OVERVIEW BY DNPA

THE FOLLOWING TECHNICAL PAPER HAS BEEN PREPARED BY DNPA'S HOUSING CONSULTANTS THREE DRAGONS AND ASSOCIATES. THIS TECHNICAL REPORT HAS NOT BEEN PUBLISHED PREVIOUSLY AS A STANDALONE DOCUMENT, THOUGH FORMED AN IMPORTANT PART OF THE HOUSING TOPIC PAPER. THIS INTRODUCTION SECTION HAS BEEN PREPARED BY DNPA TO PROVIDE A SIMPLIFIED OVERVIEW OF THE APPROACH TAKEN TO THE HOUSING EVIDENCE AND STRATEGY BEHIND THE LOCAL PLAN AND LINK TOGETHER THE DIFFERENT ELEMENTS OF EVIDENCE AND DECISION-MAKING.

Introduction

To support the submission of the Dartmoor Local Plan Review 2018 – 2036 Dartmoor National Park Authority (DNPA) is publishing technical evidence which has informed the indicative housing delivery figure stated in Strategic Policy 3.1(2). This evidence has been previously published within the Housing Topic Paper, however, for clarity it is now published independently. To aid understanding, a summary of the methodology relating to housing numbers, and reasoning behind it is provided below. These points are expanded on more fully in the Housing Topic Paper.

As a Local Planning Authority (LPA), DNPA is not subject to the Housing Delivery Test, or provided housing delivery figure through the Government's 'Standard Methodology'. Instead, the NPPF states that National Park Authorities are required to identify a housing need figure using a locally determined method, noting also that evidence informing Local Plans should be "adequate and proportionate" The approach for determining a housing need figure for National Park founded upon the following national policies:

1. The NPPF requires 'great weight' be given to conserving and enhancing National Parks' special qualities and states the scale and extent of development within these designated areas should be limited[1].
2. The National Parks and the Broads Circular states the expectation is that new housing will be focused on meeting affordable housing requirements, supporting local employment opportunities and key services[2].

What is the method for identifying a housing strategy?

Through the Housing Topic Paper and supporting evidence, and based upon the advice of professional housing consultants (Three Dragons) DNPA derived a methodology for identifying its housing strategy based on the following criteria (not in order of priority):

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[1] National Planning Policy Framework (NPPF) Paragraph 172

[2] English national parks and the broads: UK government vision and circular 2010

- **Demographic modelling and household projections**: forecasts of Dartmoor's population and household change and the extent to which housing delivery can address any identified issues
- **Housing need, backlog and relevant market signals:** An estimate of housing need, affordable housing need and any uplift required to reflect market signals, such as affordability.
- **Land availability**: the availability of land for residential development and the degree to which this is constrained by environmental constraints (landscape, flooding, biodiversity, historic environment etc.)
- **Development viability**: to inform what level of affordable housing can be sought and the threshold at which this can be sought from development sites of different sizes.
- **Historic delivery**: past development trends and what they suggest might be achievable over the next plan period
- **Stakeholder views, including communities, industry and partners:** taking into account material issues raised, both by decision-makes (i.e. DNPA Members) , delivery partners (such as Housing Associations, and Housing Authorities), and consultees

What issues were identified whilst developing the housing strategy?

- **Demographic modelling and household projections**: identified falling household size and net out-migration, resulting in an ageing population and a loss of working-age population. Forecasts suggested an annual delivery of between 50 and 80 dwellings per annum (dpa) will help tackle population decline on Dartmoor. With 50 dpa stabilising population decline and 80 dpa steeply correcting population decline.
- **Housing need, backlog and relevant market signals**: An appropriate policy-off baseline housing need figure (equivalent to OAN) was established at 30 dpa, this includes a 30% uplift for affordability and market signals. A back log of affordable housing need of 171 was identified, equating to a need of 34 per year if met over 5 years.
- **Land availability**: a sufficient pipeline of land supply was identified. The Landscape Character Sensitivity Assessment identifies the landscape sensitivity surrounding Dartmoor's larger settlements indicating the existence of environmental constraints to growth. The SA/SEA and Development Sites Topic Paper demonstrate a 65 dpa indicative delivery figure is deliverable whilst conserving and enhancing the natural beauty, wildlife and cultural heritage of the National Park.
- **Development viability:** Three Dragons' whole plan viability assessment demonstrated good general viability and, in most cases, ability to achieve a level of between 45% and 100% affordable housing, depending on site type and policy requirement.
- **Historic Delivery**: suggests the National Park Authority has a strong record of delivery, meeting its 50 dpa indicative housing delivery figure over the last plan period and delivering 40%+ affordable housing on sites of all sizes.

- **Stakeholder views, including communities, industry, and delivery partners:** Communities are largely supportive of genuinely affordable housing, retained in perpetuity, to meet an identified need. They generally favour smaller sites and gradual change. The development sector favours larger scale more viable sites, and is keen to work in the National Park. Delivery partners recognise the special priorities and challenges in the National Park and are supportive in working in and outside the National Park to meet housing need in the most appropriate way.

How was the housing strategy in the local plan reached?

65 dpa was identified as an indicative housing delivery figure which effectively balanced the above criteria as follows:

- meeting the baseline housing need figure;
- moderately correcting Dartmoor's falling and ageing population;
- meeting the affordable housing backlog over 6 years (assuming 45% affordable housing delivery across all sites);
- deliverable on available land, working within environmental constraints; and
- achievable against historic delivery rates
- a reasonable and palatable level of change for communities and local decision makers

A number of new policy measures were also brought forward to help address the full range of issues identified:

- Maximising affordable housing provision, including on small sites
- Facilitating the delivery of exception sites by allowing 25% cross-subsidy
- Increasing delivery in a new middle-tier of settlements by relaxing some policies
- Safeguarding against over-delivery by ensuring larger development sites are only brought forward when local affordable housing needs are identified
- Requiring M4(2) standards to meet older peoples' access needs
- Introducing local needs self-build as an alternative route to home ownership for local people
- Continuing to limit the size of extensions to retain a stock of smaller properties
- Relaxation of local connection criteria for local workers

These decisions were reached through:

- The provision of evidence from DNPA's consultants
- The consideration of this evidence and emerging options by DNPA Members at Steering Group meetings, Workshops and at Authority meetings
- Input to the discussions from other partners and groups, such as the JAC (Joint Advisory Committee on Local Needs Housing on Dartmoor), Housing Authority partnerships, and neighbouring authority Duty to Co-operate discussions
- Publication of draft policies in the draft Local Plan, alongside the evidence.

- Consideration of those comments by officers and members, to inform subsequent policy drafts.

Where can more detailed information be found?

- The Housing Topic Paper – provides a full discussion of housing matters (2020)
- The Regulation 22 Statement – describes the process DNPA has been through in preparing the Local Plan, including the different stages of decision making (2020)
- The following Technical Analysis Report: reviewing the Objectively Assessed Need and Local Housing Needs data (2018)

Dartmoor National Park Authority

Technical Analysis Report:
reviewing the Objectively Assessed Need
and Local Housing Needs data

APRIL 2018

1.0 Introduction

Three Dragons and associates have been commissioned by Dartmoor National Park Authority (DNPA) to assist with the development of their housing strategy and whole plan viability study as part of the Local Plan review.

The commission includes the production of this technical analysis report. The stated objective of the technical analysis is to review the existing body of housing and related data (including published SHMAs for the DNPA and their wider housing market areas). In addition, to assess the adequacy and robustness of existing evidence and data as a basis for the development of policy and strategy within the Local Plan review process.

It is important to note that this report does not by itself constitute a full SHMA or provide a comprehensive data set for the DNPA and should, therefore, be read in conjunction with the most recent SHMA studies relevant to the National Park geography. Key findings and information from the SHMAs and other studies which have been considered in this review are detailed in the report below.

2.0 Scope

In responding to this brief, the research team has been asked to focus on three main elements:

A. Full Objectively Assessed Need

First, to discuss how a figure for Full Objectively Assessed Need (FOAN) might be constructed for the Park. There remains some debate as to whether National Parks are required to calculate and agree an OAN housing number, given that the NPPF makes clear that they are generally unsuitable locations for market housing. However, it is also clear that the NPPF and the Planning Practice Guidance (current consultation draft, March 2018) draw an important distinction between the requirement to establish a baseline assessment of housing need and the ability of some LPAs, such as National Parks, to provide for that need, given environmental constraints and national and local policies to protect important environmental and heritage assets.

So, whilst the NPPF states that:

Plans should positively seek opportunities to meet the development needs of their area, and be sufficiently flexible to adapt to rapid change; strategic plans should, as a minimum, provide for objectively assessed need for housing and other development as well as other needs which cannot be met in neighbouring areas unless:

i. the application of policies in this Framework that protect areas or assets of particular importance provides a strong reason for restricting the overall scale, type or distribution of development in the plan area

ii. any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole.

..the Planning Practice Guidance makes clear that:

Plan-making authorities should not apply constraints to the overall assessment of need. Limitations including supply of land, capacity of housing markets, viability, infrastructure, Green Belt or environmental designations, are considerations when assessing how to meet need. These types of considerations are not relevant to assessing the scale of that need." (housing and economic needs assessments, para ref 2a-004-20140306)

Whilst DNPA does not necessarily require the completion of an FOAN in order to determine a dwelling requirement, they do require sufficient appropriate information and analysis, relative to their status and policy context, to consider a range of policy options for meeting local housing need and addressing the social and economic wellbeing of their area. As part of this report therefore, we have considered a number of alternative scenarios as to how objectively assessed need might be measured and a baseline established. Options considered include

- Dwelling numbers derived from the CLG's proposed standard methodology for calculating housing need which is the subject of consultation currently.
- Dwelling numbers based upon locally prepared demographic forecasts prepared previously by Edge Analytics and making use of SNPP 2014 and historic population trends data.
- Dwelling numbers based on an apportionment of housing need informed by the findings of the Plymouth and SW Devon SHMA. (work on this study has generally been in advance of the Greater Exeter Area Strategic Plan but has considered early consultation drafts of their technical papers.

B. SHMA Review

The second element of the brief was to review the available SHMA material and consider the existing housing data including housing mix including size, price and tenure and any additional housing need groups and their various methodologies for calculating affordable housing need. The aim was to establish whether the existing evidence provided a coherent and up to date framework, sufficiently robust for the development of new housing policies. In view of the statutory objectives of a National Park, work was to focus upon policies and evidence for local needs and affordable housing tenures.

C. Undertake Local Data Analysis

As the previous SHMA studies have noted, there are considerable challenges in considering evidence for the national park geography. Therefore, much of the SHMA findings are provided at districtwide and SHMA layers of geography. This is especially challenging given that Dartmoor is the fourth largest park and has a resident population of 34,000. It has a broad network of small towns and villages, spans 4 local authority boundaries and is split between 2 strategic housing market areas linked to the regional cities of Exeter and Plymouth.

In order to develop more finely grained housing policies which address local housing need, the brief included a review (and in some cases additional analysis) of locally derived data on housing needs, delivery and affordability. The study drew on data from Devon Homechoice, Help to Buy SW and housing authority returns to determine an assessment of current affordable housing need by dwelling size, mix and type.

In drawing this together, the conclusions were to determine the extent to which the Authority's evidence base will satisfy national policy requirements and support the Local Plan at examination, relative to its status and policy context. Further, to guide the DNPA in possible policy responses to meeting identified local need.

4.0 Geography

4.1 Covering an area of 953km2 the Park is the fourth largest national park in England and approximately 34,000 people live within it. The park sits within the boundaries of four local authority areas; Mid Devon, South Hams, Teignbridge and West Devon. In turn, these local authorities are defined as being within two strategic housing market areas. The Plymouth housing market area includes those parts of West Devon and South Hams which are inside the Park. The Exeter housing market area includes those parts of Teignbridge and Mid Devon which are inside the Park.

4.2 The majority of the population live in towns and villages. The Authority identifies 8 local centres but only two of which have populations of above 3,000 – Ashburton (4,087) and Buckfastleigh. The other six (Chagford, Horrabridge, Moretonhampstead, Princetown, Yelverton and South Brent) have populations of between 1,000 and 2,500. There is a large network of active villages and small settlements distributed between 50 parishes.

