due to the uncertainty in the effect and extent of the affordability adjustment at Step 2 of the standard method it is reasonable to assume that none of the additional population required to support market signals for economic development is provided relative to the baseline from step 1 (194,950 persons at 2040). Were the dwelling-led constraint to the calculation of LHN at Step 1 and Step 2 to be applied inclusive of assumptions to improvements in household formation (thus constraining population growth) the additional population required to support future jobs growth would be +18,340 persons (208,670 versus 190,330 persons)
- The overall outcomes of population change indicated above can be compared to **current demographic trends** indicated by the 2018-based subnational population projections re-based to the 2021 Census estimates showing total population change of **+26,430 persons 2021-2040**.
- In terms of the outputs from these trends relative to other components relevant to the assessment of housing need it should be noted that:
 - The 2021-2040 total includes projected changes in both the household and non-household population which means for the purposes of the proportion of communal

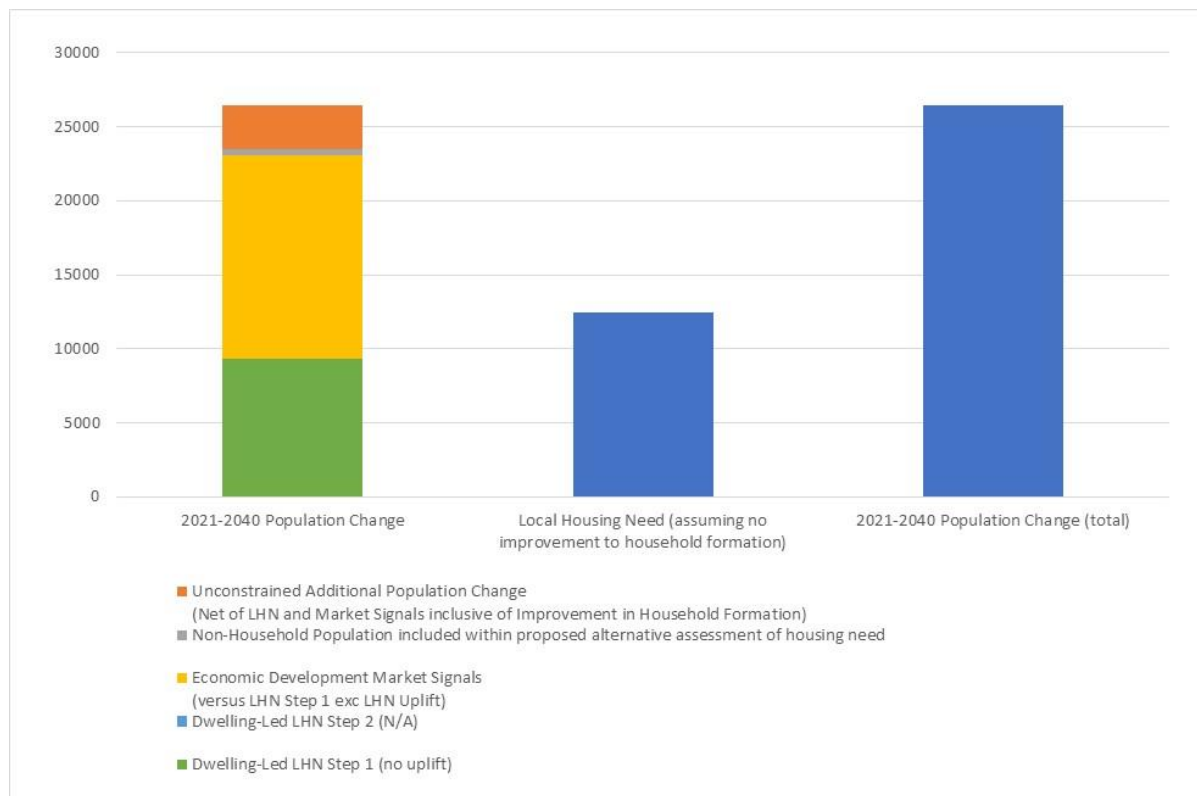
¹¹ Broadly, the balance of inflow and outflow migration comprising unspecific internal flows between authorities in England, the countries of the United Kingdom and levels of net international migration.

establishment residents (equivalent to +437 persons) for whom the Council’s evidence base indicates alternative provision will be made via net additional dwellings. This population already forms part of the +26,430 figure.

