

**ID 10**

**SHROPSHIRE LOCAL PLAN EXAMINATION**

<b>Representor unique Part A Ref *</b>	<b>A0682</b>
<b>Matter</b>	<b>4</b>
<b>Relevant questions nos</b>	<b>1, 2, 3, 4, 5, 6</b>

**Stage 1 Hearing Statement**

# Matter 4 Hearing Statement: Housing and Employment Land Needs (Policy SP2)

## Miller Homes (A0682)

1.1 This Hearing Statement is submitted on behalf of Miller Homes (Miller).

### **Context: South West Shifnal**

1.2 Miller's representations are made in relation to c.65ha of land it is promoting at "South West Shifnal" as identified on the site location plan at **Appendix 1**.

1.3 Policy SP11 will release this land from the Green Belt and safeguard it for future development needs.

1.4 Miller strongly supports the designation of South West Shifnal under SP11 as safeguarded land although contends (similarly to the Association of Black Country Authorities (ABCA) (EV041)) that a policy mechanism should be introduced to trigger an early review of the Local Plan should there be a need to do so, and this should permit delivery and development of safeguarded land during the plan period in the event that issues arise with housing delivery following adoption.

1.5 Miller also consider that land at South West Shifnal be allocated in the Local Plan for residential-led development during the plan period; this case will be presented during Stage 2 of the Examination.

1.6 Miller provides responses below to the Matter 4 Questions 1, 2, 3, 4, 5 and 6 on housing.

### **Housing**

#### **1: Is the preferred approach to housing growth and the housing requirement set out in Policy SP2 of 30,800 dwellings (1,400 dwellings per annum) over the plan period of 2016 to 2038, justified, positively prepared and consistent with national policy?**

1.7 We strongly support the approach taken in the Draft Local Plan to provide for a level of housing need which is higher than suggested as only a minimum by the standard method.

1.8 Our technical submissions, the latest of which was a report titled '*Update to the Technical Review of Sustainable Growth Plans for Shifnal*' (September 2020)<sup>1</sup>, have consistently affirmed the justification for an evidentially based higher assessment of

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<sup>1</sup> This report was included as Appendix 2 to the Representations submitted by Turley on behalf of Miller Homes to the Regulation 19 Consultation on the Draft Plan in February 2021. The report was an update to a previously submitted technical report which shared the same title and was submitted on behalf of Miller and Wallace Homes to the 'Preferred Sites' consultation document in January 2019.

housing need. They highlight clear evidence that several of the circumstances listed in the PPG apply, including:

- Growth strategies for the area are in place and are likely to be deliverable; and
- The authority has agreed to take on some unmet need from neighbouring authorities, as set out in a Statement of Common Ground.

1.9 As set out in our Matter 2 Statement, the proposed housing requirement integrates provision to address unmet needs arising outside of Shropshire. Furthermore, in justifying the proposed requirement for around 30,800 homes between 2016 and 2038 – averaging circa 1,400 dwellings per annum – the Draft Local Plan confirms that it incorporates flexibility to respond to changes in the local housing need calculation<sup>2</sup> but also that it will *inter alia*:

- Increase the delivery of family and affordable housing to meet the needs of local communities and support new families coming into Shropshire;
- Support the diversification of the County’s labour force; and
- Support wider aspirations, including increased economic growth and productivity.

1.10 While we are broadly supportive of the Council’s approach, our responses to the next two questions set out the concerns that we nonetheless still have, with these particularly relating to whether there is sufficient flexibility to respond both to unmet needs and economic and demographic pressures. Our concern is therefore that whilst the uplift is justified, it is not positively prepared to the full extent that the evidence suggests it should be.

#### ***Affordable housing delivery***

1.11 In this regard, and further to the points raised below, we also note the Council’s expectation that its proposed housing requirement will increase the delivery of affordable housing. The Council estimates that circa 7,700 affordable homes could be delivered over the plan period through its proposed approach, equivalent to 350 such dwellings per annum, but it is an inescapable fact – and one acknowledged by the Council – that this will fall far short of the need for some 799 affordable homes, evidenced in the Council’s latest SHMA.