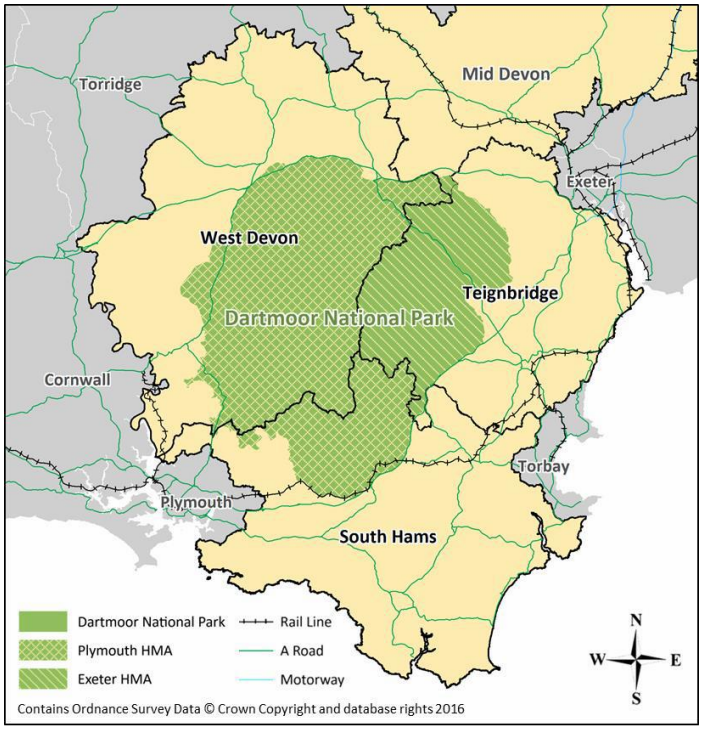
4.3 The National Park Authority has worked together with its partner authorities within the respective HMAs to understand the housing needs of the Park within the context of the two HMAs. This is in accordance with NPPF and Planning Policy Guidance.

5.0 The Evidence Base

5.1 The DNPA is covered by two Strategic Housing Market Areas - both are coterminous with local authority boundaries. All the studies conclude that the Housing Market Areas (HMA) of Plymouth and Exeter continue to be appropriately defined as extending to include the relevant local authority district boundaries.

5.2 Greater Exeter includes the district council areas of East Devon, Mid Devon and Teignbridge, together with the City of Exeter). A significant area of the National Park lies within the Teignbridge district (around 42% of the population) and only a fraction is in Mid Devon. Plymouth and South West Devon HMA includes the City of Plymouth together with the South Hams and West Devon districts. Around 16% of the DNPA population lies within South Hams and around of the DNP (42%) is located within West Devon.

Figure 1: Dartmoor national park within its constituent HMAs



The following SHMA studies have been produced in relation to the two strategic housing market areas.

5.3 Plymouth HMA

Plymouth & South West Devon Joint Local Plan SHMA Part 1: The Housing Market Area and Updating the Objectively Assessed Need, revision draft. Peter Brett Associates (Feb 2017)

Strategic Housing Market Assessment: Part 2 – Objectively Assessed Need for Affordable Housing, HDH Planning and Development Ltd (February 2017)

An SHMA update was completed as part of the review of the Plymouth Joint Strategic Local Plan. Two reports were published in 2017. Part 1 deals with updating the OAN and part two (completed by HDH consulting) addresses affordable housing need. Much of the data is provided at HMA level but the report also includes more limited calculations by local authority district. The district data for the South Hams and West Devon are relevant to the DNPA. The part 2 study provides a detailed breakdown of the housing requirements of the HMA (and in part at local authority level) considering tenure balance and size over the plan period using a Long Term Balancing Housing Markets Model.

5.4 Strategic Housing Market Needs Assessment (SHMNA) Appendix 6 – Dartmoor National Park SHMNA Overview Report (July 2013)

In 2013, the Plymouth HMA commissioned GVA Grimley to prepare a SHMA report. In addition to the main report, GVA Grimley also produced a short report for the

National Park. Due to data limitations, a number of data outputs are not available for the Dartmoor National Park area. Analysis, therefore included some baseline statistics data for the whole Park, together with modelled outputs data built up from the sub-areas within South Hams and West Devon and not the whole Park area. In any event, some of the data are of limited use, given the age of the study.

5.5 Exeter HMA

Greater Exeter Strategic Plan: Exeter Housing Market Area Strategic Housing Market Assessment: Interim technical report, 2018 to 2040 GESP plan group (September 2017)

Work for the Greater Exeter Strategic Plan (GESP) was on-going at time of drafting. It is the GESP's intention to update the SHMA evidence base internally using council resources. An interim technical report for the SHMA has been prepared as part of the evidence to support the preparation of the Greater Exeter Strategic Plan (GESP). The primary focus of the interim note was to propose a methodology for reviewing the OAN and a high level calculation of affordable housing need. It is not clear whether the LA level housing needs data used as the basis for the calculations was districtwide or, as far as possible excluded areas within the DNPA. The Exeter SHMA has yet to produce any detailed analysis of need by bedroom type, household group or tenure. It has, however, produced a headline affordable housing calculation for the HMA area and districts within it.

5.6 Exeter SHMA, Dartmoor National Park, David Couttie Associates (2015)

As in Plymouth, a report for those elements of Dartmoor National Park within the Exeter SHMA (eg the Teignbridge district) was produced by the consultants undertaking the SHMA for the Exeter HMA area in 2014 and modelled outputs data are built up from the Lower Super Output Areas (LSOA). They do not, therefore, represent the whole planning authority. In addition, the lack of a household survey and limitations in secondary data sources also restricted the a number of data outputs.

The commissioned DCA report covering the Park geography includes modelled outputs from the most recent census. This report was not intended to duplicate these available data sets. However, in considering future housing policy, it is useful for the DNPA to be mindful of key analysis from the 2011 census. We have summarised these headlines as follows:

Dwelling stock:

- Stock: the DNPA has lower levels of entry level properties than other districts within the SHMAs including lower levels of apartments and terrace houses
- Tenure: the NPA has lower levels of social rented housing and higher levels of home ownership than other LAs within the SHMA.
- Overcrowding is not a concern for the DNPA with lower levels of occupancy and highest average numbers of bedrooms compared with other LAs.

6.0 Full Objectively Assessed Need for Dartmoor National Park

The demographic starting point

6.1 As part of the study brief, Opinion Research Services (ORS) were commissioned to review a number of alternative scenarios for assessing Objectively Assessed Need

(OAN) for the National Park. The Objective Assessment of Need (OAN) identifies the total amount of housing needed in the Housing Market Area. In the case of the National Park, this is covered by the Greater Exeter (East Devon, Exeter, Mid Devon and Teignbridge) HMA and the Plymouth and South West Devon (Plymouth, South Hams and West Devon) HMA.

6.2 The process for developing OAN is a demographic process to derive housing need from a consideration of population and household projections. To this, external market and macro-economic constraints are applied (Market Signals). National guidance stresses that the OAN should not impose any possible constraints to future housing supply. These factors are to be considered by the planning authority in developing the OAN and bringing the evidence together into a final housing requirement.

A series of existing evidence bases were used in the development of 11 scenarios. (and sub sets of them which include for different levels of market signals uplift).

Local evidence employed was as follows:

- Dartmoor National Park Demographic Forecasts, Edge Analytics (October 2016)
- Plymouth & SW Devon Joint Local Plan SHMA Part 1: the Housing Market Area and Updating the Objectively Assessed Need, Peter Brett Associates
- Plymouth and SW Devon Joint Local Plan Housing topic paper (Provision and Supply) March 2017
- Exeter Housing Market Area Strategic Housing Market Assessment: Interim technical report 2018 to 2040 (September 2017)
- Greater Exeter economic needs assessment, Hardisty Jones Associates 2017

6.3 OAN scenarios derived from the current CLG standard methodology

In September 2017, Department of Communities and Local Government published a consultation on scope for a new standardised methodology for calculating Objectively Assessed Need (OAN). The aim was to introduce changes by March 2018.

6.4 The standard methodology is based on CLG 2014-based household projections for the 10 year period 2016-2026 with an upward adjustment for affordability (measured by median workplace affordability data). A cap limits potential upwards adjustment to 40%.

There is no methodology for National Parks within the consultation. Instead, the paper proposes that there is a partial derivation from the new method:

"where local planning authorities do not align with local authority boundaries, such as national parks, the Broads Authority and Urban Development Corporations, available data does not allow local housing needs to be calculated using the standard method set out above. In these cases we propose that authorities should continue to identify a housing need figure locally, but in doing so have regard to the best available information on anticipated changes in households as well as local income levels"

The consultation also proposes a possible approach for apportioning an authority's overall housing need figure for the purposes of neighbourhood planning/parished areas.

6.5 The study team were asked to consider the potential impact of the CLG proposals on possible housing need numbers for the Park. In the absence of any further detailed guidance, the approach taken has been to model annual dwelling growth. Firstly, as an overall share of national growth and the need for 265,936 dwellings per annum. (this equates to 1.12% of the dwelling stock for England). Secondly, assuming that the dwelling growth in the Park is proportionate to the dwelling needs of the three constituent authorities (excluding Mid Devon) and then as a proportionate share of the whole Park. The figure for the proportionate share for the 3 authorities is clearly higher and this is exacerbated by the higher requirement for the South Hams, given the affordability ratios and level of vacant dwellings.

Given that the Government recognise the difficulty in applying a standard approach to National Parks and suggests a more flexible, local approach might be more appropriate, the study considers other options for the development of an OAN. The first is to make use of demographic forecasts prepared for the DNPA by Edge Analytics.

6.6 OAN scenarios derived from Edge Analytics demographic forecasts

Demographic forecasts were prepared by Edge analytics for the National Park in October 2016. The Edge modelling set out 7 growth scenarios. The benchmark model is disaggregated for the Park area from the SNPP-14. Historic population trends data have then been used to develop 3 trend scenarios of migration assumptions for 6, 10 and 13 years prior to 2014.

These modelled scenarios underlined some of the demographic challenges facing the Park with potential for the population to decline, an aging population and a reduction in the number of all household groups under 64 up to 2035. For this reason, Edge included a further 3 scenarios which defined housing growth trajectories based upon historic delivery rates of 50 homes, 80 homes (as being above historic levels) and 30 (as being below). It is only in employing these scenarios -and in particular the 80 dwellings per annum-that a higher level of positive net internal migration is able to reduce the rate of ageing within the Park.

6.7 Whilst these three dwelling led scenarios can be of considerable assistance in helping the Park shape its future policy and any housing target, they do not technically meet the guidance for calculating an OAN, as they would constitute a "policy on" approach, constraining the Park to a specified dwelling target. Similarly, the demographic scenarios developed by Edge, are not adjusted for any assessment of market signals which has also, previously, been a necessary part of the OAN methodology. ORS has therefore made some technical adjustments to the Edge scenarios to reflect market signals uplift at 10%, 20% and 30%. Within the limits of the study, these are not based upon a detailed analysis of market signals data in the Park. Instead, ORS used experience of similar markets and their study elsewhere. 10% is consistent with areas with similar market signals to the Greater Exeter and Plymouth and SW Devon HMAs, 20% as the highest end of current market signals areas in use for central London and the South East. 30% has been included as the average uplift in the CLG consultation paper across the two HMAs. This is in excess of market signals uplifts being used nationally but consistent with CLG position.

6.8 The Plymouth and SW Devon Joint Local Plan has proposed a market signals uplift of 25% for South Hams and 20% for West Devon. The draft interim technical report for the Greater Exeter Plan reviews the OAN and scope for any uplift for market signals. It adjusts its employment based projects by 96 dwellings per year for overcrowded households and a 6% flex figure to reflect under supply against delivery targets. This equates to a market signals uplift of around 10%. Of course, it is important to observe that the very modest dwelling numbers under consideration for the Park mean that any percentage uplift to respond to adverse market signals is likely to result in only very modest additional numbers. At such marginal levels, this kind of tool is of questionable methodological value as can be seen in the modelled scenarios table.

6.9 OAN scenarios derived from a strategic Housing Market (HMA) approach

Finally, ORS considered how a dwelling number might reflect a proportionate share of the HMA's need. The Greater Exeter technical review of the SHMA and OAN was only in draft form at the time of this report. Additionally, their proposals are that there will be no allowance for housing needs within the HMA to be met within the Park. It is assumed that housing delivery within the DNPA will be included within the 6% flex in the housing number for windfalls, allocations etc.

For these reasons, the ORS scenarios looked at need as a share of the Plymouth and SW Devon HMA overall and a share of the constituent authorities – West Devon and South Hams and then extrapolated these to the rest of the National Park Area (percentage of dwellings in Dartmoor which are in the Plymouth and South Devon HMA multiplied by the total OAN for the area then the proportion of households in Dartmoor in the Exeter HMA and scaled the Dartmoor in Plymouth HMA figures up to reflect this).

6.10 Vacancy rates

DCLG household projections do not take account of vacancies within the dwelling stock. To convert household projections into any dwelling requirement requires an upwards adjustment for empty dwellings "the vacancy rate".

Modelling undertaken by ORS was based upon dwelling growth requirements calculated by Edge Analytics, PBA and Devon County Council for the Greater Exeter Strategic Plan. Reference to vacancy rates doesn't feature in the CLG consultation paper at all. Because the modelling within the Plymouth study by Peter Brett and in the Edge analytics work has already applied vacancy rates to the household projections, the ORS additional modelling for the NPA works with the dwelling growth forecasts. OAN scenarios in this report, therefore, assume that vacancy rates are already taken into account and are not adjusted for again.