- Population and household change projected in accordance with current demographic trends and assuming improvements to household formation have been applied without any dwelling-led population constraint to generate the +26,430 persons figure. In practice this facilitates a greater difference in the level of dwelling growth required to support improved household formation (+189 dwellings) than the effect of applying this in the form of a dwelling-constrained uplift of +63 dwellings as per of the standard method projection.
- In other words, the +26,430 persons growth over the period 2021-2040 represents a difference of +21,700 persons versus the output of Local Housing Need with the same assumptions applied for improvement in household formation (212,030 versus 190,330) but represents an unconstrained figure relative to the affordability adjustment within the application of the standard method figure and hence the total difference in population changes is unaffected by the assumed level of improvement in household formation.
- Taking all of these components together current demographic trends would make provision for **+2,923 persons** in addition to allowances for market signals and improvements to household formation. This outcome reinforces the Council’s justification for a proposed alternative to the standard method but sits outside of the elements that are counted towards the assessment of housing need.

7.11 An illustration of these different outcomes of population change resulting from the different components of the Council’s preferred alternative to the assessment of housing need is shown in Figure 7 below.

Figure 7. Breakdown of Components of Housing Need and Total Population Change



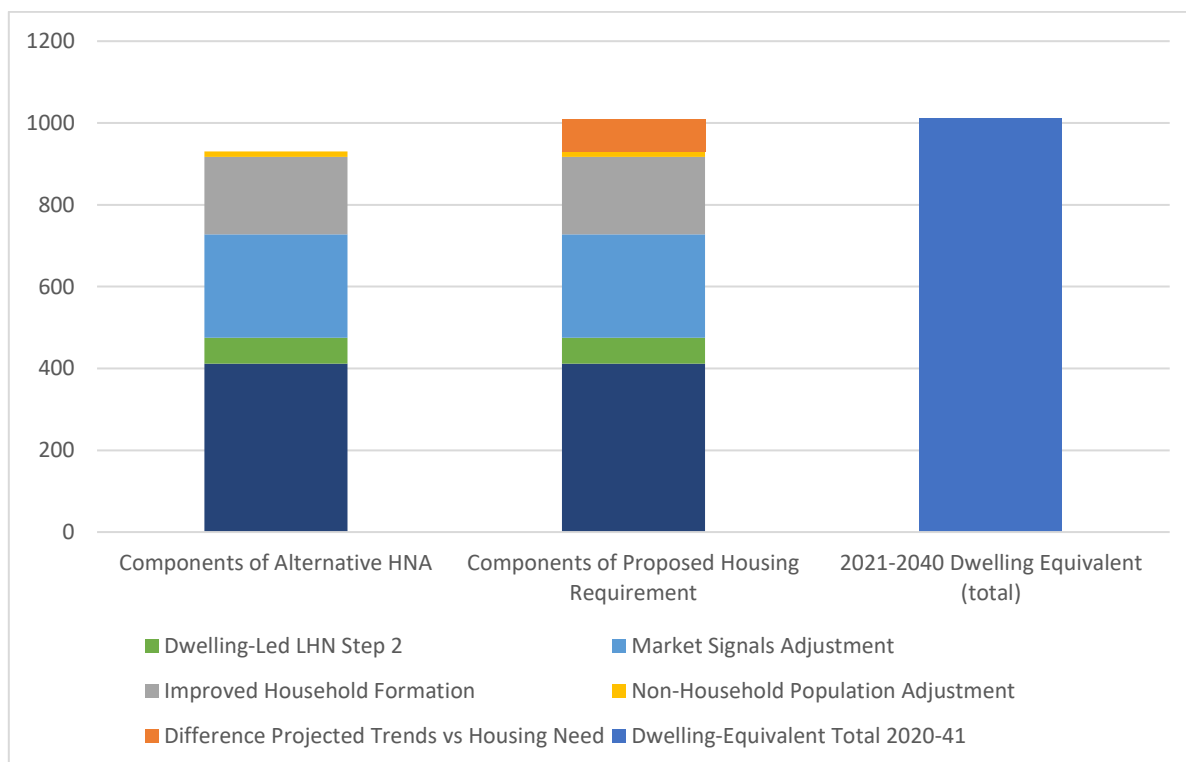
b) Components of Annual Dwelling-Equivalent Requirements Comprising the Council's Alternative Assessment of Housing Need