1.12 While it is agreed that the proposed uplift from the minimum need suggested by the standard method will allow more of this affordable need to be met, it is still the case that planning for a higher level of housing growth – as we advocate in our responses to subsequent questions – would have a greater impact in this regard. Where current economic circumstances, coupled with continually rising house prices, are generating a growing need for affordable housing, delivering a higher number in absolute terms

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<sup>2</sup> The calculation of need as of May 2022 is for 1,178 homes per annum, closely aligned with the 1,177 calculated at the point the draft Plan was prepared (Paragraph 3.5)

would evidently be of considerable benefit and would be more closely aligned with national policy.

- 1.13 The Council also concedes that actually delivering 350 affordable homes per annum would require a quarter (25%) of all planned homes to be affordable<sup>3</sup>, something that has not been achieved in recent years when these homes have accounted for only around 21% of total provision<sup>4</sup>.
- 1.14 Further boosting the overall provision of housing would help to positively tackle the risk of under-delivery, and offer the opportunity to meet a greater share of the substantial need for affordable housing.

#### ***A positively prepared housing requirement***

1.15 We conclude that in order to ensure that the Draft Local Plan is positively prepared and therefore sound it should make provision for a greater level of housing need. In justifying such an increase, consideration must be given to:

- The imbalance between housing need and forecast / planned job growth (see Question 2). The Plan provides for and expects a level of job growth which will not be supported by the labour that would be accommodated if only 1,400 homes were provided annually;
- Evidence of stronger recent demand, as demonstrated by the average rate of delivery over the last five years which – at 1,754 dwellings per annum – is some 20% higher than the proposed requirement;
- The substantial unmet needs of the Black Country, and of the wider GBBCHMA; and
- The potential to meet a greater proportion of the calculated need for affordable housing, where the scale of need is significant and likely to be rising.

## **2: Is the housing requirement in the Local Plan appropriately aligned with forecasts for jobs growth?**

- 1.16 The Council's submitted evidence – specifically the Economic Development Needs Assessment<sup>5</sup> (EDNA) – confirms that its assessment of local housing need is not properly aligned with forecasts of job growth.
- 1.17 The EDNA calculates that the proposed housing requirement has the potential to support the creation of 12,145 new jobs<sup>6</sup>. This level of job growth is subsequently implied to necessitate the provision of 151.39 ha of employment land<sup>7</sup>.

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<sup>3</sup> Regulation 19 Consultation Response Summary Schedule 1a (2021), page 3

<sup>4</sup> Shropshire Council: Strategic Housing Market Assessment Report: Part 2 (2020), Table 37

<sup>5</sup> Shropshire Economic Development Needs Assessment: Final Report (April 2021) (EV043)

<sup>6</sup> *Ibid*, Table 8.11

<sup>7</sup> *Ibid*, Table 8.17

1.18 The EDNA concludes that between 128ha and 234ha of employment land is needed over the plan period<sup>8</sup> to reflect a range of developed scenarios, including the ‘labour-supply’ one related to the delivery of the proposed housing requirement. It also states that:

*“If the housing requirement is at, or below, the 1,400 dpa under labour supply Scenario 5 then this could have repercussions on the employment land target, which may have to be reduced as a consequence to ensure that the two are not misaligned”<sup>9</sup> (emphasis added).*

1.19 While the EDNA provides a clear recommendation in this regard, Policy SP2 of the Draft Local Plan provides for some 300 ha of employment land. While this arguably represents positive planning, exceeding by some distance even the upper end of the EDNA’s range, it is still the case that delivering such a quantum of land would almost certainly generate more jobs than could be supported through the proposed level of housing provision (12,145) based simply on the logic of the EDNA.