As the Edge Analytics study noted, the DNPA has a relatively high vacancy rate compared with England and Devon as a whole. In addition, the recorded rate within the censuses has risen between 2001 and 2011. Its models apply a fixed vacancy rate of 8% to each of its scenarios:

Area	Dwelling vacancy rate	
	2001	2011
Dartmoor National Park	6.2%	8.4%
Devon	5.6%	6.7%
England	3.6%	4.0%

Table 1: census dwelling vacancy rate

6.11 The PBA work for the Plymouth and SW Devon Joint Local Plan relies on DCC population projections and these also apply 2011 census data for individual local authorities within the HMA. However, at local authority level, this does reflect the significantly higher level of second homes within the South Hams district. The SHMA part 1 paper does consider alternative rates based upon CLG council tax base and LA council tax records of second homes but these are discounted.

Area	Dwelling vacancy rate	
	Occupied	Vacant
South Hams	85.2%	14.8%
West Devon	92.1%	7.9%

Table 2: 2011 census

Whilst we have not needed to adjust for vacancy rates, it will be important for the NPA to be satisfied with the vacancy rates employed in considering each of the scenarios above. Too high a vacancy rate will potentially overstate the dwelling requirement. But, given the housing profile and market characteristics of the Park, a relatively high rate can be justified.

6.12 The outcome of the ORS work is a series of **11 modelled scenarios (including subsets)**. The scenarios propose annual dwelling requirements in the range of 211 (when using the CLG consultation paper and proposing that the DNP take a share of national growth at 1.12% pa) down to zero (when based upon the Edge Analytics short term migration trends, using localised migration flows and treating the needs of the NPA as distinct from the wider area). The results have been presented in tabular form with accompanying commentary summarising the strengths and weaknesses of each approach.

7.0 Table 3: Modelled scenarios

REF	MODEL	2015-35 dwelling growth	Annual dwelling growth	strengths	weaknesses
CLG1	**CLG:** housing as a share of national growth at 1.12% pa	4,220	211	In line with proposed CLG approach Would halt population decline	Unsuitable for a national park to share national growth rate May not be possible to accommodate without harm to environmental assets
CLG2	**CLG:** housing growth as a share of West Devon, Teignbridge and South Hams figures	3,818	191	In line with proposed CLG approach Would halt population decline	National park would be meeting the needs of a wider area, not local need May not be possible to accommodate without harm to environmental assets As part of the Greater Exeter Plan, Teignbridge is not seeking to meet any of its housing need in the National Park
CLG3	**CLG:** housing growth as a share as a percentage of the CLG figure at HMA level	2,993	149	In line with proposed CLG approach Would halt population decline Would result in the lowest figure derived	National park would be meeting the needs of a wider area, not local need. May not be possible to accommodate without harm to environmental assets The Greater Exeter Strategic Plan is not seeking to meet any of its housing need

				from CLG methodology due to the dilution of the high South Hams figure with high affordability ratios	in the National Park so this is unnecessarily high.
EA1a	**Edge analytics** SNPP 2014 at 73 dwellings pa with 10% market signals uplift	1,606	80	Makes the Edge forecast policy compliant with lowest level of market signal uplift Would halt population decline	Neither the Plymouth nor Exeter SHMAs use SNPP in their OAN calculations. Using Dartmoor's share of SNPP wouldn't be consistent. Using this forecast is not consistent with local population characteristics.
EA1b	**Edge analytics** SNPP 2014 at 73 dwellings pa with 20% market signals uplift	1,752	88	Makes the Edge forecast policy compliant with level of market signal uplift consistent with rest of Plymouth HMA area. Would halt population decline	Neither the Plymouth nor Exeter SHMAs use SNPP in their OAN calculations. Using Dartmoor's share of SNPP wouldn't be consistent. Using this forecast is not consistent with local population characteristics.
EA1c	**Edge analytics** SNPP 2014 at 73 dwellings pa with 30% market signals uplift	1,898	95	Makes the Edge forecast policy compliant with a market signals uplift Would halt population decline	Neither the Plymouth nor Exeter SHMAs use SNPP in their OAN calculations. Using Dartmoor's share of SNPP wouldn't be consistent. Using this forecast is not consistent with local population characteristics. Such a high percentage uplift might overstate local market conditions.
EA2a	**Edge analytics** long term migration trend at 23 dwellings pa at 10% market signals (13 years)	506	25	Uses localised migration flows and treats the needs of the NPA as distinct from the wider area. Makes the Edge scenario policy compliant with a market signals uplift	Results in continuing declining and ageing population based on current trends but this could/should be addressed through converting the OAN into a policy-on Local Plan target. At levels this low, difficult to address specific types of need or uplift for market signals. Won't comply with an expectation from the Plymouth joint local plan distribution strategy to accommodate 600 dwellings
EA2b	**Edge analytics** long term migration trend at 23 dwellings pa at 20% market signals (13 years)	552	28	Uses localised migration flows and treats the needs of the NPA as distinct from the wider area. Makes the Edge scenario policy compliant with a market signals uplift	Results in continuing declining and ageing population based on current trends but this could/should be addressed through converting the OAN into a policy-on Local Plan target. At levels this low, difficult to address specific types of need or uplift for market signals. Won't comply with Plymouth joint local plan distribution strategy to accommodate 600 dwellings
EA2c	**Edge analytics** long term migration trend at 23 dwellings pa at 30% market signals (13 years)	598	30	Uses localised migration flows and treats the needs of the NPA as distinct from the wider area. Makes the Edge scenario policy compliant with a market signals uplift	Results in continuing declining and ageing population based on current trends but this could/should be addressed through converting the OAN into a policy-on Local Plan target At levels this low, difficult to address specific types of need or uplift for market signals. Won't comply with Plymouth joint local plan distribution strategy to accommodate 600 dwellings
EA3a	**Edge analytics** 10 year migration trend	484	24	Uses localised migration flows and treats the needs of the	Results in continuing declining and ageing population based on current trends but this could/should be

	at 22 dwellings pa at 10% market signals			NPA as distinct from the wider area. Makes the Edge scenario policy compliant with a market signals uplift Is consistent with HMAs' OAN calculations and CLG advice for using 10 year trends	addressed through converting the OAN into a policy-on Local Plan target. At levels this low, difficult to address specific types of need or uplift for market signals. Won't comply with Plymouth joint local plan distribution strategy to accommodate 600 dwellings
EA3b	**Edge analytics** 10 year migration trend at 22 dwellings pa at 20% market signals	528	26	Uses localised migration flows and treats the needs of the NPA as distinct from the wider area. Makes the Edge scenario policy compliant with a market signals uplift Is consistent with HMAs' OAN calculations and CLG advice for using 10 year trends	Results in continuing declining and ageing population based on current trends but this could/should be addressed through converting the OAN into a policy-on Local Plan target. At levels this low, difficult to address specific types of need or uplift for market signals. Won't comply with Plymouth joint local plan distribution strategy to accommodate 600 dwellings
EA3c	**Edge analytics** 10 year migration trend at 22 dwellings pa at 30% market signals	572	29	Uses localised migration flows and treats the needs of the NPA as distinct from the wider area. Makes the Edge scenario policy compliant with a market signals uplift Is consistent with HMAs' OAN calculations	Results in continuing declining and ageing population based on current trends but this could/should be addressed through converting the OAN into a policy-on Local Plan target. At levels this low, difficult to address specific types of need or uplift for market signals. Won't comply with Plymouth joint local plan distribution strategy to accommodate 600 dwellings
EA4a	**Edge analytics** short term migration trend at -1 dwelling pa at 10% market signals (6 years)	0	0	Uses localised migration flows and treats the needs of the NPA as distinct from the wider area. Makes the Edge scenario policy compliant with a market signals uplift	Results in continuing declining and ageing population based on current trends – results in a negative forecast of minus 1 dwelling uplifted with market signals. But this could/should be addressed through converting the OAN into a policy-on Local Plan target. At levels this low, difficult to address specific types of need or uplift for market signals. Won't comply with Plymouth joint local plan distribution strategy to accommodate 600 dwellings
EA4b	**Edge analytics** short term migration trend at -1 dwelling pa at 20% market signals (6 years)	0	0	Uses localised migration flows and treats the needs of the NPA as distinct from the wider area. Makes the Edge scenario policy compliant with a market signals uplift	Results in continuing declining and ageing population based on current trends – results in a negative forecast of minus 1 dwelling uplifted with market signals. But this could/should be addressed through converting the OAN into a policy-on Local Plan target. At levels this low, difficult to address specific types of need or uplift for market signals. Won't comply with Plymouth joint local plan distribution strategy to accommodate 600 dwellings

EA4c	**Edge analytics** short term migration trend at -1 dwelling pa at 30% market signals (6 years)	0	0	Uses localised migration flows and treats the needs of the NPA as distinct from the wider area. Makes the Edge scenario policy compliant with a market signals uplift	Results in continuing declining and ageing population based on current trends – results in a negative forecast of minus 1 dwelling uplifted with market signals. But this could/should be addressed through converting the OAN into a policy-on Local Plan target. At levels this low, difficult to address specific types of need or uplift for market signals. Won't comply with Plymouth joint local plan distribution strategy to accommodate 600 dwellings
HMA1	**Plymouth and South Hams SHMA** Dwelling growth as a share of the Plymouth and SW Devon HMA overall	1,351	66	Is consistent with the Plymouth SHMA Meets the Plymouth JLP distribution strategy Will prevent population decline with a degree of rebalance	The NPA would be accommodating a greater proportion of growth from across SW Devon Level of growth is not consistent with local population characteristics. Would not fully address aging population issues Doesn't address Greater Exeter SHMA
HMA2	**Plymouth and South Hams SHMA** Dwelling growth as a share of the Plymouth and SW Devon need for West Devon and South Hams	1,994	100	Is consistent with the Plymouth SHMA Meets the Plymouth JLP distribution strategy Will halt population decline and re-balance population with in-migration	Limiting the share to West Devon and South Hams would mean accommodating a greater proportion of growth. Level of growth is not consistent with local population characteristics. Doesn't address Greater Exeter SHMA May not be possible to accommodate without harm to environmental assets
HMA3	**Plymouth and South Hams SHMA** Dwelling growth as a share of the Plymouth and SW Devon HMA overall extrapolated for the rest of the Dartmoor NPA	2,364	118	Is consistent with the Plymouth SHMA Meets the Plymouth JLP distribution strategy Will halt population decline and re-balance population with in-migration	would mean accommodating a greater proportion of growth from a wider area. Level of growth is not consistent with local population characteristics. Doesn't address Greater Exeter OAN proposal not to meet housing need within the NPA. May not be possible to accommodate without harm to environmental assets
HMA4	**Plymouth and South Hams SHMA** Dwelling growth as a share of the Plymouth and SW Devon HMA need for West Devon and South Hams extrapolated for the rest of the Dartmoor NPA	3,490	174	Is consistent with the Plymouth SHMA Meets the Plymouth JLP distribution strategy Will halt population decline and re-balance population with in-migration	would mean accommodating a greater proportion of growth from a wider area. Level of growth is not consistent with local population characteristics. Doesn't reflect Greater Exeter OAN proposal not to meet housing need within the NPA. May not be possible to accommodate without harm to environmental assets
	Dwelling led scenarios not reviewed by ORS 2015-2035 - deemed Policy-On				
POn1	**Edge analytics** dwelling led approach at 80 dwellings pa	Exeter 35pa	Plymouth 45pa	Meets the Plymouth JLP distribution strategy and any windfall allowance from Exeter HMA Will halt population decline and re-balance population with in-migration	Not compliant with the OAN methodology as it takes supply into account Doesn't reflect Greater Exeter OAN proposal not to meet housing need within the NPA. May be difficult to deliver based upon historic levels

POn2	**Edge analytics** dwelling led approach at 50 dwellings pa	Exeter	Plymouth	Broadly meets the Plymouth JLP distribution strategy and Exeter HMA Will prevent population decline, maintained at current levels Deliverable and consistent with current housing target	Not compliant with the OAN methodology as it takes supply into account Doesn't reflect Greater Exeter OAN proposal not to meet housing need within the NPA. Would not address any need to rebalance an aging population.
		22pa	28pa		
POn3	**Edge analytics** dwelling led approach at 30 dwellings pa	Exeter	Plymouth	Would meet any windfall allowance from Exeter HMA Provides a level of growth consistent with local population characteristics.	Doesn't meet JLP distribution strategy Not compliant with the OAN methodology Doesn't reflect Greater Exeter OAN proposal not to meet housing need within the NPA. Would result in population decline and an aging population
		13pa	17pa		

7.1 The study team's assessment is that it is a requirement for every LPA to objectively assessed housing need. However, there is unlikely to be an expectation that this necessarily translates into a requirement into a housing target or allocated sites within areas of high environmental quality and policy constraint such as National Parks.

ORS concluded as follows:

"Based upon current local evidence contained in the demographic forecasts study and also on the current PPG we would suggest that the most appropriate OAN for Dartmoor NPA is around 25-30 dwellings per annum based upon long-term migration scenarios and a significant market signal uplift. While this figure would be lower than that obtained from apportioning the needs of the wider HMAs set out in the Plymouth and South West Devon SHMA, it would be consistent with the local needs for Dartmoor NPA".