- 7.12 The outputs from the scenarios of population change have been further assessed in terms of the implications of dwelling-equivalent figures for the projection period 2021-2040. This enables identification of those components that contribute towards the Council's alternative assessment of housing need and relevant to its expression within the policies of the draft Local Plan. Separately this allows identification of how current and projected trends in population and household formation inform the identification of the Council's proposed housing requirement including the potential ability to contribute towards part of the Black Country's unmet needs in-part reflecting provision for these trends to continue.
- 7.13 The dwelling-equivalent figures informing the proposed approach are summarised as follows:
- The baseline applies from the calculation of Local Housing Need (Step 1) of 412 dwellings per annum (7,828 units total 2021-2040)
 - The uplift applied at Step 2 to generate the total calculation of the standard method equivalent to 63 dwellings per annum (1,197 units total 2021-2040). For this purpose the affordability adjustment forming part of the standard method calculation applies irrespective of its uncertain role in providing for additional population growth or additional households/household formation
 - A dwelling-equivalent figure of 253 dwellings per annum (4,807 units total 2021-2040) to make provision for market signals for economic development. Note this is calculated as an uplift to the baseline for Local Housing Need at Step 1, excluding the effect of the affordability adjustment at Step 2, given its uncertain effects in providing for additional population growth.
 - A dwelling equivalent figure of 13 dwellings per annum (247 units total 2021-2040) reflecting the Council's evidence for a forecast reduction in the reliance on care beds and associated constraint upon projected growth in the non-household population (see paragraphs 6.60 – 6.87)
 - Allowance for improvement in housing formation based on adjustments to household representative rates for the 25-34 age group, applied to the most recent evidence of projected demographic change equivalent to 189 dwellings per annum (3,595 units total 2021-2040).
- 7.14 The sum of the dwelling-equivalent components of housing need summarised above is **930 dwellings per annum (17,674 dwellings 2021-2040)**. For the reasons explored further in Section 6 this total forms the Council's justified alternative to housing need calculated using the standard method.
- 7.15 The unconstrained (taking account of improved household formation) dwelling-equivalent figure arising from population and household change projected in accordance with current demographic trends is 19,193 dwellings 2021-2040 (1,010 dwellings per annum). This represents a total of **+1,519 dwellings (80 dwellings per annum)** not captured by the total of components forming the Council's justified alternative to local housing need based on market signals and adjustments for affordability and improved household formation.
- 7.16 This outcome reinforces the Council's justification for a proposed alternative to the standard method but sits outside of the elements that are counted towards the assessment of housing need. As part of the Draft Local Plan the Council proposes a housing requirement based on the total dwelling-equivalent output based on projected trends – **1,010 dwellings per annum**. The difference between the proposed requirement and the Council's alternative to housing need calculated using the standard method (80 dwellings per annum) forms the basis of the Council's proposed approach to contribute towards part of the Black Country's unmet needs based on the positive application of the findings for the evidence base in Telford

& Wrekin. This reflects positive planning to support current and future demographic trends that sit outside the approach to assessing housing need in accordance with national policy and guidance.

7.17 An illustration of these dwelling-equivalent components comprising the Council’s preferred alternative to the assessment of housing need is shown in Figure 8 below.

Figure 8. Breakdown of Components of Housing Need and Annual Net Equivalent Dwellings



7.18 The Council’s proposed housing requirement forms an updated iteration of the **2018-SNPP 2014-Return** scenario set out in the Part 1 EHDNA, updated to reflect the outputs of the 2021 Census and subject to further assessment to identify the components of housing need as distinct from the outputs of the projection scenario.

7.19 The conclusions regarding the justification for the Council’s proposed alternative to the standard method for Telford & Wrekin produce a figure which is in excess of the minimum recommended scenario identified in the Part 1 EHDNA. This is due to ensuring that the Government’s rationale for the affordability adjustment provided by the standard method continues to form part of the recommended alternative to housing need (providing a margin for flexibility and to address uncertainty regarding future demographic trends, market signals and improvements to household formation) and applying adjustments for improved household formation to the most demographic trends.

8.0 HOUSING MIX AND AFFORDABLE HOUSING NEEDS

8.1 An assessment of the need for affordable housing was undertaken in the Draft Part 2 EHDNA and recently updated to take account of currently available Census 2021 data. This assessment has been undertaken in accordance with the requirements of the NPPF and the method outlined in the PPG.

8.2 The details of this updated assessment are set out in the accompanying note on Affordable Housing Needs and Housing Mix (October 2023).

a) Approach and Methodology

8.3 Affordable housing is defined in the NPPF as: “...housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers)”. This includes affordable housing for rent (either social or affordable), First Homes, discounted market sales housing, and other affordable routes to home ownership (including shared ownership, relevant equity loans, rent to buy).

