



North Essex Authorities Section 1 Local Plan

Examination Hearing Statement

Matter 3 – Housing Requirement

Prepared by Strutt & Parker on behalf of Bloor Homes and City & Country

November 2019

Introduction

1. This Hearing Statement is made in respect of Matter 3, on behalf of both Bloor Homes and City & Country, both of whom share concerns as to the housing requirements currently suggested in the Section 1 Local Plan.
2. Strutt & Parker has participated in the preparation of the North Essex Authorities (NEA) Section Local Plan 1, including representations in response to the NEA Suggested Amendments to the Publication Draft Section 1 (July 2019) ('the Proposed Modifications') on behalf of both Bloor Homes and City & Country.
3. As per the Inspector's request, we have sought to avoid repeating matters raised within our Proposed Modifications representations, and this Hearing Statement should be read in conjunction with these. For ease of reference and mindful that it may not be clear to interested third parties where Proposed Modifications representations can be viewed, the representations made on behalf of City & Country and Bloor Homes are provided in full as **Appendices A** and **B** to this statement, respectively.
4. **Appendix C** provides an extract from ONS' Median house prices for administrative geographies: HPSSA dataset 9 (released September 2019), relevant to our response to Question 1 c).

Issue: Since the Inspector’s supplementary post-hearings letter to the NEAs, has there been a meaningful change in the situation regarding housing need in North Essex?

Question 1: Is there evidence to demonstrate that there been a meaningful change since June 2018 in the situation regarding housing need in North Essex, particularly in respect of:

a) published population and household projections?

5. 2016-based subnational household projections (SNHP) were released by the ONS in September 2018. The tables below set out the 2014 and 2016-based SNHP for the NEAs:

Area	Number of projected households (2014-based) 2013-2037		
	2013	2037	Increase
Braintree	62,368	76,907	14,539
Colchester	73,593	93,525	19,932
Tendring	62,500	77,508	15,008
Total	198,461	247,940	49,479

Area	Number of projected households (2016-based) 2013-2037		
	2013	2037	Increase
Braintree	61,946	73,626	11,680
Colchester	73,227	96,205	22,978
Tendring	62,531	79,947	17,416
Total	197,704	249,778	52,074

6. The 2016-based SNHP suggests the number of households in NEA will increase by 2,595 more between 2013 and 2037 (the period considered by the Objectively Assessed Housing Need Study (November 2016 update) (EB/018) (OAHNS (2016)) than the 2014-based SNHP did.

7. There are recognised concerns that the 2016-based SNHP underestimated the extent of household growth, and generally suggest a lower increase than the 2014-based SNHP (discussed in further detail with our Proposed Modifications representations¹). It is notable, therefore, that the 2016-based SNHP actually suggest an increase in growth for the NEA.

b) the impact of UPC on population and household projections, especially in Tendring District?

8. We noted recent evidence to suggest official projections are not as unreliable as the Council previously thought within our Proposed Modifications representations².
9. Contrary to the Councils' consultant's suggestion that Tendring's housing requirement would be kept under review (EXD/038, paragraph 35), we have not seen any evidence that this has been the case. In the absence of such evidence, which in itself is a concern, it is difficult to comment further at this juncture.
10. There is also the separate issue of the potential wider impact on the region of reducing Tendring District's housing requirement to a number substantially below that suggested by official projections on housing provision. We addressed this point within our Proposed Modifications representations³.

c) Market signals and affordability?

11. Evidence of meaningful change in market signals and affordability since June 2018, and that this consistently suggests that the Section 1 Local Plan currently proposes too few homes to be capable of being considered sound and justified, is clear. This issue is discussed further within our Proposed Modifications representations. We have the following additional comments to make.
12. We note the Inspector's confirmation at paragraph 33 of the Guidance Note (IED/020) that he is not inviting discussion on use of the Standard Method to determine the NEAs' housing requirements, as there is no expectation this be applied to this Local Plan as it

¹ See Appendix A, paragraphs 2.16 – 2.19 / Appendix B, paragraph 2.7 – 2.10.

² See Appendix A, paragraphs 2.24 – 2.33 / Appendix B paragraph 2.18 – 2.28.

³ See Appendix A, paragraphs 3.35 – 3.47.

is being examined in relation to the NPPF 2012 (as per the NPPF 2019 transitional arrangements).