However, they also go on to make clear that the OAN is only the starting point for considering a housing number. Policy drivers for additional homes in the Park might include

- the need to address the ageing and declining population
- the ability to use additional value generated from market housing to fund and deliver local needs housing and address the affordable housing needs deficit
- a potential requirement for additional homes to support forecast job growth
- Set against this, an assessment of environmental capacity might result in more limited scope to accommodate additional housing without a detrimental upon the Park's environmental assets.
- The distribution strategy also needs to be able to accommodate a majority of new homes within the local centres.
- Similarly, delivery capacity and site opportunities may be limiting factors.

7.2 In summary, the debate becomes one about the role of the Park; whether it should focus solely on its own localised migration trends and natural population

change which -as the Edge Analytics work demonstrates- will result in population decline over the plan period. Or whether the broader statutory purposes of the National Park and its size and scale should recognise the need to take into account a more strategic share of growth across the HMA.

To formulate a housing requirement – and potentially a decision to allocate sites within the Plan- it will be necessary for the NPA to consider the merits of each demographic scenario.

7.3 However, this report recommends consideration of a housing requirement of between 50 and 80 homes per annum. This is primarily to reflect the critical need to improve sustainability and community balance with an aging population. In addition, the size and scale of the Park mean that, without adequate delivery, local housing needs cannot be met in a meaningful way across 50 parishes and 8 local centres. Historic completion rates of 50 dpa are demonstrably deliverable. It may be that, in addition, the DNPA sets out a policy aspiration to deliver an additional 30 homes per annum through its community need sites, subject to housing need, community support and site availability.

Alternatively, further work on the distribution strategy and land availability, might determine a suitable dwelling requirement which is some way short of this, falling within the range of 50 to 80 dwellings.

7.4 At the time of this study, the outcome of the examination of the Plymouth and South West Devon joint local plan is not yet known. However, it remains likely the a proportion of the plan's total OAN, will continue to include an allowance of 600 dwellings, based on historic rates of supply at 31 dwellings pa. If this is accepted by the inspector, it is further support for an OAN which is at least consistent with one of the HMA based scenarios completed for this study, with HMA1 (accepting dwelling growth as a share of the Plymouth and SW Devon HMA overall) being the only one which falls within this 50-80 range at 66 DPA.

8.0 Future job growth and economic forecasts

8.1 Planning Practice Guidance emphasises the importance of aligning numbers for housing and employment growth. It requires that job and economic growth are taken into account in considering housing need and overall housing numbers. *"Plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area"*. It therefore emphasises that such assessments should be undertaken at Housing Market and not local planning authority level.

8.2 Both HMA areas (Plymouth and Greater Exeter) have included and tested a range of economic forecasts at HMA level. They have appeared to adopt an approach fully in accordance with PPG and The Planning Advisory Service technical advice note on Objectively Assessed Need and Housing Targets. Bespoke forecasts have been commissioned using the preferred demographic projections as key inputs (in the case of both HMAs, local migration projections prepared by Devon County Council using popgroup software). Work by Experian commissioned by Peter Brett Associates confirms that both population and employment models used consistent assumptions which link employment to population (participation rates, double jobbing commuting etc).

8.3 In Exeter, a series of similar employment-based housing projections were commissioned from Hardisty Jones. Based on two economic models, from Experian and Cambridge Econometrics, the forecasts were prepared using DCC population projections to ensure consistency with the trend-based dwelling projections. A series of additional, employment forecast scenarios were also produced following stakeholder discussions and reflected positive outlooks for certain sectors. The technical work to update the SHMA is not yet complete. However, the most recent technical note issued for consultation recommends the adoption of one of the alternative scenarios reflecting the highest level of job growth. This results in an employment based dwelling projection of 2,500 homes per annum.

8.4 As part of the Hardisty Jones study, additional work and outputs were commissioned for the whole National Park geography, not just that element within the Exeter HMA area. Key points of the DNPA element of the study are as follows:

- In terms of job sectors, there is high concentration in Mining & Quarrying, Construction, Accommodation & Food, and Real Estate. Manufacturing, Wholesale & Retail, Finance & Insurance are less concentrated
- The Park's economic aspirations set out within the management plan are centred upon *supporting appropriate economic growth rooted in the quality of landscape and place, increasing productivity through the development of the National Park productivity network and rural enterprise zone, increasing international tourism, and further developing a strong food and drink offer*.
- Three models were run for the whole National Park area from Cambridge econometrics, Experian and a hybrid scenario.
- Experian forecast an increase in employment of 1,060 over the period 2015-40, a 10% increase. Over the same period Cambridge Econometrics (CE) forecast growth of 2,400, 24% growth. The CE forecast is substantially higher than Experian.
- A hybrid or average scenario has been prepared using the two baseline forecasts. This provides a 'middle ground' taking account of the differing modelling approaches used by the two forecasters.
- The hybrid scenario forecasts growth of 2,200 net additional jobs over the 25-year period. This equates to approximately 85 jobs per annum and around 18% growth over the entire period.
- The table below sets out employment change by sector. It is clear that the CE forecast includes much greater growth in the construction sector, with notably higher employment growth also forecast for wholesale & retail, accommodation & food services, information & communications, business services, education and other services.
- Differences in growth forecasts for the construction sector are a large part of the difference between the two forecasts overall.

Employment Change by Sector 2015-40 (based on FTE jobs)

Agri, Forestry & Fishing	Experian -40	CE -40	Hybrid -40
Mining & Quarrying	-50	-120	-90
Manufacturing	-160	-110	-130
Utilities	10	0	0
Construction	140	830	480
Wholesale & Retail	80	190	130
Transport & Storage	70	-30	20
Accommodation & Food Services	350	440	390
Information & Communications	40	180	110
Finance & Insurance	0	10	10
Business Services	170	370	270
Public Admin	-70	20	-30
Education	40	100	70
Health	330	230	280
Other Services	140	290	210
Total	1,060	2,370	**1,710**

Table 4,employment change by sector, Appendix 8, Dartmoor National Park forecasting results, Hardisty Jones 2017

The other significant finding is that the largest growth in employment is within those activities which are either home based or do not require direct provision of space (e.g. itinerant workers).

	Experian	Cambridge econometrics	hybrid
Home based and itinerant worker activities	330	1,110	720
TOTAL ALL SECTORS	1,070	2,390	1,730
Percentage of all sectors	31%	46%	42%

Table 5: employment change by Use Class (based on FTE jobs) Hardisty Jones Associates, 2017

8.5 In the Plymouth HMA, two job growth and economic forecasts were prepared by Experian. One is based upon the SNPP 2014 projections and the other, 10 year migration trend modelled by Devon County Council using historic migration flows (which is the preferred dwelling growth scenario for the HMA). The results of the Experian baseline scenario (based on standard employment projections) compared with the local 10 year migration trend scenario concluded that the 10 year migration trend for the HMA increases the HMA population by 7,700 more than the Experian baseline economic projection for job growth. Increases in population generate a larger labour supply and potentially the unemployment rate (as demand for local services increases at a slower rate that the labour supply generated from an increasing population). The study therefore concludes that there is no economic case for uplifting the demographic scenario but also for adjusting the housing number downwards, given that employment growth is only one driver for housing need and given the *"ambitions of the city for assertive economic development interventions"*.

8.6 Impact on Dartmoor National Park

Clearly, increases in employment would be expected to have an impact on demographic projections locally because jobs need to be filled by labour. A net increase in employment could therefore retain a local workforce, reducing local outmigration or additionally lead to an increase in the in-migration of labour. In considering how the Park ought to respond to the Hardisty Jones report, the following points need to be borne in mind.

- Whilst the study has provided a separate estimate for the DNPA, the PPG and PAS national guidance are clear that job and economic growth forecasts should be conducted at HMA area / functional economic areas and not individual districts or planning authorities. Many people travel to work across these administrative boundaries so planning for each individually will not produce the most sustainable balance of jobs and homes. Of course, the estimate is for the whole Park area, covering both HMAs.

- In the case of the Plymouth and SW Devon JLP, their preferred demographic scenarios have not been uplifted further to respond to forecasts of employment growth. This is because the economic forecasts result in 7,700 fewer homes than the recommended demographic housing requirement. Given that there is a current agreement for the NPA to provide for 600 dwellings from within the HMA, this figure therefore, is already a proportion of the dwelling growth requirements for the HMA, taking into account employment growth within the Plymouth HMA.

- Work upon the GESP dwelling projections and employment forecasts is on-going. However, whilst the Exeter GESP is proposing a housing requirement based upon the higher level of employment based dwelling projections, the Greater Exeter authorities are still not proposing that the NPA accept a proportion of this. This suggests that The Greater Exeter Strategic Plan are proposing that job growth will be accommodated within the wider HMA.

8.8 In examining the housing implications of additional economic growth within the Park, it will be important to consider the extent to which the anticipated additional growth does indeed result in an additional dwelling requirement. For example, the potential scope for recalling commuters. Census data in relation to commuting flows included in the Edge Analytics work show the Park as an area with a net out-commute ratio of 1.24 (apart from South Hams which shows a net in-commute at a ratio of 0.92). However, it may nonetheless be the case that 63% of people who work in the Park also live there. 50% of those resident in the Park work there but a further 23% work in the rest of the constituent local authority areas (South Hams, Teignbridge, West and Mid Devon).

8.9 Additionally, with over 30% of growth forecast to be from those individuals working from home, whether these needs will simply be accommodated within the existing dwelling stock. Indeed, whether there will be sufficient local workers to service a jobs growth of close to 100 FTE annually. The demographic analysis of the Park (based on SNPP 2014 household growth by age of household representative) shows a decline in all age groups within the working age

population. Only those age groups of 65 and above show positive growth with very pronounced growth amongst those aged 85+ of 141% over the plan period.

8.10 To fit the demographic projections to economic activity rates and then assess how many more dwellings are needed in the area would be a significant piece of work which, given the position of both strategic HMA areas and the policy decisions the NPA may wish to make about the demographic projections, might be unnecessary.

9.0 Market Signals

9.1 Paragraph 19 of the Planning Practice Guidance requires that: "*the housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings*". The market signals referred to within the PPG include price signals:

i. land prices
ii. house prices rents and affordability
iii. delivery / rate of development
iv. homeless and overcrowding.

i. Neither HMAs have data or consider **land prices**

ii. **house prices, rents and resulting affordability**

There is a considerable degree of variation in the way in which external market and macro-economic constraints can be applied through this process. Significantly, work for both HMA areas has adopted significantly different approaches. In particular, in the way in which they respond to price signals. There are affordability pressures across the two HMA areas, especially in the South Hams district but also in areas such as Teignbridge. Across the Greater Exeter area, the OAN review notes that house prices are 20% higher than England and rents 15-20% higher. Despite this, they conclude that given that house prices and affordability have remained relatively constant, there is no justification for an increase in supply, especially given that both the demographic and jobs-led projections indicate objectively assessed need being significantly above past performance. In Greater Exeter, therefore no market signals uplift is applied for affordability.

In the Plymouth HMA a percentage market signals uplift is applied as a percentage range for each local authority area, reflecting their differences in supply and affordability factors. Uplifts based upon the CLG proposals for house price ratio uplifts indicates a significant uplift of 25%, 20% and 10% are required for South Hams, West Devon and Plymouth. Uplifts based on considering rental affordability ratios are more modest. The topic paper proposes market signal uplifts based upon the higher house price to earnings ratios.

iii. Supply

The GESP reviewed delivery performance within the Exeter HMA over the past 5 year period (post recession). It noted that completions have been 6% below the applicable targets across the Greater Exeter area, although very recently completions had been above target. The NPPG refers to the need to increase supply (rather than objectively assessed need per se) to reflect this issue. Accordingly, it is recommended that a "flexibility allowance" of at least +6% is applied to the GESP. Under this proposal, supply (allocations, commitments and

forecast windfalls) should be set to 6% higher than the bare OAN figure.

In the Plymouth HMA, the PBA report reviewed completions and permitted sites with planning permission as a measure of land supply. They reviewed trends across the 10 year preferred migration trend for 2013-2034. In general poorer delivery within Plymouth was largely accounted for by weak market demand, given the supply of consented sites. Conversely, South Hams in particular performed much worse than expected. Even after the impact of poor delivery at the new urban extension of Sherford is taken into account, there is less certainty that this is mainly as a consequence of weakened market and evidence that supply had been over constrained during the plan period and therefore there ought to be an uplift for undersupply.

In the National Park area, completions remain above local plan targets. Over the past 5 years, the Annual Monitoring Report demonstrates an average over supply of 10 units, against the Local Plan target and an adequate 5 year land supply.