8.4 The need for affordable housing has been assessed following the steps outlined in the PPG. This includes an assessment of current and future need, estimates of current affordable housing stock and potential future affordable housing supply. The total net need for affordable housing (calculated by subtracting total available stock from the gross need) is converted into an annual figure based on the plan period.

b) Affordable Need – Social and Affordable Rent

i) Current Affordable Need

8.5 The assessment of current affordable need has been drawn from a range of secondary data sources (as there is no Housing Register in Telford & Wrekin) to identify households who cannot afford to access suitable housing in the market. As set out in the PPG, this includes (but is not limited to) homeless households and those in temporary accommodation, overcrowded households, concealed households, and households in unsuitable housing.

8.6 The data sources from which this evidence is derived include DLUHC statutory homelessness statistics, local authority statistics on households in temporary accommodation, DLUHC Continuous Recording (CoRe) database, 2021 Census data and TransUnion CAMEO income data.

8.7 Based on this analysis, the gross number of households identified as being currently in need in Telford & Wrekin is **1,172 households** (or **62 households per year** over the plan period).

ii) Future Affordable Need

8.8 Future affordable housing needs assesses new household formation (and the proportion of these unable to rent in the market area) and the number of existing households falling into need. This produces an estimated gross figure of **1,006 households per year** falling into need over the plan period.

iii) Affordable Housing Supply

8.9 In line with the PPG, the supply of affordable housing is calculated from re-lets data and committed supply, based on past trends.

8.10 Adding together the annual supply of re-lets (457) to the average annual start of affordable

housing on-site recorded by official Homes England statistics¹² (259) and subtracting the units to be taken out of supply (20) results in an annual supply figure of 696.

iv) Total Affordable Need – Social and Affordable Rent

8.11 The current and future supply of affordable rental housing (696) is subtracted from the need (1,067) to give a net annual affordable housing need figure of **371 per year**¹³.

c) Affordable Need – Affordable Home Ownership

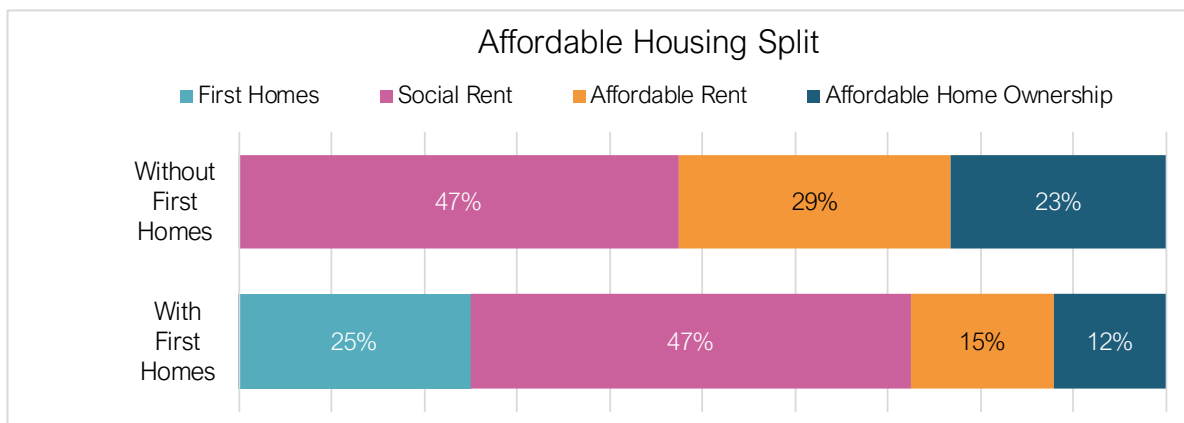
8.12 The PPG states that households that cannot afford to buy their own homes should also be considered in the estimation of affordable need. To estimate the current need for affordable home ownership in Telford and Wrekin, a similar approach has been followed to that taken to calculate the need for affordable housing to rent, starting with an estimate of current and future needs, and taking into account the supply of affordable housing through re-sales.

8.13 Combining the identified level of need (**153**) with the re-sales and official Homes England data for annual new starts of affordable home ownership dwellings¹⁴ (**41**) results in a net annual net need for **112** affordable homes (for ownership) per year in Telford and Wrekin.

d) Affordable Housing Split and First Homes

8.14 Since June 2021, there is a requirement for 25% of all affordable housing units delivered by developers through planning obligations to be First Homes. First Homes must be discounted by a minimum of 30% against the market value, at a value no greater than £250,000 for the first sale. For the remaining 75% of affordable housing, social rent should be delivered ‘in the same percentage as set out in the local plan’, with the remainder of affordable housing tenures delivered in line with the proportion set out in local plan policy. The implications of this result in the affordable housing split shown in Figure 9 below.

