

Appendix 1 Joint Local Plan OAN Explained

The updated analysis presented in this Strategic Housing Needs Assessment update 2017 indicates that there is an **objectively assessed need (OAN) for 1,390 dwellings per annum** in the Newcastle-under-Lyme and Stoke-on-Trent housing market area (HMA) over the period from 2013 to 2039. This sits within the range previously concluded in the 2015 SHMA (1,177 – 1,504 dwellings per annum).

Planning Practice Guidance says we must plan positively to meet the OAN for housing and employment (199 ha).

The recommended OAN allows for anticipated changes in:

- Population (births, deaths, age sex etc.);
- Household formation (includes a vacancy rate),
- Housing market trends
- Labour force
- Economic Activity/likely job creation;
and
- Migration levels.

How has the OAN been identified?

There are two notable factors that have influenced the OAN a) as a whole the area is characterised by an ageing population and b) young people have not been available to form households during the recession resulting in a latent demand for housing.

The consequence of the **ageing** population is that we don't have a working age population that is sufficient to support the size of labour force, required to support the **17,000 jobs** which are forecast to be created by 2033. To clarify this is as a result of jobs being generated from existing employers rather than the council and others actively intervening to maximise job creation, as is proposed by Housing Growth scenario D. The creation of over 17,000 jobs by 2033 requires the **population** across the plan area to **increase to just 44,000**. This may seem a significant increase, but compared to the national average of 17% the increase is considered moderate and proportionate.

A labour force to support the local economy

Without a working age population that has access to a choice of housing at an affordable price there will not be enough local people to fill all of the available jobs and the job creation that is forecast is unlikely to be achieved. In order to ensure that likely job growth can be supported by an economically active labour force (in accordance with Planning Practice Guidance) we therefore need to attract new working age residents into the area and retain existing working age residents, who would otherwise move elsewhere. Consequently the OAN includes provision for a net inflow of 958 persons per annum. This level of migration is generally above historic trends, but it is not unprecedented.

A changing economy can be a factor contributing towards retaining younger people, particularly those of student age, reducing the outflow of this age group and increasing net migration. Attracting and retaining these residents is key to achieving higher levels of net migration. However, as well as, jobs younger people need homes they can afford to buy.

Helping young people to enter the housing market

An OAN to support local employment creation would require just over 1,200 dwellings, but an adjustment is made to allow for the return of higher levels of household formation amongst younger people and this increases the annual requirement to 1,390 dwellings per annum. Such an adjustment is considered appropriate given a) given the limited projected

growth in the working age population and strong ageing trend projected which needs to be reversed if we are to help provide an economically active labour force and b) the fact that household formation of younger people remains suppressed in the Housing Market Area, having deteriorated since 2001. Failing to apply this adjustment could risk underestimating the number of new homes needed to accommodate younger households (20 to 34) who are assumed to be attracted to the area for employment purposes.

Therefore the OAN makes an adjustment to enable more houses to be built to support the formation of households by younger persons, which will in turn encourage people of working age to move into the area to fill the jobs and purchase a home. The number of new homes built and available in the market should enable prices to be kept at an affordable price as when there is an in-balance in supply and demand market price increases.

OAN Methodology

It should be noted that the government are considering introducing a standard methodology for the calculation of housing needs, intended to apply from April 2018. In the absence of any guidance on a preferred methodology at the current point in time – and to maintain the Councils' ongoing progress in developing the Joint Local Plan, in line with the Government's expectation that all areas are covered by an up-to-date plan – the SHMA OAN is considered a reasonable, consistent and appropriate basis through which this updated position can be robustly established. However, the implications of any alternative methodology will need to be considered by the Councils in the future.