1.20 The Council is clearly right to plan positively in providing employment land, where the EDNA identifies the recent success of the local economy in generating new job opportunities. Its modelling suggests that if Shropshire keeps creating jobs at the rate seen between 1997 and 2016 then some 35,637 jobs could be created over the plan period, more than doubling the level of job growth suggested by the Experian forecast that it references<sup>10</sup> (16,700). It also identifies that the continuation of this rate of job growth could generate a need for 219ha of employment land, closer to the proposed level of provision<sup>11</sup>.

1.21 Our previous technical submissions<sup>12</sup> have emphasised the importance of the M54/A5 Growth Corridor and the positive impacts of planned investment. The Council has articulated the importance of this corridor and the growth opportunities it offers. The 2019 Local Industrial Strategy (LIS) introduces the corridor as *“one of the largest housing and commercial opportunities in the West Midlands”*<sup>13</sup>. The Strategic Options Study produced for the corridor in 2019 also recommends the prioritisation of employment sites along the corridor, confirming that they would *“assist in diversifying the economy by attracting occupiers in higher value sectors that drive economic productivity and retain talent in the County”*<sup>14</sup>.

1.22 The extent to which strong job growth in turn drives population growth, and therefore housing need, is also apparent from consideration of recent trends. Figure 1.1 shows that the population of Shropshire has grown at a consistently high rate in recent years, as its economy has been creating new jobs. This rate of population growth has far

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<sup>8</sup> *Ibid*, Paragraph 9.8

<sup>9</sup> *Ibid*, Paragraph 9.10

<sup>10</sup> *Ibid*, Table 8.1

<sup>11</sup> *Ibid*, Paragraph 8.92

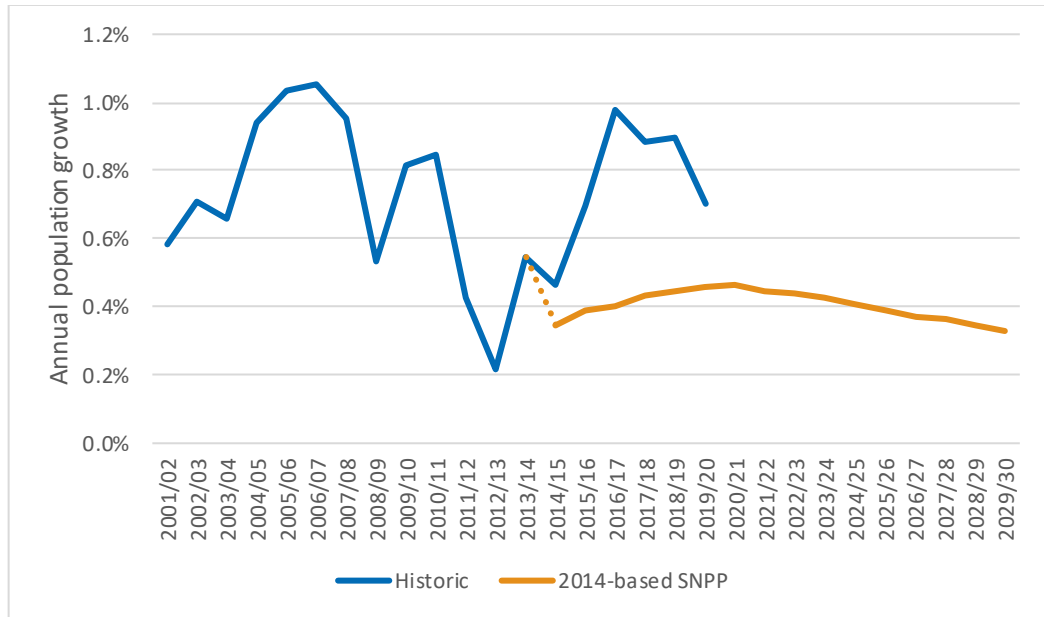
<sup>12</sup> Update to the Technical Review of Sustainable Growth Plans for Shifnal (September 2020), section 5. This report was included as Appendix 2 to the Representations submitted by Turley on behalf of Miller Homes to the Regulation 19 Consultation on the Draft Plan in February 2021.