Figure 9. Telford & Wrekin – affordable housing split with and without First Homes



8.15 It is noted that the Council has a First Homes Policy Position Statement which sets out how First Homes will be delivered in the context of the currently adopted Local Plan. This applies

¹² Due to the use of projected trends in future affordable housing supply within the calculation of net needs care should be taken to avoid double-counting additional provision towards future needs identified by the draft Local Plan.

¹³ It is expected that the calculation of net needs will be updated subject to reconciliation of full commitments data. See paragraphs 2.23 to 2.29 of accompanying assessment of Housing Mix and Affordable Housing Needs (October 2023) for further details.

¹⁴ Past trends in the delivery of affordable housing for sale will not necessarily be an accurate predictor of current levels of demand and the preference of registered providers; nor will it reflect recent changes to national policy surrounding First Homes. Total committed supply of properties to be provided for affordable home ownership may therefore exceed this average at points over the plan period.

a 40% discount to the open market value of First Homes and applies a tenure mix on applicable sites of 25% First Homes and 75% social or affordable rented housing.

- 8.16 It is acknowledged that the Council may need to adopt a flexible approach to the suggested affordable housing split identified in Figure 9 above to take account of viability and other property market characteristics which may affect deliverability on a site-by-site basis.
- 8.17 With emerging Policy HO4 of the draft Local Plan the Council is proposing to retain flexibility in terms of the overall mix of affordable housing tenures to be provided and does not therefore propose to specify the mix of tenures to be sought outside of 25% contributions to First Homes. The Council will seek to maximise the level of affordable housing delivery achievable as part of this approach but will seek opportunities to maximise the provision of housing for social rent in accordance with the evidence base, subject to this being that stated preference of Registered Providers and subject to scheme viability.
- 8.18 The suggested mix for affordable housing tenures provided by the modelling should also be considered in the context of national policy at paragraph 65 of the NPPF2023 that sets out that where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the total number of homes to be available for affordable home ownership.
- 8.19 The updated analysis indicates that these requirements would accord with the most recent evidence of needs for affordable housing as defined by the proposed tenure mix. Provision of 10% of all properties for affordable home ownership would be broadly satisfied by the proposed level of contributions identified for Telford in draft Policy HO4 and slightly exceeded based on proposed contributions of 35% in Newport and the Rural Areas.

e) Housing Mix

- 8.20 Paragraph 62 of the NPPF2023 stipulates that the size, type, and tenure of housing needed for different groups in the community should be considered in the context of the housing needs assessment.
- 8.21 The methodology firstly utilises data on the future size and structure of Telford and Wrekin's population and the associated household characteristics from the SNPP-2018 (rebased to the 2021 Census) growth scenario, in combination with 2021 Census data on household composition, bedrooms and property type. This produces a profile of growth for each dwelling size, type and tenure (owned, private rent, social rent), by age of the household representative person (HRP), and a suggested mix profile across market and affordable housing (split between social/affordable rent, and affordable home ownership).
- 8.22 Overall household growth has been modelled to reflect existing occupancy patterns and does not take into account future policy changes, nor socio-economic changes that might influence how households occupy housing.
- 8.23 To support the overall housing mix across Telford & Wrekin it is recommended that accommodation of all sizes continues to be provided. A purposefully broad range has been adopted in terms of the recommendations for overall housing mix:
- 1 bedroom: 5-15%
 - 2 bedrooms: 20-40%
 - 3 bedrooms: 30-50%
 - 4+ bedrooms: 15-30%
- 8.24 The range of housing mix recommendations provided by the updated occupancy and tenure profile incorporating details of the 2021 Census is unchanged from the outputs of the draft Part 2 EHDNA produced previously and referenced at Table 6 of the draft Local Plan. The

updated modelled would suggest optimising the provision of 3-bedroom properties within this range and seeking an overall mix (based on different elements of the tenure profile) that satisfies the mid-point in the recommended range for 1-bed and 4-bed properties.