13. Within our representations on the Proposed Modifications, we had suggested use of the Standard Method would help resolve other uncertainties in respect of the NEA's housing requirement. However, whilst we recognise that the Section 1 Local Plan is not required to apply the Standard Method, the determining of a soundly based uplift to be applied to the demographic starting point is not a new requirement introduced by the NPPF 2018 or 2019, but rather a requirement of the NPPF 2012.
14. Again as per our representations, the NPPF 2012 and its accompanying guidance already required the calculation of housing need to account for market signals, including affordability.
15. The question is how this is to be quantified.
16. We do not consider use of current Planning Practice Guidance to quantify the extent of uplift to be applied to the demographic starting point offends the NPPF 2012 or the NPPF 2019 transitional arrangements, particularly given that the NPPF 2012 and its accompanying guidance did not provide an equivalent way of determining the uplift.
17. Even if one were to determine that it would be inappropriate to apply the current PPG to quantify the uplift to be applied, this does not mean the evidence that underpinned the proposed market uplifts in the Section 1 Local Plan is still up-to-date and relevant; and it does not preclude the need to identify alternative uplifts if they are not. It is therefore appropriate to consider the evidence which was used to justify the suggested OAHN (2016) market signal uplifts.
18. In the absence of any other guidance to quantify the extent of uplift required to be provided, the OAHNS (2016), understandably sought to consider relevant market signals and benchmark with comparable authorities elsewhere, in order to inform a professional judgement.
19. Looking at Colchester, the OAHNS (2016) concluded no uplift was required to be applied to its demographic starting point. When one considers Colchester Borough's

affordability ratio is now such that under new guidance an uplift of 34%⁴ should be applied, the validity of the OAHNS (2016) conclusion is now highly questionable.

20. The reasons why the OAHN (2016) suggested that no market uplift should be applied to Colchester Borough is set out at paragraph 5.101 of the OAHNS (2016):

“For Colchester the housing affordability ratio is slightly above the national average, but house prices and private rents are well below national averages, and housing delivery was less effected by the recession compared to the other HMA authorities, and completions exceed Plan targets”.

21. Taking each of the above in turn:

- Affordability ratio (median house price to median workplace-based earnings) is, as of 2018, 9.51. This is well above the affordability ratio for England and Wales of 7.83⁵.
- House prices are no longer well below national average. They are now broadly at the national average (calculated using the mean)⁶. When one uses the median to calculate the average (which has the advantage of reducing the potential distorting influence of extremes) Colchester house prices are *above* national average⁷.
- The mean private rent for Colchester has increased significantly since 2015, and at a much greater rate than the national mean average, substantially closing the gap between the two⁸. The median average for Colchester Borough has also increased at a greater rate, and is greater than, the national median average private rent.
- The Housing Delivery Test: 2018 measurements suggest delivery in the preceding three years exceeded requirements, but at the time of writing the 2019 measurements are still awaited.

⁴ 2014-based SNHP 2019-2029, 2018 affordability ratio.

⁵ Illustrated in Appendix A, Table 8 and Figure 2 / Appendix B, Table 5 and Figure 1.

⁶ Illustrated in Appendix A, Table 3 / Appendix B, Table 6.

⁷ The median Q1 2019 house price for England and Wales was £235,000; for Colchester Borough it was £270,000 (ONS Median house prices for administrative geographies: HPSSA dataset 9 (released September 2019). The median Q1 2019 house price for England and Wales was £235,000. For Colchester Borough it was £270,000.

⁸ Illustrated in Appendix A, Table 6 / Appendix B, Table 9.

22. As such, of the four factors used to justify no market uplift being applied to the demographic starting point for Colchester Borough, only one now still applies, and that is based on data due to be superseded shortly. Indeed, with the dramatic decrease in affordability, and increase in house prices and costs of rent, the Borough's position is fundamentally different.
23. Having regard to the above, the decision to apply no market uplift to Colchester Borough demographic starting point to determine housing need cannot now be considered justified.
24. Similarly, the conditions relied upon to justify the market uplifts of 15% in the OAHNS (2016) for Braintree and Tendring Districts have since changed.
25. In respect of Braintree District, the OAHNS (2016) observed that:
- District house prices have broadly tracked the national and regional trends (paragraph 5.38).
 - Affordability is poor, and a 15% uplift could be justified (paragraph 5.100)
26. However, more recent data confirms that between Q1 2016 and Q4 2018, mean house prices increased by a far greater rate (18%) in Braintree than compared to England and Wales (7%).⁹
27. In addition, whilst affordability was considered poor when the OAHNS (2016) was prepared, it is now considerably worse, and has worsened much more so than the national average¹⁰.
28. In respect of Tendring District, the OAHNS (2016) set out the justification for a 15% uplift at paragraph 5.102, noting:
- Market signals are more favourable than the national average, with the exception of affordability;
 - Affordability is close to the national average;