<sup>13</sup> The Marches Local Industrial Strategy (December 2019), Executive Summary

<sup>14</sup> M54 Growth Corridor – Strategic Options Study Final Report (June 2019), Avison Young, Executive Summary

exceeded the level assumed by the 2014-based sub-national population projections (SNPP) which are integral to the standard method.

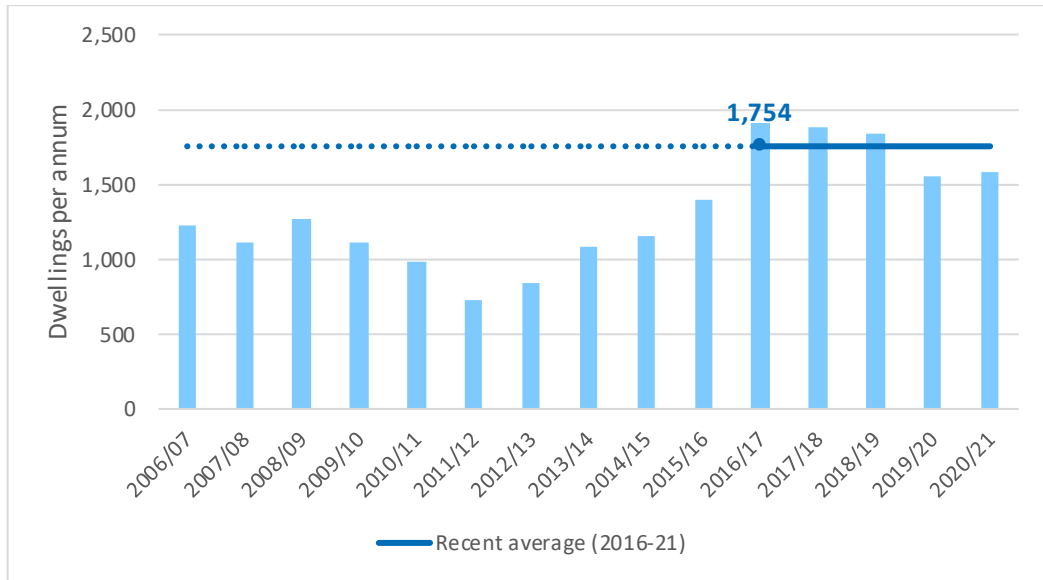
**Figure 1.1: Recent Population Growth vs 2014-based SNPP**



Source: ONS; Turley analysis

- 1.23 This continued growth in population has been facilitated by the delivery of new homes, which has also occurred at a relatively high rate. Figure 1.2 shows that an average of circa 1,754 homes have been completed per annum over the past five years, some 25% more than the proposed requirement for 1,400 dwellings per annum. This demonstrates the strength of demand as well as the important relationship between growth in jobs, housing and population.

**Figure 1.2: Housing Completions in Shropshire**



Source: Council monitoring

- 1.24 The Council appears to recognise a potential misalignment between its job growth expectations and the available labour force, but hypothesises at length about where additional labour could emerge from its existing population through changes in behaviour. This is articulated at Table 25 of the Employment Topic Paper<sup>15</sup> which builds on the evidence previously presented in the version produced last year<sup>16</sup>. This table does, however, contain a series of unsubstantiated assumptions that ultimately fall beyond the control of the Draft Local Plan. It assumes that there will be significant falls in unemployment and rises in economic participation, for example, but fails to appreciate the reasons why individuals are currently disengaged from the labour force, nor consider whether they would suit the types of jobs being created. It also relies heavily on assumed changes to commuting patterns, taking no account of the fact that Shropshire is not alone in creating new jobs, with the West Midlands Combined Authority establishing its own significant plans to generate investment and job growth, for example. It also appears to assume that simply providing for some of the unmet employment land needs of the Black Country will automatically increase the rate of in-commuting from there into Shropshire, to reach a point of ‘equilibrium’<sup>17</sup>, based upon no real evidence at all as to how this judgment has been reached
- 1.25 While the Council discusses at length the prospect of changing behaviours helping to bridge the gap between labour demand and supply, it provides no sound evidence or assurance that these changes will indeed occur. This part of the Plan is self-evidently not justified.
- 1.26 Recent historic evidence confirms, however, that a continuation of strong job growth, accommodated on the employment land under development and allocated, will need