- 8.25 The sub-area indicators of housing mix provided as part of this table have not been updated as part of the updated modelling, reflecting that re-profiled mid-year population estimates are not yet available to run alternative sub-area population projections. Given the consistency in the overall recommendations for housing mix the draft Part 2 EHDNA outputs would continue to provide a relevant starting point to assess the implications of housing mix for specific schemes by sub-area.
- 8.26 Recommendations on housing mix resulting from this modelling do not take account of differences by tenure or the characteristics of individual sites that might determine the most appropriate mix of provision. Actual outputs from development in terms of housing mix should be reflected in the Council's monitoring, reflecting that not all schemes will provide for a mix of tenures or property types consistent with the indicative profile used to generate the recommended mix by bedroom number.

9.0 PEOPLE WITH DISABILITIES AND ACCESSIBLE AND ADAPTABLE HOUSING NEEDS

- 9.1 The Draft Part 2 EHDNA set out evidence and recommendations on requirements derived predominantly from 2011 Census statistics for accessible and adaptable dwellings to meet the needs of people with disabilities. These outputs remain broadly relevant, as summarised below. Although partly superseded by the outputs of the Census 2021 the Council will consider any changes to the policy proposals within the Draft Local Plan as part of future consultation stages ahead of submission.
- 9.2 Based on national data applied to projected future household growth in Telford & Wrekin the impact of an ageing population is the main driver of policy objectives to increase the supply of accessible and adaptable homes.
- 9.3 Over 40% of the total net growth in households is expected to include residents with long-term health problems or disabilities. These disabilities will not affect housing needs in all cases, but the Draft Part 2 EHDNA also looked to identify the proportion of households whose existing accommodation is unsuitable.
- 9.4 It is important to note that there will be some overlap between the provision of accessible and adaptable homes and the identified need in terms of specialist accommodation for older people.
- 9.5 The Draft Part 2 EHDNA supports a recommendation that 20% of overall provision towards the 2018-SNPP 2014-Return scenario for projected local housing should be provided in-line with Part M4(2) Category 2 standards for accessible and adaptable dwellings.
- 9.6 Modelling indicates a need identified over the plan period for around 52dpa to meet the needs of wheelchair user households (in-line with Part M4(3) Category 3 standards).
- 9.7 This level of provision (20%) is considered to be an appropriate starting point to test policy options for provision for accessible and adaptable homes within market housing as part of mixed-tenure development. At least 3.5% of new market housing should also be provided to meet the wheelchair adaptable standards of Part M4(3) of the optional technical standards for wheelchair user households.
- 9.8 Taking account of trends in need by tenure and the impact of existing policies differential policy requirements for the provision of accessible and adaptable homes and wheelchair user dwellings are recommended.
- 9.9 It is appropriate for policy options to consider a higher proportion of provision within new affordable housing. The evidence supports that around 50% of affordable homes should meet the standards for accessibility and adaptability or wheelchair user dwellings. Based on the evidence in the Draft Part 2 EHDNA it is recommended that 5% of this total is identified to meet the Part M4(3) standards for wheelchair user dwellings (wheelchair adaptable, or accessible where the local authority nominates a person to live in that dwelling). The remaining 45% of provision should meet the standards for Part M4(2).
- 9.10 Based on these recommendations a worked example for a 100-unit scheme comprising 25% provision of affordable housing would result in the delivery of 15 Part M4(2) and 3 Part M4(3) wheelchair adaptable market dwellings; together with 11 Part M4(2) and 1 Part M4(3) wheelchair accessible or adaptable affordable dwellings.

10.0 CONTRIBUTION TO UNMET NEEDS

a) Background to Cross-Boundary Strategic Priorities and Potential Unmet Needs for Housing

