

LDF Project Management Board 4th March 2011

Report on Baker Associates' Housing Requirement for South Somerset and Yeovil (February 2011)

Report by Jo Manley, Policy Planner

Purpose of report

To inform Members and officers of the Baker Associates report on housing requirements for Yeovil and the District to 2026. The report has been prepared as further evidence to review the Core Strategy scale of growth and will be incorporated into the Publication Plan (next stage of consultation of the Core Strategy).

Recommendation: That members acknowledge the report's findings

Background

In light of the anticipated abolition of Regional Spatial Strategies (RSS), Baker Associates were appointed through a competitive tender process in September 2010 to review South Somerset's economic, population and household formation projections and identify a robust housing target for the District as a whole, split down to Yeovil and the rest of the District.

The draft RSS required a growth of at least 19,700 new homes in South Somerset, comprising 11,400 in Yeovil SSCT and 8,300 distributed across the other settlements.

The District has objected in the past to this figure, on the basis that it was founded on an overambitious and unrealistic assumption of GVA growth in the region. To support the draft RSS Examination in Public (Epic) Baker Associates produced a report in January 2007 "Implications of ONS Household Projections for Somerset" which concluded that the District as a whole could accommodate 16,600 dwellings between 2006-2026.

The draft Core Strategy (which was published for public consultation in October 2010) establishes a housing requirement of 16,600 dw. This was based on a sustainability assessment of the three options presented in the RSS process and a provisional market capacity assessment. The split between Yeovil and the rest of the District was based on early work which included the views of town and parish councils as to what should be their level of growth. The demise of the RSS has occasioned the requirement to review this figure and set a realistic local target firmly based in up to date local evidence. The report by Baker Associates is a critical part of the evidence base in setting a housing target for South Somerset and Yeovil.

Report

The Baker Associates study uses three different approaches to derive a range of housing figures. These are then integrated to provide a recommended housing range for South Somerset.

1. Demographic Projection Based Approach

Uses likely trends in birth and death rates, net migration levels and applies these to household formation trends.

- Based on 2008 population and household projections the population of South Somerset could grow to 180,200 people by 2026, and necessitate a housing requirement of 16,000 additional dwellings.
- Future population increase in South Somerset is expected to arise entirely from net in-migration (more people moving into District than out)! However declining household size of the existing population at 2006 would require an extra 5,000dw to support the existing population's shift to smaller households.
- Three alternative scenarios are put forward however based on the evident changes to past trends in migration in 2006-2009 which generate a housing requirement of between 13,600, 15,200 and 15,900 dwellings.

2. Purpose Based Approach

Looks at reasons for making provision for housing in relation to the District's economic potential, affordable housing need and the maintenance of communities.

- Economic changes are a key driver affecting housing demand and household growth.
- The report looks at two future economic scenarios:
 - First Scenario** – assumes economic recovery is private sector led, and shows employment growth in construction, hospitality, telecommunications & business services. Manufacturing sees some growth, but public sector experiences losses (no growth in education and growth in health after 2016). Overall growth in employment from 2010 – 2026 would be 13% reflecting past growth levels attained in South Somerset.
 - Second Scenario** – much bleaker. Recovery in private sector investment and job creation will be much slower, there will be employment growth in construction, hospitality, telecommunications & business services, but not as much as above. Manufacturing may cease to decline, effects of public sector cuts is much greater. Overall employment growth 2010 – 2026 would be 8.2%.
- Over the plan period, scenario 1 sees a net gain of 11,200 jobs, whereas scenario 2 only sees a net gain of 7,200 jobs.
- Translated into dwellings scenario 1 gives rise to a need for 16,000 dwellings and scenario 2, 12,200.
- Affordable Housing Need - completions data identifies that the number of affordable housing completions across the District was 23% of all housing completions in the last 4 years. 16,000 (Scenario 1) dwellings is likely to yield more affordable housing other things being equal, than the figure of 12,200 (Scenario 2).
- Environmental Capacity - there are a number of physical environmental constraints to housing development within the District, for example the Blackdown Hills AONB. Despite this, the Council's Strategic Housing Land Availability Assessment identifies a total potential housing supply of 26,881 dwellings in the District, of which there is a potential for 10,700 dwellings at Yeovil – enough to meet the need.

3. Delivery Based Approach

Looks at the capacity of the area in environmental terms and from a market delivery perspective to deliver housing. The capacity of the market is the level of housing that

can be built and sold or rented by developers, unlike the SHLAA, it takes into account the wider restrictions of the planning system that effectively constrain the market. Following input from developers and from monitoring output from the Annual Monitoring Report a detailed future housing construction trajectory has been produced. It concludes that

- 16,570 dwellings are deliverable over the plan period.
- The market capacity for Yeovil is 7,219 dwellings (with a theoretical capacity of 11,900 dw.
- The Yeovil Urban Extension has an estimated capacity of 3,720 dwellings with a market capacity of 2,640 in the plan period (to 2026).
- Increasing the number of urban extension sites post 2016 when a more constrained supply is apparent could raise the overall market capacity for Yeovil.

Conclusions - Recommended Housing Range for South Somerset

1. District-wide Requirement

An investigation into the economic potential of South Somerset's economy shows there is potential for 7,200 – 11,200 jobs over the period 2006 – 2026. This generates a requirement for 12,200 - 16,000 homes.

Report recommends that economic growth scenario 1, is considered to be most closely in line with South Somerset's objectives for economic development, which leads to a District-wide housing requirement of 16,000 homes.

2. Yeovil Requirement

An economic led approach to the growth of Yeovil suggests that the housing requirement for Yeovil is 7,500 homes (based on 5,600 jobs – i.e. 50% of the District's job growth), assuming levels of in commuting are not addressed.

If levels of in commuting are considered, a range of between 7,500 and 8,700 homes are required as illustrated below

Yeovil (Economic growth scenario 1 - 50% of jobs directed to Yeovil i.e. 5,600 jobs)	Rest of the District	District total
7,500 (Net commuting unaltered)	8,500	16,000
7,900 (Net in commuting reduced by 5%)	8,100	16,000
8,300 (Net in commuting reduced by 10%)	7,700	16,000
8,700 (Net in commuting reduced by 15%)	7,300	16,000

Housing requirements at Yeovil and the rest of the district

3. Rest-of-the-District Requirement

If 50% of jobs are allocated to Yeovil, the residual housing requirement for the rest of the District is 7,300 – 8,500 homes. The 'rest of the district' covers a very large area and there are a wide variety of settlement types with a whole variety of needs, constraints and opportunities.

The emerging South Somerset Core Strategy identifies a settlement hierarchy that has been prepared in consultation with town and parish councils. Town and parish councils have shown provisional support for most of the proposals associated with the hierarchy. The actual number of homes directed to the rest of the district also needs to be informed by the settlement role and function study evidence, the settlement hierarchy, travel movements information, environmental capacity and sustainable development objectives for other parts of the District, and crucially by the results of the participation held into the draft Core Strategy.

Next Steps

The results of the Baker Review are to be considered in the first scheduled PMB Workshop earmarked for early April. A more detailed version of this report with details of the trajectory and other matters is to be produced for Member consideration prior to that Workshop.

The full Baker Associates Report is on the Council's website