<sup>15</sup> Shropshire Council: Employment Strategy Topic Paper (2022), GC4n, Table 25, page 44

<sup>16</sup> EV112

<sup>17</sup> Shropshire Council: Employment Strategy Topic Paper (2022), Paragraph 6.92 and Table 38

to be matched by continued population growth. Ensuring that the two are balanced will generate a need for in excess of 1,400 dwellings per annum.

**3: What provision is made within the Local Plan to fulfil the identified unmet housing needs of the Black Country, and will the Local Plan’s approach be effective in addressing this sustainably within the plan period, in accordance with national policy?**

1.27 As we set out in our Matter 2 Statement, we support the provision made within the Plan to accommodate unmet needs from the Black Country but consider that it should not limit itself to contributing only 1,500 homes. This represents only a small proportion (approximately 5%) of the full calculated unmet need in the Black Country alone. The increasing scale of unmet need arising within the GBBCHMA confirms that options to meet this unmet need are not currently apparent, thereby placing greater importance on the contribution Shropshire can make.

1.28 In line with our response to Question 2, it is evident that the Plan’s provision for and expectation of employment growth will necessitate additional homes to accommodate a growing labour force. This is compounded by evidence of stronger rates of population growth in recent years which can be reasonably expected to continue in this context.

1.29 Where it is accepted that the inter-relationships between different HMAs and economic centres present an opportunity for the relocation and accommodation of labour to sustainably support employment, a greater provision for unmet housing needs would also represent a more positive step towards sustainably addressing the balance between future jobs and homes in Shropshire.

1.30 Regardless of whether or not the Plan includes an increased contribution towards the unmet needs of the Black Country, Miller requests that the Plan provides a firm commitment to an early review mechanism, as set out in our response to Matter 8. This request has also been made by ABCA, and is the least that is required – in reality an immediate uplift and continued commitment to an early review is needed.

**4: The soundness of proposals for the land allocations in the Local Plan will be considered at Stage 2 of the Examination. However, given that many ‘saved’ sites which are not before us are included in the housing land supply, is it realistic that this examination can determine if the Council have a 5-year supply of deliverable housing land?**

1.31 Miller’s response to this Question is combined with Question 5 below.

**5: The Council in response to our initial questions said that they wish to ‘fix’ their 5-year housing land supply and have included 10% buffer. Assuming it is agreed that we can determine if the Council have a 5-year supply of deliverable housing land, PPG at Paragraph: 010 Reference ID: 68-010-20190722 says that “When confirming their supply through this process, local planning authorities will need to be clear that they are seeking to confirm the existence of a 5 year supply as part of the plan-making process, and engage with developers and others with an interest in housing delivery (as set out in Paragraph 74a of the Framework), at draft plan publication (Regulation 19) stage.” Can the Council please confirm if they did this and if so, provide evidence of it?**