- 10.1 The Part 1 EHDNA provides a summary of the background to plan-making within Telford & Wrekin including the consideration of potential cross-boundary strategic priorities regarding housing need.
- 10.2 The definition of a self-contained HMA for Telford & Wrekin nevertheless provides the context for exploring other strategic matters of potential cross-boundary importance in relation to the Greater Birmingham and Black Country HMA. Paragraph 17 of the Inspector's Report for the current Local Plan states:
- “The [evidence base] adopt[s] a consistent approach to the definition of the relevant housing market area (HMA) – namely the Borough of Telford & Wrekin. In part, this represents a pragmatic response to the amalgamation of several former neighbouring authorities into the single-tier Shropshire Council. In the geography defined by a study published for the Department of Communities and Local Government (DCLG), Telford & Wrekin was grouped with the former Bridgnorth District Council. However, it is clear that other parts of the Shropshire Council area are much less well related to Telford & Wrekin in HMA terms. In any event, an analysis of migration and commuting patterns shows that Telford & Wrekin Borough shows a relatively high level of self-containment. Taken together, these factors justify the chosen approach towards HMA definition. However, this does not preclude the need to consider the potential for the Borough to assist in meeting housing needs from outside the HMA” (Telford & Wrekin Council Telford & Wrekin Local Plan, Inspector's Report, November 2017 (paragraph 17))*
- 10.3 The Duty to Cooperate therefore does not stop at the boundaries of the HMA. Conclusions relating to the relative strength of links to the Black Country and Greater Birmingham are, however, relevant and the Examination of the adopted Local Plan clearly notes the definition of these areas as separate HMAs. The need for a stronger evidence base used to assess the development needs of Greater Birmingham and the Black Country, as well as testing options to meet these within the boundaries of the HMAs, was also noted in the Inspector's Report.
- 10.4 The Part 1 EHDNA (paragraphs 12.77 to 12.82) considers inflow and outflow internal migration between Telford & Wrekin and neighbouring authorities, noting that this information is not replicated within projections of future change. The EHDNA finds broadly there is a net inflow from authorities to the east of Telford & Wrekin (including the Black Country authorities) and a net outflow to the west including Shropshire, although this masks difference in positive or negative net change with individual areas. Combined flows with Shropshire are greater than the next nine authorities providing highest levels of gross inflows and outflow internal migration combined, and more than three times higher than combined flows with the Black Country authorities.
- 10.5 The extent of net population change arising from internal migration with the Black Country increased over the last decade, but this should be placed in context.
- 10.6 Gross inflow remains below the total for Shropshire, albeit the difference has narrowed considerably. However, the substantially greater population of the Black Country (c.1.3 million vs. c.320,000 in Shropshire based on 2018-estimates) must be considered as part of any comparison. The comparative rate of population change is also of relevance – both Shropshire and the Black Country have experienced c.4% population growth for the period 2011 to 2018 with growth for Telford & Wrekin recorded at 6.6%.

- 10.7 Placing links to the Black Country in context, the actual rate of movement, accounting for changes in total population, has increased slightly from 0.77 moves per 1,000 residents to 1.13 moves per 1,000 residents across the Black Country and South Staffordshire combined area. This does not indicate a substantial increase in the strength of links when compared with Shropshire (around 6.5 moves per 1,000 residents).
- 10.8 Differences in population change resulting from levels of internal net migration since 2014 will not be reflected in the 2014-based projections underpinning the standard method. While this forms a potentially relevant consideration for how a contribution towards part of any level of unmet needs relative to the standard method might be accommodated within current demographic trends the Council is mindful that revised mid-year population estimates for the period 2012 to 2020 have yet to be published following the release of 2021 Census data. This could affect the background summarised above and views regarding the strength of links between the authorities.
- 10.9 Agreement regarding the strength of these links and the extent to which they correspond to or depart from current demographic and household trends in terms of flows between Telford & Wrekin and the Black Country therefore forms part of discussions under the Duty to Cooperate.
- 10.10 In the event that all Councils made full provision for housing needs in accordance with the inputs to the standard method substantial gross inflows and outflows would continue between the authorities without corresponding to one or more authority accommodating greater change in population and households than identified within official projections. However, the specific extent of these individual flows is not accounted for separately within official projections.
- 10.11 The extent to which these links are continued or reinforced through any additional provision of housing in Telford & Wrekin also requires regard to the extent of unmet need declared by the Black Country.

b) Background to the Proposed Approach within the Draft Local Plan

- 10.12 The Council is taking forward the Local Plan review under the current planning system. This includes the DTC requirements including addressing requests to contribute toward the unmet housing needs of other LPAs.
- 10.13 The Council is aware of previous requests to meet unmet housing and employment development needs of the Black Country Authorities under the auspices of the ABCA¹⁵. **The current estimated position is that there is an unmet need of 28,000 homes and at 292ha of employment land up to 2039.**
- 10.14 In order to meet the DTC requirements (which constitute a legal requirement) for Local Plan examinations, the Council **will need to demonstrate that it has engaged ‘constructively and on an ongoing basis’ with neighbouring Councils. Where requests for unmet need are made these should be based on available evidence, having regard to the assessment of potential supply versus housing need in the LPA(s) declaring unmet need and definition of the housing market area (HMA).** Requests to contribute towards unmet need will not necessarily be contained within HMA boundaries.

