

**Written representation by CPRE to the Inspector's supplementary questions concerning affordable housing.**

SQ 152A. *Should the Plan refer to 157 affordable homes being needed each year, or a total of 1,423 between 2015(?) and 2031?*

The plan should refer to 1423 between October 2015 and March 2031 but as a minimum. This is because we think the calculation of the figure of 157 affordable houses per year over the same period is flawed and potentially seriously overstates the need for affordable housing.

The SHMA of April 2016 sets out very clearly in table 3.9 that as at October 2015 there was a surplus of 92 affordable housing. Put another way, the housing needs (including for affordable housing) of the existing population of the Cotswold District were met. Thus need arising after October 2015 till the end of the plan would come from future population changes. It is explained in paragraph 3.11 and footnote 19 that the main source of future need would come from new household formation which itself was derived directly from the calculation of the demographic OAN.

The calculation of the demographic OAN itself is based on the net effect of estimates of future population flows mainly births, deaths, in-flows from the rest of the UK and out-flows from the district. The new household formation is a subset of these flows. It is baldly stated to be 559 household pa. It is of concern that the SHMA was done in April 2016 and the final OAN in December 2016. There is therefore an inconsistency but because the figure does not appear directly in the report on the OAN it is not possible to see whether this inconsistency is significant. It is certainly a strange number. Using the Figure TA3 in the Technical Annex to the December 2016 report, one can see that the population increase for potential new households is some 10,500 or 677 pa over the period October 2015 to 2031. (This figure is derived from the population net increase less births plus deaths.) If this number is compared to the new household formation of 559 p.a. a very high household formation rate is implied – or it may be a reflection of the inconsistency in the data used.

Of greater concern is the calculation of the ability of the newly formed households to afford housing. It is done by reference to a household survey of the existing Cotswold household population and a national average of the discount on average household earnings which should be applied to newly formed household income. This approach does not recognise the implications of the underlying flows which drive the population growth and new household formation in the Cotswold District.

Over the period October 2015 to March 2031 the existing population base declines as deaths exceed births by around 3000. The population increase is totally driven by net inflows of 10,000 and this is therefore the major source of new households in the District. The analysis treats these new comers as the same as the existing population covered by the household survey and as the same as the average UK newly formed households. We think that this is incorrect because:

1) While the households may be new to Cotswold District, they may in fact be already formed elsewhere and be simply moving house.

- 2) The vast majority of those moving into an area will only do so if they have identified somewhere to live which they can afford and therefore do not conform to national averages.
- 3) There is no evidence to support the assumption that those who move into the area are the same make up as the existing population particularly on earnings.

These arguments would lead to caution in applying either the earnings profile of the existing population or the newly formed household income discount to the totality of the net in-flow.

Of course some of the newly formed households will come from the existing population which at October 2015 have yet to form a household and some of the in-comers will either have affordable housing need, have children who will or will fall into need.

To assess the true likely need for affordable housing requires an analysis of the relative earnings power of in-comers over a number of past years and whether they were already formed households. We are not aware of any surveys which would give this analysis and we can not therefore bring forward a realistic alternative forecast but equally clearly to state that two thirds of the newly forming households will not be able to afford accommodation lacks credibility.

The sensitivity of the assumption on ability to afford is very great. Were the proportion of newly formed households who could not afford a property be 50% instead of 67.6% then the net affordable housing need would fall to 58 pa or a total of 899 over the period from October 2015 to March 2031.

Because of the lack of evidence to back the necessary analysis and the instability of the net number we do not think the proposed estimate of net affordable need of 156 pa can or should form the basis of planning in the special circumstances of the Cotswold District. The figure derived from the balanced market model (1423) does not suffer from the same drawbacks as it is a projection of the existing mix adjusted for known factors and therefore a sounder basis for the plan.

*152B. In order to be sound, is it necessary for the Plan to identify the number of additional affordable homes needed in different parts of the district, such as for individual or groups of Principal Settlements?*

On the contrary, it would be **unsound** to attempt to allocate the need for affordable housing to specific settlements or groups of settlements. This is because the plan is covering a future period of 15 years and it is impossible to assess what the size and composition of individual population flows to specific locations will be. Local needs are assessed by surveys and obviously they refer to the current situation or recent past. They can be taken as no guide to the future particularly as far ahead as 5 years let alone 15. The smaller the area considered the more inaccurate the forecast and to bring spurious accuracy into the plan is more likely to distort than prove helpful.

Furthermore the Cotswold District is regarded as a single housing area in which the location of need will, at the margin, adapt to the location of supply. This is as true of affordable housing need as of market housing demand. This is in the context that affordable housing need has been met in the district as of October 2015 and new housing is spread across the district both through allocations and windfalls. Were a need to arise in a particular settlement or localised area then the appropriate survey would be done and use made of the Plan

flexibility to meet this need through exception sites. That is the appropriate planning mechanism for dealing with what today is essentially unquantifiable in the longer term.

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