- 1.32 Based on the available evidence, we consider there to be considerable doubt as to whether the Council can demonstrate a deliverable land supply on adoption. As such, we do not consider that the Examination can currently determine if a 5YHLS position can be demonstrated.
- 1.33 We have concerns generally around several elements of the projected supply;
- **Adopted Local Plan allocations** – As explained in our Matter 3 Hearing Statement (Questions 7 and 8), the overall contribution these sites make towards the requirement is concerning (c.10% of the supply between 21/22 and 37/38). The Evidence Base for these sites dates from 2014 and relates to the SAMDev (2015). They were intended to contribute to a 2006-2026 plan period yet several sites are still to deliver any homes, or in some cases even yet to obtain planning permission. In order to determine whether the Council will be able to demonstrate a sufficient supply of deliverable sites on adoption, it will be necessary to consider the deliverability of all sites relied upon from this source in the five year period (as well as their general deliverability during the plan period);
  - **Proposed Allocations** – Many of the lead-in times assumed for when delivery will be realised on these sites lacks justification and is overly optimistic. This includes strategic sites of over 1,000 homes<sup>18</sup> where there is yet to be any planning application submitted but for which the Council anticipate homes will start delivering within the immediate five year period; and
  - **SLAA Sites** – There is very little evidence provided for these sites and not, in our view, sufficient to justify the claimed delivery of 720 homes over the plan period. For example, some sites are currently occupied by other uses such as businesses or sports/community clubs, some have issues regarding phosphate solutions, and several sites have been the subject of refused planning applications.
- 1.34 Whilst the Council claim (Table 3 of the Supply Statement<sup>19</sup>) a supply of c.6.59 years between 21/22 and 25/26 our view is that there is a lack of evidence to justify the assumed delivery of a significant quantum of homes from the identified sources of supply, as outlined above.
- 1.35 There is also conflicting information around the likely level of housing land supply. In the Snapshot Trajectory<sup>20</sup>, an alternative supply figure (with a further 7% reduction to the figures from the Supply Statement) is set out which suggests the supply figure for 21/22 to 25/26 would be 7,914 homes, which equates to just 5.13 years supply. This significantly reduces the projected surplus in supply for the first five years from 2,455 to just 214 homes.

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<sup>18</sup> Land between Mytton Oak Road and Hanwood Road (SHR060, SHR158 & SHR161), and Tasley Garden Village (BRD030).

<sup>19</sup> GC4j Five Year Supply Statement 2021 - Draft Shropshire Local Plan - EV048.07

<sup>20</sup> GC4p Housing Trajectory for Shropshire (March 2022)