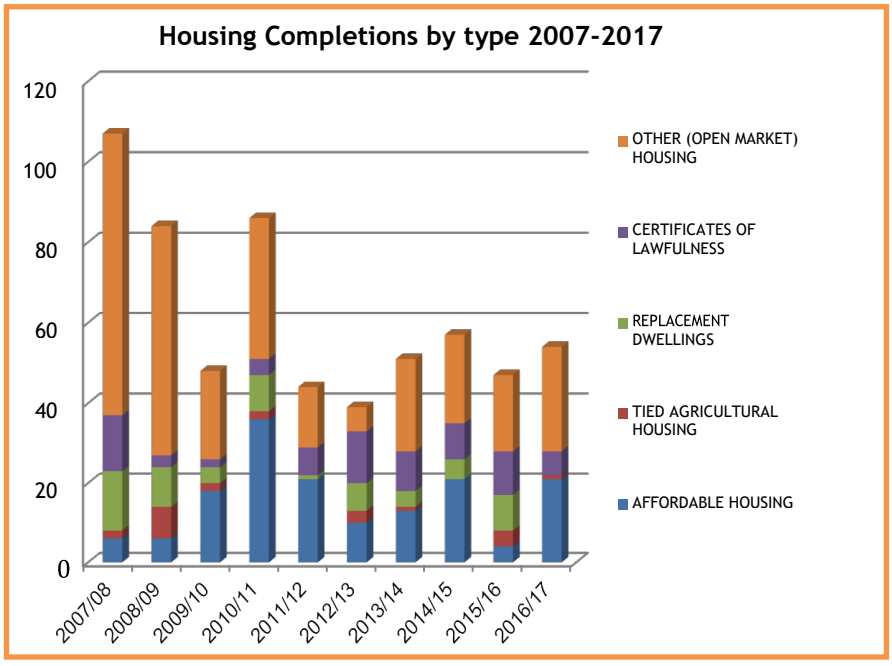


Figure 2: housing completions by type. Source: DNPA

Perhaps of more concern is the proportion of new residential uses which derive from Certificates of Lawfulness. 50 Certificates of Lawfulness were issued from 2011-12 to 2015-16. This accounted for over 20% of completions. Affordable housing completions, however, are also increasing as a proportion of new homes.

Five year land supply calculation

	No.
Current units with permission (assuming 3% non-implementation rate)[3]	118
Current units under construction[4]	95
5 year plan target total +5%[5]	265
5 year housing land supply (total)[6]	466

Table 6: five year land supply, DNPA

iv. Overcrowding and homelessness

The Plymouth SHMA review (2017) concludes that overcrowding is at very low levels and there were significant reductions in both homelessness and temporary accommodation rates between 2005 and 2013. However, the SHMA report makes no comment as to the extent to which this is due to national housing and welfare policy changes, rather than falling need per se.

Rather than relying upon census data to consider overcrowding across the entire housing stock, the Exeter SHMA instead considers evidence of overcrowding derived from households in housing need on the housing register lacking at least 1 bedroom. This is applied as an annualised rate over the plan period – 1,928 overcrowded households resulting in a +96 dwelling uplift per annum.

9.2 Market Signals – Implications for the DNPA

Both strategic HMAs have made quite different assumptions and responses to potentially adverse market signals. In general the conclusion is that market signals across the SHMAs are mixed. Affordability pressures, especially in the South Hams and West Devon do indicate market stress requiring some uplift. However, homelessness and temporary accommodation are not critical factors anywhere in the area. Similarly, overcrowding is well below national and regional levels.

The Local Plans Experts Group sets out a proposed set of uplift formulae to make an adjustment to the dwelling requirement (post vacancy rates) to reflect adverse market signals. There are some questions about how the recommended thresholds/uplifts in relation to affordability work. For example, affordability ratios are based on an individual full time income, whereas many households have more than 1 earner to contribute towards housing costs. In addition, the rental affordability ratio may be very different for properties with numbers of bedrooms. There is a danger therefore that affordability pressures could be overstated.

The Local Plans Expert Group benchmarks are as follows: recommends the following market signals adjustments for affordability:

- *where the House Price Ratio is less than 5.3 and Rental Affordability Ratio is less than 25%, no uplift is required*
- *Where the HPR is at or above 5.3 and less than 7.0, AND/OR the RAR is at or above 25% and less than 30%, a 10% uplift should be required*
- *Where the HPR is at or above 7.0 and less than 8.7 AND/OR the RAR is at or above 30% and less than 35%, a 20% uplift should be applied; and*
- *Where the HPR is at or above 8.7, AND/OR the RAR is at or above 35%, a 25% uplift should be applied"*

Based on their guidance, a 10% uplift is justified by the levels of affordable housing need in the National Park area but if house prices affordability ratios are considered, in parts of the Park, the LPEG recommendation would result in a market signals uplift nearer 25%. Summarised below is a table of the adjustments made at HMA level and what the comparative adjustment for the NPA would be:

Market Signal		Possible uplift?	Adjustment
AMR monitoring shows that there is an annual over supply of 10 units above plan targets in the last 5 years and therefore not evidence of under delivery		N	-
Homelessness and temporary accommodation – there are 5 households in bands A-D with a connection to the Park in temporary accommodation.		N	-
Affordability – measured as 3 year average house price ratio across NPA LA areas			
	House price ratio 3 year average		
South Hams	11.73	Y	25%
Teignbridge	8.94	Y	25%
West Devon	9.27	Y	25%
Affordable housing need		?	10%

Table 7: Devon Home Choice, CLG, LPEG

9.3 However, as we have observed above, percentage adjustments to reflect market signals is a limited policy tool in areas with very low OAN numbers. For example, under the scenario of housing need based upon a 10 year local migration trends, the annual housing requirement would be 22. Applying a significant 30% uplift to reflect house prices and affordability pressures would result in an additional 7 dwellings per annum against a local population of 34,000.

9.4 Currently, new draft planning practice guidance is the subject of consultation and proposes a simplified approach to adverse market signals. A formula – a local "adjustment factor" is to be applied to household projections in those areas where affordability ratios rise above 4. Ratios are measured with reference to median full time earnings and house prices rises. There is, again, no reference to vacancy rates or other market signal pressures. The outcome of the consultation is not yet known and national parks are not bound to the methodology. However, this would generally result in elevating numbers slightly higher than in the LPEG calculations.

10.0 Affordable Housing Need within the OAN

10.1 As the *Objectively Assessed Need and Housing Targets Technical Advice Note* (PAS, July 2015) makes clear, an OAN and an assessment of affordable housing need are separate calculations and there are differences between them.

10.2 Fundamentally, the affordable housing calculation includes a calculation of those currently in need whilst this is excluded from the overall OAN calculation. In addition, the OAN estimates the number of net *new homes* required to meet the needs of *new* households. In contrast, affordable housing need often includes existing households living in existing homes which are unsuitable. Even if a household's need can only be met by moving to a new home, the vacancy created by their move is freed up for another household thus netting off the need for an additional home.

10.3 National Planning Policy Framework (NPPF) paragraph 159, refers to the preparation of a SHMA to provide a clear understanding of housing needs, working with other authorities across the Housing Market Area. The SHMA should identify the scale and mix of housing and the range of tenures that the local population is likely to require over the plan period. Principally, they include calculations of affordable housing need and address the needs of special populations and other

groups. The affordable housing need figure is not a component of the OAN but follows on from it. It is calculated using a different methodology.

10.4 However, understanding affordable housing need remains a critical element of plan making, especially for National Parks where the NPPF and guidance are clear that the primary focus should be on housing to meet such local need, rather than as a suitable location for market housing.

10.5 An affordable housing assessment has four key stages; estimating those currently in need, adding an estimate for future need which is expected to arise over the plan period (taking into account those new households unable to afford the lowest entry level price for market housing). The current and future supply of affordable housing is then deducted to determine net housing need. Typically this is then converted into an annual flow. In accordance with the NPPG (paragraph 021) it breaks further down the overall OAN into the individual household typologies and sets out the size and tenure of housing required.

10.6 The Park sits within 4 local authority areas and these, in turn are within two housing market areas centred upon the two cities of Exeter and Plymouth. Both housing market areas have SHMA studies completed within the last four years. In addition, to aid their own Local Plan preparation, both have also undertaken work to update their SHMA studies during 2017 and produced OAN assessments (this is at a first draft technical paper stage in the case of Exeter).

10.7 Each of the relevant SHMA studies adopts a stand-alone model to calculate affordable housing need, which is in accordance with relevant guidance. Although HDH Planning and Development's SHMA report (2017) provides the most up to date report for the South Hams and West Devon elements of the NPA, only two studies attempt to model some outputs at the NPA geography, albeit only for those parts of the Park within the respective districts of the HMA area. The GVA Grimley study for the Plymouth HMA (2013) provides an affordable housing calculation for the South Hams and West Devon areas of the Park. The David Couttie Associates Study (2015) undertakes a similar assessment for the areas of the Park within the Teignbridge district which are part of the Greater Exeter SHMA. The table below attempts to set out *broadly comparable* outputs for the 3 LA areas across the two reports.

Table 8: Comparison of the DNPA SHMA geography affordable housing calculations

Key stages : affordable housing need calculation	DCA report (Teignbridge areas of DNPA)	GVA Grimley (South Hams and West Devon areas of the DNPA)
Homeless households in temporary accommodation	0	1
Over crowded and concealed households (bands A-D)	171	185
Other groups (transfers)		36
Total current need	171	150
Units occupied by transfer applicants	61	(36)
Surplus stock	0	0
Committed supply of new affordable homes	40	7
Units taken out of management	0	(4)
Total stock available	**101**	**3**
Shortfall to meet current need	14 pa (70 over 5 years)	29 pa (147 over 5 years)
annual household formation	50	143
Percentage unable to access market housing	40%	53%
Existing households falling into need (lettings in bands A-D in other tenures)	72	10
Total newly arising need	**92**	**86**
Annual supply of rented re-lets for other tenures	45	30
Annual supply of intermediate dwellings	3	2
Annual supply	**48**	**32**
Net new need (annualised)	44	54
Shortfall to meet backlog	14	29
Total net annual affordable housing need	**58**	**83**

10.8 It is not possible to conclude that the total net affordable housing need requirement in the Park would fall within the range of these two figures added together - they are not comparable in a number ways. Apart from the fact that the data used are two years apart, a significant number of the assumptions vary across the stages of the calculation including supply, household formation rates and affordability.

10.9 Taking these two estimates together, would generate estimates of annual affordable housing need in excess of 140 homes. Whilst making changes to any of the assumptions could adjust these numbers either up or down, in general, an updated assessment would be likely to result in a *lower* estimate of housing need for several reasons.

1. Newly arising housing need is a function of (calculated as a percentage) the overall estimate of household formation. The household formation rates in the two studies are significantly higher than the levels of household formation/ overall dwelling requirement currently being anticipated for the Park.

2. Committed affordable housing supply has increased in the DNPA area, largely as a result of more robust planning policies.

3. It is not clear that the models have sought (and if so, how) to adjust housing register data to reflect current local connections policies in the Park and therefore, backlog need numbers are potentially overstated.

11.0 Possible Adjustments to the Affordable Housing Calculation

11.1 As is made clear in the report's introduction, this technical paper was tasked with reviewing existing data sets and reports to determine whether they are sufficiently robust to support the development of an OAN and an affordable housing need target. It is not intended to produce a SHMA.

11.2 However, it is relatively straightforward to draw upon secondary data sources from the housing register (Devon Home Choice) to establish a comparable backlog need figure. In addition, whilst there is constant churn amongst home choice applicants, rural housing applicants with local connections typically remain at more stable levels. Notwithstanding the elapse of time and the different methodologies, a backlog (current) affordable housing need calculation, based on similar data sources, is therefore likely to be at very comparable levels to the two previous studies covering the HMA geography as set out in the above table.

11.3 Using data from Devon Homechoice, a simple calculation can be derived from housing register data to consider backlog need:

A	Estimate of Local Housing Need	396
B	Total live applicants living in a Dartmoor postcode sector	1,038
C	Total live applicants working in a Dartmoor postcode sector	517
D	households living or working in Dartmoor with an alternative preferred LA area (excluding not known)	622
E	applicants in Band E	357
F	applicants living at their current address for less than 3 years	180

Table 9: Estimate of local housing need: A= B+C-D-E-F

11.4 Existing social housing tenants are then excluded to arrive at a net current need. The table below provides a summary of recent affordable housing calculations covering the NPA area and represents the first stage of a housing needs calculation. In table 10 below, all the backlog need calculations from all the previous studies at varying geographies are compared. The calculation from the Greater Exeter plan is also included for completeness. The key difference highlighted is that both the Plymouth and Exeter HMAs are now seeking to meet all backlog need over the 20 year plan period. This is a pragmatic response to high levels of housing need.

11.5 The calculation above produces an existing or backlog need for the DNPA for 34 affordable homes per annum, met over a five year period (171 homes). This would be broadly comparable with the backlog need figure for the two HMAs with equivalent geography, given the caveats set out, especially the fact that it is not clear whether a local connection limit was used in the previous studies. Also significant to note is the proportion of transfers within the current unmet need for housing which has increased since previous studies. As the need figure

currently estimated is an achievable figure for the NPA, there is not necessarily any justification for meeting backlog need over a longer period. However, it will depend upon the remainder of the calculation (which is derived from the dwelling growth rate) and therefore yet to be concluded.