¹⁵ Association of Black Country Authorities

- 10.15 **For T&W, with its strong recent record of population change, the absolute gross inflow of migration from neighbouring areas and the balance of past inflows/outflows contributing towards population growth will provide relevant evidence. This will sit outside of the assessment of need undertaken within the Part 1 EHDNA¹⁶.** A number of West Midlands LPAs have been collaborating on an agreed mechanism for the apportionment of unmet development needs (related to migration patterns). The Council have been invited to sign a Statement of Common Ground, should it wish to in the future.
- 10.16 **The Council will continue to respond positively to requests to contribute towards unmet development needs of other LPAs, where there is an agreed evidence base.**
- 10.17 While the precise level of any contribution towards part of the Black Country's unmet needs therefore falls to be determined as an outcome of the Duty to Cooperate process, through exploring alternatives to the standard method the Council has determined that scope exists to support a proposed housing requirement that reflects current demographic trends but exceeds the components of housing need comprising the starting point in the standard method and adjustments for affordability, market signals and improvements to household formation. The difference between these components is explored further in this Technical Paper as part of the following broad approach:
- Alternative demographic trends **acknowledge the pattern of positive contributions towards net population change** as a result of the balance of inflow and outflow migration from LPAs, as a basis for contributions. The principles of this are already accounted for in the population led scenario;
 - Recognise that other LPAs have made contributions of 10,500 units in total to date (inc. 1,500 from Shropshire Council), and by not doing so leaves the Council in an isolated position;
 - **Build in an allowance to address unmet need as part of the Council's final 'housing requirement'**; and
 - **Use best available evidence which suggests a contribution of 80 units/pa** towards the unmet needs of the Black Country LPAs including Wolverhampton, Sandwell, Walsall and Dudley.
- 10.18 It is critical that the emerging housing requirement figure contains an offer of addressing the unmet housing needs of neighbouring LPAs. It has been demonstrated, through the recent (and ongoing) Shropshire Council Local Plan Examination that Inspectors will need confidence that this issues has been addressed and where any contribution will be accounted for. The proposed approach will enable the Council to separately specify the proposed contribution to unmet needs (bullet 4 above) as part of the housing requirement.
- c) Rationale for the Scope to Contribute Towards Part of the Black Country's Unmet Needs Within the Proposed Housing Requirement**
- 10.19 Section 7 of this Technical Paper outlined that the sum total of individual adjustments for market signals, the standard method affordability uplift and increased household formation would suggest a housing need of **930dpa**.
- 10.20 Because of the definition of the aforementioned uplifts specified in the PPG against the

¹⁶ This is standard practice for the assessment of housing need. Demographic and household projections (including jobs-led projections reflecting the Council's ambitions for economic growth) operate on a cohort component model for population change (births – deaths + in-migration – out-migration). It is not a function of these models to provide origin and destination assumptions for the migration components, nor is this an output of the official population projections produced by the Office for National Statistics.

Updated EHDNA scenarios the Technical Paper clarifies a suggested figure of **80 dwellings per annum** contributing towards 'unmet needs' from neighbouring areas can only be viewed as calculated from a projection scenario based on current demographic trends as contained within the 2018-based subnational population projections and measured relative to the baseline provided by the current calculation of Local Housing Need.

- 10.21 The difference reflects PPG ID: 2a-010-20201216 and at least in-part derives from higher recent levels of housing delivery captured with the 2018-SNPP, which reflect these trends and are captured in scenario findings recommended by the Part 1 EHDNA but are not the starting point for national policy and guidance. However, scenarios generating below this total would introduce potential double-counting of adjustments for affordability and household formation.
- 10.22 80 dwellings per annum is the difference between 1,010dpa and 930dpa. In terms of all the components identified in the central **2018-SNPP 2014HH-RR** projection scenario there is no separate provision for this difference between the components. It could principally be allowing for additional household formation or reflect increased growth in population and households. There is no means of controlling to what extent these two components also occur in reality (population growth could exceed the increased allowance for household formation, for example). However, under the premise of allowing for all adjustments in the central scenario the outcome is that 930dpa would have already more than catered for the 808dpa 2018-SNPP 2014-based ('**14-R**') demographic projection with a substantial uplift for household formation and affordability.
- 10.23 As such the difference between the two figures can be treated as a potential contribution to unmet needs from elsewhere corresponding fully to the most recent demographic trends. In other words, the rationale also works in reverse; ensuring all adjustments for affordability/household formation are contained in the 930dpa figure, ignoring specific reference to alternative official projections that do not form the starting point in national policy, the increase above 930dpa is treated as further provision for demographic change and potentially available to meet part of neighbours' unmet needs.



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