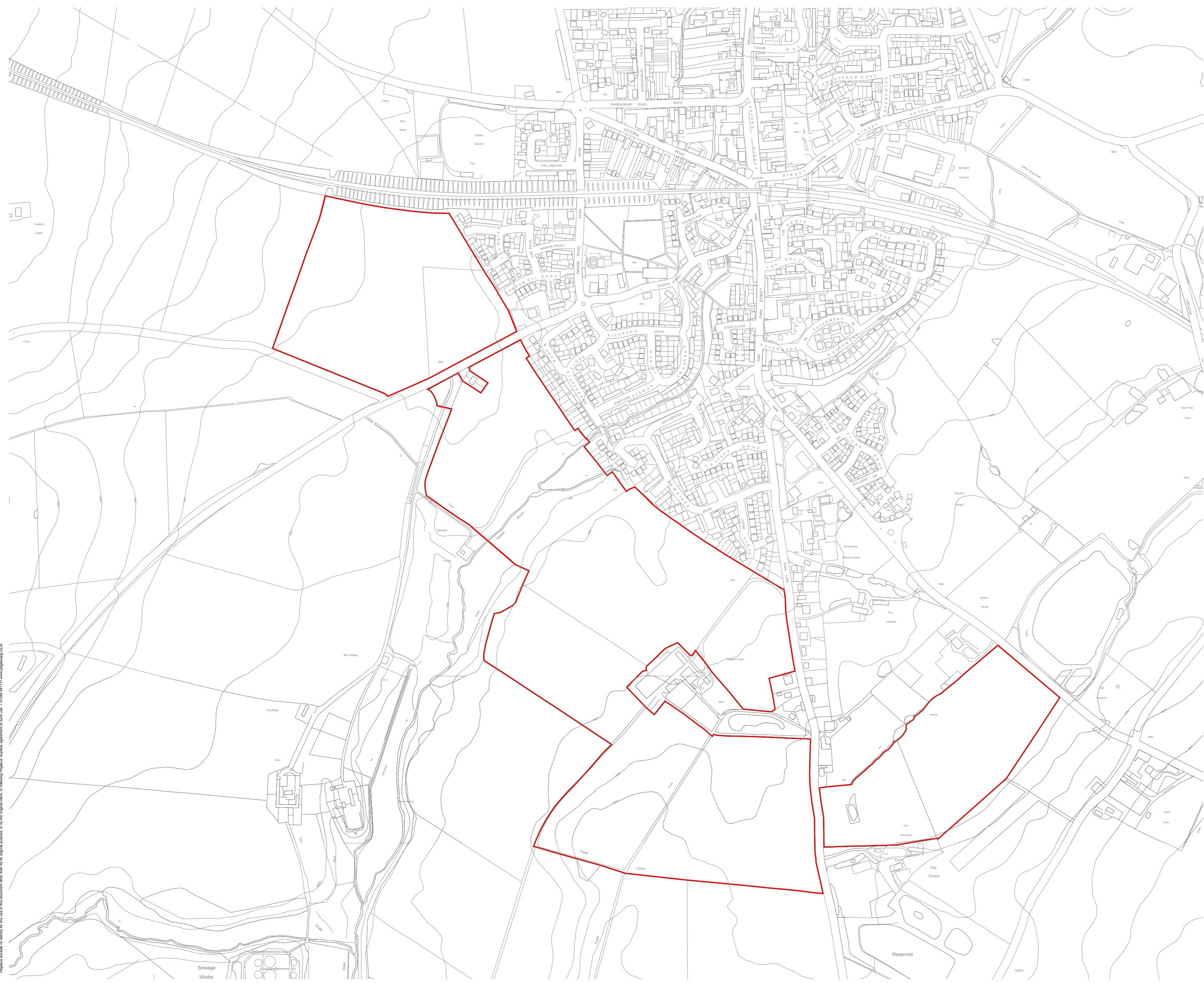
- 1.36 Given all of the above, we consider that insufficient contingency has been built into the deliverable supply and there are doubts there will actually be a deliverable supply on adoption.
- 1.37 We understand that specific sites will be considered during Stage 2 of the Examination so we reserve the right to revisit the 5YHLS position at that stage.

**6: Should the Local Plan include a housing trajectory showing the expected rate of delivery of housing land?**

- 1.38 Yes. At present the information provided by the Council is difficult to decipher, presented in a complex manner, and at times inconsistent and lacking in justification. It does not appear that there is any clear breakdown of the proposed total anticipated supply of new homes categorised by 'type' of site. The data is presented in a variety of files and is not at all readily available, in an easy to understand format, or clear on how the proposed total supply figure has been calculated.
- 1.39 There is a significant quantum of sites in the supply but this should not preclude the Council from being able to communicate the proposed spatial strategy in a clear and concise manner.
- 1.40 Appendix E to the Supply Statement (GC4j) sets out sites with a total potential yield of 25,968 homes. However, a 10% deduction is applied so that 10% of delivery from each five year period is pushed back to the next period (and 10% of the delivery within years 2036/7 and 2037/8 is pushed beyond the plan period). This gives the total claimed supply figure going forwards as 25,820. However, within the 'Snapshot Trajectory' (GC4p) a 7% reduction is presented to reflect the supply figure without relying on the headroom/flexibility in the supply, this suggests 24,012 homes will be delivered 2021/22 to 2037/38. It is not clear how this 7% figure has been arrived at as the appropriate discount to these sites. Nor is it explained whether the reduction is across all sources of supply or to specific types of sites. It is assumed that this has been applied across all sources of supply but the methodology has not been set out.
- 1.41 Overall, there is a significant quantum of sites within the plan period trajectory, but also a complex set of sources of supply, a heavy reliance on windfalls and very little explanation and justification around how discount rates have been applied. A simplified trajectory should be provided, with accompanying appendices to clearly demonstrate the supply components.

## **Appendix 1: Site Location Plan**

KEY  
Total Site Boundary  
64.5 ha / 159.4 acres



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