Table 10: comparative backlog need calculations

Existing / backlog need	GVA DNPA (south hams and west Devon) 2013 PARK	EXETER SHMA Teignbridge and Mid Devon DCA 2014-15 PARK	(South Hams) HDH 2017	West Devon) HDH 2017	GESP (Teignbridge) DCC 2017	DNPA combined affordable housing needs assessment
Homeless households	1	0	n/a	n/a	67	1
Over crowded and concealed households			n/a	n/a	1971	
Housing register A-D	185	171	n/a	n/a		396
Transfers	36	61	n/a	n/a	645	156
TOTAL NEED	150	110	687	295	1,393	241
Surplus stock (long term vacants)	0	0	n/a	n/a	0	0
Committed AH supply	7	40	n/a	n/a	Calculated as part of total supply, later in the model	70
Units to be taken out of management	4	0	n/a	n/a		0
TOTAL STOCK AVAILABLE	3	101	451	271		70
Shortfall to meet current need (annual) (5 years,10 years,20 years)	29 (147)	14 (70)	**13* (236)**	**1* (24)**	69* (278,139)	34 (171,13,8)
* 2017 calculations assume backlog need is met over 20 years						

1. all band E applicants have been excluded from the calculations
2. The level of transfers in the calculation has increased. This appears to be caused by a backlog of need for larger houses suggesting longer term overcrowding. Transfers are deducted from the need figures because they both create need and a vacancy as households move.
3. There is a higher number of recent planning permissions for affordable housing creating a higher level of commitments. Important to note that 40% of these commitments are on a single large development site with delivery over a number of years.
4. The DNPA calculation is estimated to meet the backlog over a 5 year period. Thus is in contrast to the current SHMA proposals for Plymouth and Exeter.

11.6 Local Connection and Eligibility

Testing the eligibility of local households using housing register data is an important consideration, given the authority's National Park status where the primary provision is local needs housing. The figures used for backlog need apply a three year residency measure. Further, they exclude households who are eligible to be considered for housing in the Park area but their areas of preference are unknown or outside the Park area, potentially, therefore, excluding some eligible households.

11.7 Households working in the Park area

Data have been provided for a combined number of households who have a local connection (either through living in the Park or working in the Park). This increases the level of households in need significantly, almost four times the annual number of resident households in need. Unsurprisingly, the incomes for this group are typically higher as, by definition, it excludes economically inactive and retired applicants. Details of the incomes by house type are included in the report appendix and could be a useful data set in determining scope for

intermediate products in future policy development. Using this combined figure would generate an annual requirement very much at the upper end of the range and to provide for this need in full would require well over 100% of the annual dwelling requirement to be affordable in all of the modelled scenarios. But it is a policy issue, which DNPA ought to consider carefully, given the eligibility of these households for affordable housing products in the Park.

11.8 Calculating future affordable housing need

Calculating backlog need is only part one of an affordable housing calculation. The second element of the calculation, assessing future need, is far more problematic for the DNPA to consider within the existing data sets.

11.9 The first challenge is in considering household projections at the Park's geography. Table 3 in the report summarises the 11 scenarios which have been considered as a policy basis for establishing an OAN. These have been adjusted to ensure broad comparison as far as possible. But as is noted, some are dwelling rather than household based. Adjustments have been applied to reflect vacancy rates and market signals but this has not always been possible to apply consistently (the affordable need calculation should be based on annual newly forming households not dwellings).

11.10 Secondly – and a key data gap for the Park - is the lack of income data for newly forming households and their ability to afford entry level market housing (in this study and, typically, lower quartile market rents). The commission of specific income data through CACI paycheck or a similar model is outside the scope of this study. However, income data and resulting affordability is an integral part of the analysis for the wider SHMAs. Both the HMA areas apply some paycheck data to calculate incomes within the constitute LAs of the NPA. It is reasonable to assume that income data for the three HMA local authorities of South Hams, Teignbridge and West Devon are reliable proxies for the National Park geography which lies within them.

11.11 Using data on the distribution of incomes is essential in forecasting the percentage of newly forming households unable to access market housing and therefore in determining future affordable housing need. (This is then combined with backlog need to establish a total overall requirement). The percentage applied, therefore, has a critical impact on the overall housing need estimate. The two studies at DNPA geography apply relatively high percentages. (53% and 40% of new households unable to access market housing). At higher levels, there is always the danger of overstating a lack of affordability for two income households. Other studies apply different percentages. The HDH study of objectively assessed need for the Plymouth and West Devon Plan assumes only 28.5% of new households are unable to access lower quartile rents. Work for the GESP assumes 35% across the HMA area and concluded there was very little difference between constituent local planning areas. (Although Teignbridge was higher at 37%).

11.12 Closely linked to this is the assumption, which is made on the percentage of income it is deemed reasonable for a household to spend on housing costs. There is no definitive methodology for calculating the affordability of private sector rents. PPG guidance recommends that rent should generally account for no more than 25% of gross household income (or 30% of net). However, a number of housing needs models sensitivity test this entry threshold to reflect the reality of

market conditions. This is often applied in markets under extreme housing pressure.

11.13 The HDH SHMA update for the Plymouth HMA area tests this affordability threshold for market rents as a percentage of 25,30 and 35% of gross income. The HDH standard model applies the 35% entry threshold and concludes that 28.8% of households would be unable to access market rents. A similar approach is followed in the work for GESP. However, it is important to note that these are city areas and are seeking to manage high levels of housing need. Based on the range of assumptions, it is proposed that it would be reasonable for the Park opt for a model based on the mid-point of 40%. Applying a percentage from one of the HMA studies enables modelling to be completed without additional income data being commissioned.

The table below summarises the percentages of newly forming households unable to access market housing which have been applied in the relevant studies for the park. These have been used to sensitivity-test the affordable housing need calculator which has been applied within this study and shows the impact on total annual need figures.

Total affordable housing need (annualised) met over 5 years	Lowest level of need: those living in the DNPA for at least 3 years					maximum local need living and /or working in the DNPA for 3 years				
	80 DPA	65 DPA	30 DPA	50 DPA	191 DPA	80 DPA	65 DPA	30 DPA	50 DPA	191 DPA
28.5% of new households unable to afford a LQ rent	25	22	12	17	58	78	76	65	71	112
35% of new households unable to afford a LQ rent	29	26	14	20	71	83	80	67	74	124
40% of new households unable to afford a LQ rent	33	30	15	22	80	87	84	69	76	134
49% of new households unable to afford a LQ rent	39	36	17	26	97	93	89	71	80	151
53% of new households unable to afford a LQ rent	42	38	19	28	105	96	92	72	82	159

Table 11: various market rent affordability assumptions for newly forming households (all SHMAs)

12.0 Proposed Alternative Affordable Housing Need Calculation

12.1 The study proposes that the Park use a simple calculator, developed for the Greater Exeter Strategic Plan as a proportionate approach to modelling some of the dwelling growth scenarios and to establish an affordable housing requirement for the Park. This is consistent with national planning guidance and Local Plan Experts group advice on the key stages of an affordable housing assessment. It will enable the Park to test the scenarios using locally derived housing register data. Where there are data gaps, it can apply default assumptions used in the other studies.

12.2 Outcomes from the calculator are shown in the following table for 4 dwelling requirement scenarios currently being considered for the local plan: delivering a local OAN of 30 dwellings per annum, or with housing requirements of 50, 65 and 80 per annum and finally, tested against the policy off dwelling number derived from the methodology established in the CLG consultation paper.

12.3 Outcomes

The backlog need calculation from the model is for 45 dwellings per annum to be met over a 5 year period. However, the total annual affordable housing requirement is lower than this figure. This is because newly emerging households in housing need are more than accommodated through the projected level of housing supply in the Park (and this is also without any data in relation to intermediate re-sales of which there will be some). This, in turn is a function of housing allocation policies which enable a relatively high proportion of the annual supply of re-lets to be available for this group. In addition, the model assumes a relatively healthy level of new affordable housing supply through commitments at 70 dwellings per annum. We recommend that this is sensitivity tested, due to the reliance of a small number of larger allocated sites and private sector intermediate housing products which can be slower to come forward.

The calculation has been sensitivity tested in the following ways

- 5 household growth scenarios have been tested
- Local housing need for both those living and those living and / or working in the Park
- 5 scenarios for the proportion of new households unable to access lower quartile rents.

12.4 The DNPA will be able to consider the impacts of a range of scenarios when they have determined the appropriate OAN for the Park, from which other outcomes will be derived. However, the extract highlights outcomes based on a 65 DPA policy, which it is understood may be the direction of travel for the Park as being in excess of historic delivery rates and necessary to meet affordable housing needs with an affordable housing percentage which is economically viable.

13.0 Summary of findings

13.1 Given the policy approach to National Parks and their statutory purposes, it is deemed that the Park is not generally a suitable location for unfettered market housing development. The Park's policy is instead, to facilitate housing delivery in order to support local needs (subject to the landscape capacity to do so) and the wider objectives of the Park. An initial question for the NPA, therefore is whether the preparation of an OAN is a required element of its Local Plan.

13.2 However, an understanding of the full extent of housing need which does not impose any possible constraints on future housing supply "policy-off" has a number of benefits, even if it is an indicative figure or figures, rather than a formal housing target. Importantly, it will assist in working with neighbouring authorities through the Duty to Co-operate and understand how their OAN could be delivered between the two HMAs.

13.3 In addition, a consideration of the alternative scenarios for calculating objectively assessed need, is inextricably linked with the development of wider policy objectives and the future and sustainability of the NPA area. The OAN is designed to calculate future overall housing need, making use of household projections with adjustments for mid year ONS population projections, past delivery rates, market signals and future jobs growth. Affordable housing will be a component of overall housing need.

13.4 As the NPA is split between two HMA areas and both have joint / strategic plans in preparation, it is critical to review the approaches taken by both HMA areas. The Plymouth and South West Devon Joint Local Plan has completed an update of their Objectively Assessed Need (pba 2017), a detailed affordable housing OAN (HDH consulting) and a subsequent housing topic paper (provision and supply) March 2017.

13.5 The Greater Exeter Strategic Plan is not as advanced but has recently issued a Strategic Housing Market Assessment: Interim technical report, 2018 to 2040 which seeks to update the OAN. (September 2017). This has been prepared in-house by Devon County Council. The studies between the two HMAs have some commonality in the use of DCC popgroup model to produce population and household projections. They both use 2014 Sub National Population Projections as a baseline to formulate household projections and the more robust historic local migration data. However, there are a number of differences in approach by the HMA areas, throughout the OAN calculation.

13.6 **Key differences: migration trends.**
The Plymouth demographic modelling tested for longer term 10, 20 and 30 year migration trends. 20 and 30 year trends were not considered sufficiently representative of growth patterns for the housing market area and in particular the City's growth agenda. The HMA has selected a preferred local scenario of 10 years, which produces a higher level of growth than reliance upon the SNPP 2014 baseline. Given their fluctuating migration patterns, Exeter concluded that a 20 year trend period better takes account of their economic cycles than a 5 year trend

13.7 **Key differences: vacancy rates**
A vacancy rate is applied to household population projections to convert household growth into a dwelling requirement. Both HMAs considered data on vacant dwellings derived from the 2011 census alongside CLG and Council tax records on vacant dwellings and second homes. In some parts of both HMAs, there are elevated levels of second homes which results in a higher vacancy rate. The Exeter HMA and Edge Analytics household projections have applied a uniform vacancy rate across each LA area. In the Plymouth HMA, the model applies a differential vacancy rate to reflect elevated LA levels of second homes, especially for South Hams where it is 14%.

13.8 **Key differences: economic forecasts and job led housing growth**
In Plymouth, the 10 year migration trend for the HMA increases the HMA population by 7,700 more than the baseline economic projection for job growth commissioned from Experian. The study therefore concludes that there is no economic case for uplifting their demographic scenario further.

13.9 Exeter commissioned two forecasts from Experian and Cambridge Econometrics and a series of additional, employment forecast scenarios were also produced following stakeholder discussions. These reflect positive outlooks for certain sectors and more aspirational targets for job growth. The Exeter HMA has, therefore, proposed the adoption of one of the alternative scenarios (alt 1&2) and the highest level of job growth. This results in an employment based dwelling projection of 2,500 homes per annum.

13.10 **Key differences: Market Signals**
There is a considerable degree of variation in the way in which external market and macro-economic constraints can be applied through the OAN process. It is clear that both HMAs have made different assumptions and responses to adverse market signals. Exeter have not applied any uplift for affordability, whereas Plymouth have applied significant uplifts especially in the district LA areas of South Hams (25%) and West Devon (20%) to reflect house price to income ratios in excess of 8. However, Plymouth has not considered any uplift to reflect the levels of affordable housing need, whereas Exeter have included an additional modest annual dwelling uplift for overcrowded households and a 6% flex to reflect delivery performance of 6% below average compared with plan targets across the HMA.

13.11 Many decisions for the Park in reviewing the Plan, will flow from its Objectively Assessed Need and preferred approach to dwelling growth. For example, should the NPA determine to accept a level of growth based on a share of the HMA's needs, then it is sensible to adopt the HMA's approach to market signals as a baseline as these are already factored into the assessed housing need figure (and then review whether any adjustments would be required to reflect local conditions in the National Park).

13.12 Our understanding is that there is already an agreement that 600 dwellings from the Plymouth HMA housing requirement are to be delivered in the National Park through duty to co-operate arrangements. This figure is a proportion of the OAN calculation, which has already been adjusted to take account of a significant market signals uplift for the South Hams and West Devon.

13.13 Alternatively, DNPA could elect for a dwelling growth requirement based upon wholly local historic migration trends rather than a top down sharing of the growth of a wider area. In which case, as the modelled scenarios in this paper show, the annual dwelling requirement would be such a modest number that even a significant uplift for market signals of 30% would be minimal.

13.14 Notwithstanding the above, the factors which might justify any market signals uplift for the National Park would include affordability (with house price to income ratios of above 8 in each constituent LA) and overcrowding as measured from housing register data. No uplift could be justified for past delivery performance which has been above the Local Plan target for the past five years nor for homelessness and temporary accommodation which are at minimal levels. There may be an argument for an uplift for affordable housing in addition to market signals (but this depends upon the growth scenario DNPA prefers because the affordable housing need calculation will be in part, derived from this).

13.15 The Park is included in a number of SHMA studies. It is possible to use these to develop a broad direction of travel in relation to an affordable housing need calculation. However, caution must be exercised considering the age of the studies and of the variation in assumptions used. Given that the Park's housing requirement is targeted on meeting local housing need, opting to focus on a housing need calculation which uses secondary data to measure current need is proportionate. This would indicate the need to meet an annual affordable requirement of 45 dwellings over a 5 year period. However, it is recommended that the Park use a high level calculation of housing need which is compliant with

national guidance to follow a four stage assessment, also looking at future housing need. This could test a range of scenarios for an OAN.

14.0 CONCLUSIONS

14.1 We conclude that the DNPA has the appropriate level of evidence to complete an OAN, sufficiently robust to develop its local plan. The development of the OAN is, however, the beginning of the process to establish a housing number and the NPA will no doubt be exploring the policy merits of doing so. In the case of the NPA, the relatively small scale of the likely annual dwelling requirements will in turn, dictate the extent of additional work which is both necessary and proportionate to be carried out in order to develop a FOAHN (full objectively assessed housing need) as required by Planning Practice Guidance[3].

14.2 Until one or several growth scenarios are agreed, it becomes difficult, for example to assess how the OAN might be adjusted for external factors or indeed, to test whether the dwelling led requirements should be adjusted to address wider policy objectives. Bearing in mind that, should a dwelling requirement be based solely on localised historic migration trends, even a significant market signals uplift of 30% might only mean a difference of 7 homes per annum. Similarly, if a higher dwelling requirement was preferred, it might be in excess of the predicted job growth levels and therefore there would be no need for an additional uplift for economic factors or consider how dwelling requirements need to be converted into job-led forecasts.

14.3 **FOAHN**

The NPPF states that Planning Authorities should use their evidence base to ensure that their Local Plan meets the **full**, **objectively assessed housing needs** for market and affordable housing in the housing market area and prepare a Strategic Housing Market Assessment (Para 47,159). This is a separate calculation than for the OAN. There are two SHMAs of the DNP area which provide full coverage and satisfy paragraph 159 in terms of assessing the housing needs of the HMAs. However, there is in our view, insufficient disaggregation of data at the NPA area to provide a detailed assessment for all tenures and household groups as set out in the PPG (paras 021-29). In addition, it will be more difficult to formulate finely grained housing policies (should the NPA which to do so). Using secondary data from Devon Homechoice and HTB provide potentially helpful data on income (although this is self-reported), dwelling type and preferred parishes. In addition, the Park support a number of parish surveys to provide area specific data and justification for individual developments. Some of the data from the registers is appended below and may give a broad indication of demand for intermediate housing products.

In undertaking economic viability testing for the study, it is proposed that modest levels of intermediate housing, perhaps 20-25% are tested for with a focus on larger towns and settlements.

[3] how should the needs for all types of housing be addressed? Paras 021-029

Affordable Housing Needs Model

Ref	Overall Annual Affordable Housing Need	Lowest level of need: those living in the DNPA for at least 3 years					maximum local need living and /or working in the DNPA for 3 years					
	OAN Modelled scenario	NPA EA1a	NPA EA1a	NPA EA2c	NPA delivery rates	NPA CLG2	NPA EA1a	NPA EA1a	NPA EA2c	NPA delivery rates	NPA CLG2	**Notes**
1	**Dwellings Per Annum**	**80**	**65**	**30**	**50**	**191**	**80**	**65**	**30**	**50**	**191**	
2	Newly arising affordable housing need (annual)	-12	-16	-30	-23	35	6	3	-12	-5	53	new need only per year (net of known supply)
3	Backlog affordable housing need per annum (met over 5 years)	45	45	45	45	45	81	81	81	81	81	Existing need per year met over 5 years
4	Total affordable housing need (annualised) met over 5 years	33	30	15	22	80	87	84	69	76	134	new need plus existing need for first 5 years
5	Backlog affordable housing need per annum (met over 10 years)	23	23	23	23	23	41	41	41	41	41	Existing need per year met over 10 years
6	Total affordable housing need (annualised) met over 10 years	10	7	-8	0	58	46	43	28	35	93	new need plus existing need met over 10 years
7	Backlog affordable housing need per annum (met over 20 years)	11	11	11	11	11	20	20	20	20	20	Existing need per year met over 20 years
8	Total affordable housing need (annualised) met over 20 years	-1	-4	-19	-12	46	26	23	8	15	73	new need plus existing need met over 20 years
9	AH required as a % of all homes	41%	46%	50%	44%	42%	108%	128%	229%	152%	70%	assuming you meet new need and existing need over 5 years (line

B Existing (Backlog) Need

	Housing Factor											**Notes**
10	B1 homeless households	2	2	2	2	2	2	2	2	2	2	All homeless (rows 1, 2, 3) in P1E - annual total 2015/16
11	B2 households in temporary/insecure accommodation	5	5	5	5	5	5	5	5	5	5	Devon Homechoice Bands A - D in temporary accommodation or hostel
12	B3 overcrowded households	135	135	135	135	135	184	184	184	184	184	Devon Homechoice Bands A - D lacking 1 or more bedrooms
13	B4 concealed households	0	0	0	0	0	0	0	0	0	0	All concealed families from 2011 census no allowance as likely to be double counted with C4

14	B5 unsuitable housing	232	232	232	232	232	374	374	374	374	374	Devon Homechoice bands A-D excluding downsizers, overcrowded and moves for work
15	B6 households in B2,3,5 already in affordable housing	148	148	148	148	148	160	160	160	160	160	Social housing tenants in bands A-D
	B7 number of years to meet current need											**3 modelled scenarios**
16	B(5)=(B1+B2+B3+B4+B5-B6)/5	45	45	45	45	45	81	81	81	81	81	Meeting need over first 5 years
17	B(10)=(B1+B2+B3+B4+B5-B6) /10	23	23	23	23	23	41	41	41	41	41	Meeting need over first 10 years
18	B(20)=(B1+B2+B3+B4+B5-B6) /20	11	11	11	11	11	20	20	20	20	20	Meeting need over 20 years

C Newly emerging need

	Housing Factor											Notes
19	C1 annual newly forming households	73	65	28	46	191	73	65	28	46	191	This is the average annual housing need in the demographic projection.
20	C2 proportion of new households unable to afford	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	HMA percentages range from 35%,40%, 49% and 53%or 53%
21	C3 existing households falling into need each year	47	47	47	47	47	65	65	65	65	65	New applications in 2015-16, excluding existing social housing tenants.
22	C4 Concealed households	34	34	34	34	34	34	34	34	34	34	Numbers in Bands A-D who are single and under 25, therefore probably newly forming households.
23	C=C1*C2+C3-C4	110	107	92	99	157	128	125	110	117	175	

D Existing Supply

	Factor											Notes
24	D1 vacant/surplus affordable stock	0	0	0	0	0	0	0	0	0	0	Below 3% therefore count as 0.
25	D2 already committed affordable housing	70	70	70	70	70	70	70	70	70	70	Planning permissions and resolutions to grant for affordable housing dwellings. Annual supply calculated by dividing over 20 years. MDDC 2016 comms, remainder 2017.
26	D3 annual supply of affordable relets	119	119	119	119	119	119	119	119	119	119	Average re-lets for last 5 years, excluding to existing social tenants

27	D4 annual supply of shared ownership sales	0	0	0	0	0	0	0	0	0	0	Average of 2010 - 2016 for s/o properties sold to shared owners
28	D5 annual right to buy and demolition of AH.	0	0	0	0	0	0	0	0	0	0	Council owned and RP including staircasing of shared ownership
29	D=(D1+D2)/20+D3+D4-D5	123	123	123	123	123	123	123	123	123	123	

Incomes, Affordability and tenure options within the DNPA

Availability of income data sources

There are two widely used sources for income data applied in affordability calculations. CACI paycheck provides income at postcode level for households. However, this is paid-for data and has some limitations, not least that it is derived from credit reference scores and includes unearned income. The other source is ASHE – the annual survey of hours and earnings – commissioned by ONS and is freely available. This data also has limitations (including sample size and confidence levels, even at LA level and ASHE does not go below this geography and cannot therefore be drawn robustly for the whole Park area). It is also workplace data based on employees and therefore does not reflect self-employed and SMEs which typically constitute an important element of rural economies. Data are also for individuals not households and therefore relying on ASHE to calculate affordability ratios can overstate the issues for households with more than one earner.

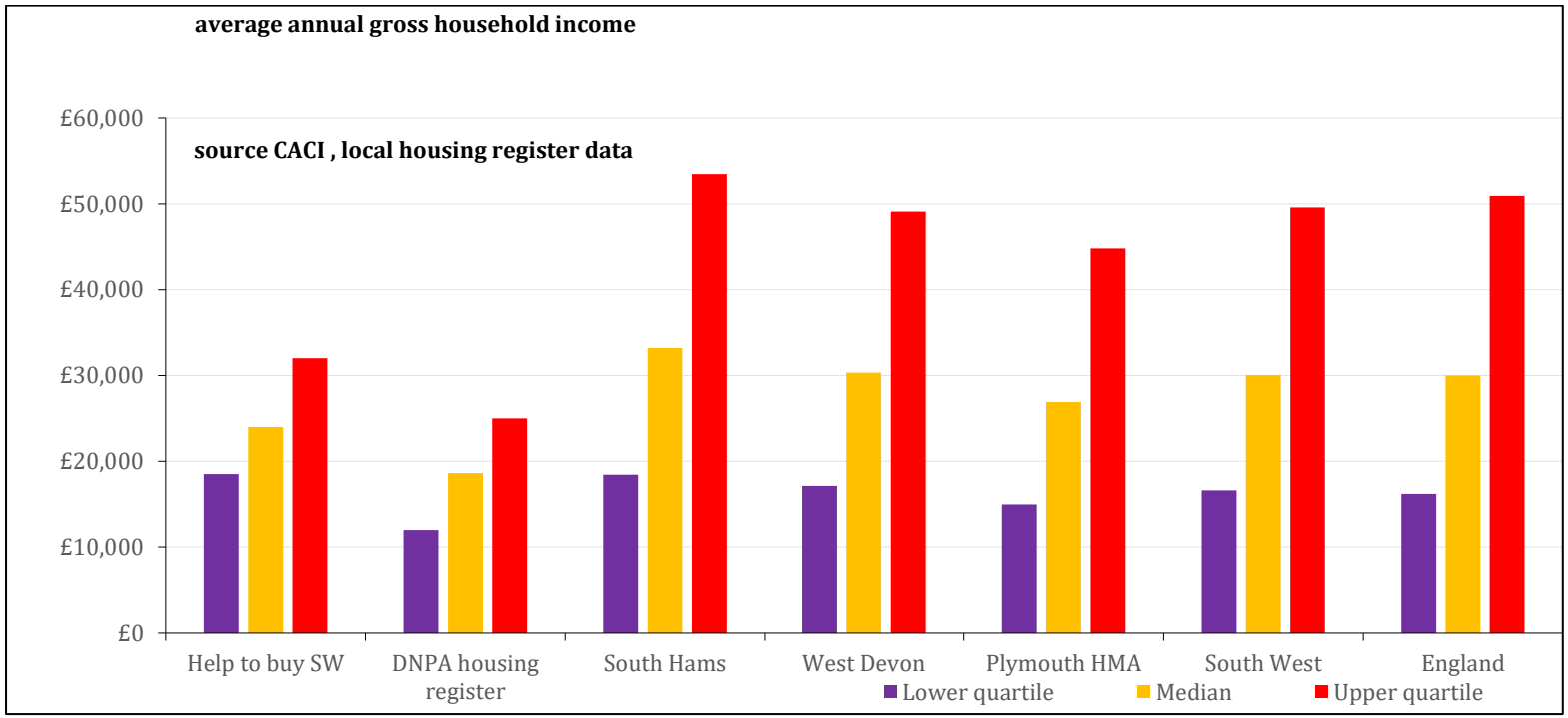
Household income data are also collected through the family resources survey undertaken by DWP. This data set is modelled at medium layer of super output area and so can be adjusted for the National Park geography. However, the data reflects all sources of household income including from benefits and pensions not specifically economically active households seeking to enter the housing market.

There are two sets of locally derived income data from the help to buy SW register and Devon Home Choice. These are self reported and, given that they support an administrative system to assess eligibility for subsidised rented housing and affordable home ownership, there is the likelihood that incomes are both under and over stated. In addition, the registers do not provide robust information about the distribution of household incomes within an area. However, taken together they can provide information on the likely spread of incomes for those unable to access market housing and therefore the types and proportions of affordable and intermediate tenures required. This is shown below.

Income levels in the National Park

The local housing register data provides a useful comparison of actual households with local postcodes. As might be expected, those on the Devon Homechoice register report household incomes far lower than postcoded data derived from CACI. However, incomes of those seeking intermediate housing through help to buy SW reflect incomes broadly consistent with the HMA.

The figure below shows the relevant CACI data which are available. In the case of the Plymouth SHMA, incomes within the rural districts of the Plymouth SHMA have higher median and lower quartile incomes than within Plymouth and are relatively consistent with those of the SW region and England. The Plymouth data bring down the overall HMA area figures. The lower quartile incomes for both the rural districts and the help to buy register are consistent. £18,500 for help to buy households, £18,424 for South Hams and £17,148 for West Devon. The DCA reports for the Exeter HMA did not record household income and used data from ASHE for individuals. The DNPA have previously commissioned CACI data but the 2014 report has not been updated. This concluded that the lower quartile figure for households in the Park was £15,330.



Average annual gross household income							
£	Help to buy SW	DNPA work postcode housing register	South Hams	West Devon	Plymouth HMA	South West	England
Lower quartile	18,500	12,000	18,424	17,148	14,962	16,621	16,216
Median	24,000	18,620	33,216	30,324	26,899	30,050	30,015
Upper quartile	32,000	25,000	53,459	49,099	44,810	49,584	50,907

The ASHE data series only collects incomes from employed individuals but it is the data series used by Government in its standard methodology for assessing affordability. Incomes for median and lower quartile incomes are broadly consistent across the HMA areas of Teignbridge and West Devon but are elevated in the South Hams. Averages for the National Park as a whole and are lower than both for the SW and England averages. Incomes in the South Hams are higher than in the HMA and the regional averages. As stated elsewhere, the advantage of using ASHE is that it is publicly available as a longitudinal series and is used by Government. The disadvantage being its sample size, especially below LA level and the fact that it does not reflect household incomes (although the ASHE lower quartile individual incomes are consistent with the CACI equivalents for total household income. Annual full time employee earnings for DNPA local authorities are £17,934 (lower quartile), £22,698 (median) and £32,276 (upper quartile).

Annual gross income of full time employed residents 2016 (ASHE,ONS)						
£	**Teignbridge**	**South Hams**	**West Devon**	**DNPA LAs**	**South West**	**England**
Lower quartile	£17,860	£18,467	£17,474	£17,934	£19,500	£20,252
Median	£22,735	£22,808	£22,550	£22,698	£26,372	£28,496
Upper quartile	-	£32,635	£31,918	£32,276	£36,823	£40,400

LOCAL SECONDARY DATA

Local housing need data have been derived from Devon Homechoice and help to buy. Such secondary data sources are typically incomplete and contain both gaps and user errors which affect their reliability. Income is typically self-reported and all are self-assessments of housing need and the level of need and other aspects of eligibility especially local connection are only verified once a potential dwelling is available.

Help to Buy Data

There are 124 active applicants on the help to buy register with DNPA postcodes. Their need by number of bedrooms is as follows:

1 Bed	43%
2 Bed	22%
3 bed	25%
4 Bed	10%

Income data for HTB applicants must be approached with caution as they are self-reported. Unlike ASHE, however, they do provide data for households which is important in calculating affordability.

£ HTB income data for households living in a DNPA postcode by bedroom requirement (self reported)					
Bedroom requirement	1	2	3	4	All
Median	£20,839	£30,000	£28,000	£25,000	£24,000
Mean	£22,157	£30,407	£27,080	£28,472	£26,118
Q1	£18,000	£23,408	£18,600	£16,500	£18,500
Q3	£24,243	£39,900	£36,276	£35,743	£32,000
No of applications	53	27	31	13	124

Income and tenure data from the housing register

Housing register material is frequently employed in housing needs assessments. However, we recognise that it is more difficult for a National Park Authority to rely upon data without qualification, given their primary objective is only to meet local need and not provide for a share of need in the wider housing market. In recognition of this, we have subjected the available housing needs data to some additional adjustments to try to determine a *defensible minimum* local need estimate:

- We have deducted all applicants assessed as being in band E, in line with Teignbridge policy. This has resulted in 357 households living and working in the NPA being excluded.
- Given the importance placed on local connection, we have included only those households living or working at a DNPA postcode and who have been at their current address for a minimum of three years. This will potentially exclude households in need with a local connection (as they may have moved within the last 3 years from an address which is also within the Park) but this provides far greater certainty about local connection.
- We have excluded all households expressing a preference for living in the Park but who live and work outside it (246 applicants). This will also potentially exclude households in local need, including those born and brought up or living previously in the Park. This potential is increased by the Homechoice policy of only permitting households to specify one preferred area and therefore, specifying only a NPA area indicates a specific reason for their choice is likely to be connection to the area.
- Similarly, we have also excluded all those households who are living or working in the Park and who have expressed a preference for living in Devon within another local authority area. This is despite the fact that they may have a strong local connection and be eligible to be considered for a property advertised within the NPA.
- Local connection and eligibility is only verified at letting / purchase stage. However, it is worth noting that of the 4,254 bids made for properties advertised within the Park since July 2014 but declined, 27% were refused because the applicant did not meet

the local connection or section 106 eligibility criteria. This suggests that eligibility assessment is applied robustly by the relevant landlord.

Of the 396 eligible households on the register living and / or working in the DNPA, income data can be accessed for a significant majority – 342 in total - with 69 working in the park and 273 living there (some outliers or gaps or error records have been excluded).

Eligible households with postcode addresses within the DNPA area

There are 273 households living in the Park with income data. As might be anticipated, incomes are typically well below average lower quartiles. Consequently the overwhelming majority can only access social / affordable rent.

£ income data by eligible households with a DNPA postcode and by bedroom requirement					
	1 Bed	2 Bed	3 Bed	4 Bed	All
Mean	12,562	16,049	18,832	19,344	15,227
Median	11,038	12,468	16,200	20,000	13,500
Mode	5,000	15,000	15,000	20,000	5,000
Q1	6,000	8,670	13,391	13,500	7,494
Q3	16,000	19,835	25,193	24,000	19,670

Eligible households on register by affordable tenure				
	One bedroom	Two bedroom	Three bedroom	Four bedroom
Home ownership	3	2	0	0
Low cost housing for sale	8	6	1	0
Shared ownership	18	3	2	0
Private rent	5	9	9	3
Social / affordable rent	94	58	32	20
	128	**78**	**44**	**23**

Eligible households with employment address postcodes within the DNPA area

There are 69 households on the Devon Home Choice register who give employment addresses in the NPA area but do not live in the park. Average incomes for this group are relatively higher than for resident households. However, this is due in large part to the fact that they are economically active households below pensionable age.

£ self-reported household income					
	1 Bed	2 Bed	3 Bed	4 Bed	All
Mean	15,084	18,524	22,864	25,467	22,953
Median	14,250	19,200	25,000	26,000	18,620
Mode	15,000	20,000	25,000	-	25,000
Q1	11,500	11,308	22,000	25,000	12,000
Q3	18,060	24,820	25,000	27,084	25,000

Based on standard entry level requirements by tenure, it is estimated that the tenure requirements for this group are as follows:

Number of households working in DNPA on register				
	1 bedroom	2 bedroom	3 bedroom	4 bedroom
Social rent	16	14	6	4
Private rent	0	6	6	1
Shared ownership	4	4	1	0
Low cost housing for sale	2	3	0	0
Home ownership	2	0	0	0
TOTAL	24	27	13	5

Housing Costs

An analysis of prices within the National Park reflects its concentration of high value detached properties and second homes with prices paid higher than those in the wider local authority district of which it forms a part. In the DNPA, detached houses make up a greater proportion of the housing stock. There is far greater fluctuation in the prices of smaller flats and terrace houses. The average price in 2016 was lower than in the previous 4 years. However, this is likely to be affected by the lower level of transactions.

Post 2007, house prices in parts of Devon and regions have recovered more quickly than in the Park. The gap between county, regional and national prices and those in the Park has narrowed over time.

Change in average house prices in the Park by Local Authority area			
Area	Mean price 2012	Mean price 2016	Percentage change 2012-2016
South Hams	£272,251	£303,240	11.4%
Teignbridge	£304,251	£325,393	6.95%
West Devon	£291,258	£306,686	5.20%

Price paid	**2012**	**2013**	**2014**	**2015**	**2016**
Detached	£387,472	£361,241	£390,185	£395,582	£404,999
FLAT	£139,813	£124,533	£141,747	£151,580	£129,235
SEMI-DETACHED	£210,106	£222,233	£245,878	£250,940	£245,042
TERRACED	£210,216	£185,285	£204,654	£210,961	£206,053
Other				£218,750	£502,952
DNPA Average	**£292,354**	**£273,863**	**£301,458**	**£303,303**	**£314,248**
Average Devon	**£207,003**	**£207,517**	**£217,487**	**£227,499**	**£234,080**
Average SW	**£190,763**	**£194,330**	**£206,628**	**£218,278**	**£232,219**
Average England	**£177,488**	**£182,581**	**£197,771**	**£211,174**	**£223,698**

Source HM land registry

Affordability

The Government's proposed standardised approach to housing need (updated in recent consultation) advises using median house prices and median earnings to measure the affordability of housing in that area by establishing a house price ratio of housing costs to earnings. Affordability ratios within the NPA local authorities remain consistently high and provide a strong indication that first time buyers and lower income households continue to be priced out of home ownership. The current Government assessment of affordability ratios is set out below.

To test the affordability of housing it is important to consider the size and numbers of bedrooms as well as overall prices and establish whether different household types can access housing of the right size. This information is not available through price paid data on land registry. The SHMA study for Plymouth HMA supplemented land registry data with an on line surveys of local agents to determine entry level house prices by size by LA. Clearly, lower quartile prices are lower in West Devon (and Teignbridge) than for the South Hams. Results for South Hams and West Devon are as follows:

	1 bed	2 bed	3 bed	4 bed
South Hams	£132,525	£165,775	£247,000	£360,050
West Devon	£82,875	£121,875	£170,625	£263,250

Source: on-line estate agents survey Nov 2016 (HDH planning, pba consulting part 2 SHMA update, February 2017)

Entry level (lower quartile) prices calculated through this evaluation for the DNPA area are as follows:

LA area 2016	Lower quartile house prices	Lower quartile earnings	LQ affordability ratio	Median house prices	Median earnings	Median affordability ratio
South Hams	199,975	18,842	10.61	274,975	22,832	12.04
Teignbridge	170,000	17,660	9.63	225,000	22,590	9.96
West Devon	160,000	17,470	9.16	219,475	22,550	9.73

House price data are especially useful indicator to establish the scale and potential demand for the intermediate housing market as intermediate housing need is greater in areas where the gap between incomes and prices is widest. However, as is typically the case, private renting in the national park area is more affordable than home ownership and therefore market rent levels are the most appropriate determinant for calculating housing need. The bottom of the private rented housing (at lower quartile rents) provides the most affordable form of market housing in all areas of the Park.

A comparison between market rent levels (typically lower quartile) and earnings has been employed in all the relevant SHMAs to measure the entry level affordability of market housing and therefore assess newly arising housing need.

There is no definitive methodology for calculating the affordability of private sector rents. PPG guidance recommends that rent should generally account for no more than 25% of gross household income. However, a number of housing needs models sensitivity test this entry threshold to reflect the reality of market conditions. It also provides a compensation factor for the use of income data derived from ASHE, is for single full time workers and, therefore, has the potential to understate household incomes. The HDH SHMA update for the Plymouth HMA area tests this

The most affordable tenure in the Park is market renting (the lowest rents in the park authority LAs require a minimum income of £14,571 compared with minimum incomes for the equivalent lower quartile house prices of £45,700). Using private rent data from the Valuation Office is therefore a way to establish affordability for household sizes / bedroom numbers.

	1 BED RENT	INCOME REQUIRED	2 BED RENT	INCOME REQUIRED	3 BED RENT	INCOME REQUIRED	4 BED RENT	INCOME REQUIRED
LQ SOUTH HAMS	490	16800	595	20400	750	25714	950	32571
LQ TEIGNBRIDGE	450	15429	600	20571	700	24000	920	31543
LQ WEST DEVON	425	14571	550	18857	650	22286	895	30686
MED SOUTH HAMS	518	17760	650	22286	825	28286	1,100	37714
MED TEIGNBRIDGE	495	16971	650	22286	775	26571	1,000	34286
MED WEST DEVON	460	15771	575	19714	725	24857	995	34114

VOA data, assumes 35% of gross income is spent on rent