⁹ Illustrated in Appendix A, Figure 1 and Table 3 / Appendix B, Figure 2 and Table 6.

¹⁰ Illustrated in Appendix A, Table 8 and Figure 2 / Appendix B, Table 5 and Figure 1.

- The starting demographic projection is uncertain.
29. However, as noted within our Proposed Modifications representations¹¹, mean house prices have increase dramatically within Tendring District, far exceeding the national average increase.
30. In respect of median private monthly rent, this was below the national average in 2015/2016, but is now slightly greater.¹²
31. Affordability has dramatically worsened since 2015, and has gone from being better than the national average to worse.
32. In respect of both Braintree and Tendring Districts, the factors that justified a market uplift of 15% have materially changed since the OAHNS (2016), and the data which underpinned it, was prepared. These changes all suggest a greater market uplift is now required to be applied in order to ensure the Section 1 Local Plan housing requirements are soundly based.
33. In summary, it is abundantly clear that the provision of no market uplift to Colchester is no longer justified. There is also compelling evidence that changes in market signals since the OAHNS (2016) now necessitates a greater uplift than 15% for Braintree and Tendring. The question is therefore: what uplift would now be justified? As set out above, the latest PPG guidance provides a consistent and objective approach to quantify the extent of market uplift to be provided, and we consider it should be used. However, if this is not deemed appropriate, there are alternatives.
34. Applying the PPG methodology to determine the extent of uplift to be applied to address affordability, results in the following percentage uplifts being applied to the demographic starting points:

¹¹ Illustrated in Appendix A, Figure 1 and Table 3 / Appendix B, Figure 2 and Table 6.

¹² Illustrated in Appendix A, Table 7 / Appendix B, Table 9.

Area	Uplift required (%) using PPG
Braintree	39
Colchester	34
Tendring	32

35. However, if one were to ignore the PPG method, one could revert to professional judgement based on the consideration of market uplifts that have been deemed appropriate elsewhere.
36. The OAHNS (2016) notes the case of the Canterbury Local Plan, examined under the NPPF 2012, in which a 30% uplift was considered by the Inspector to be necessary (though the OAHNS (2016) states it was not entirely clear what proportion of the uplift was due solely to market signals). The OAHNS (2016) states Canterbury’s signals justifying this uplift were:
- Median house prices 12% above the national average;
 - House price growth some 20 percentage points above the national average;
 - Affordability ratio consistently above the national benchmark - currently 9 against 6.5 for England.
37. The table below considers the above factors in relation to the NEAs:

Area	Median house price - % above national average ¹³	House price growth – points above national average ¹⁴	Difference between national and District / Borough affordability ratio ¹⁵
Braintree	19	11	2.3
Colchester	15	12	1.7
Tendring	-2	18	1.3
Canterbury	12	c.20	2.5

¹³ Based on ONS March 2019 median house prices for administrative geographies: HPSSA dataset 9 (released September 2019) (Extract provided as **Appendix C**)

¹⁴ Information available in Appendix A, Table 3 / Appendix B, Table 6.

¹⁵ Based on ONS 2018 Median workplace-based ratios (released March 2019)

38. In respect of both Braintree District and Colchester Borough, there are clear similarities with Canterbury. In the case of Tendring District, the market signals generally do not suggest as significant an uplift as Canterbury, but house price growth is currently considerably greater in Tendring District than it was in Canterbury when a 30% uplift was deemed appropriate.
39. The OAHNS (2016) also addressed Chelmsford, in addition to the NEAs. Chelmsford's new Local Plan is nearing adoption, with the Inspector having confirmed it can be found sound subject to main modifications. The new Local Plan uses the OAHNS (2016) to determine its housing requirement, which suggests a 20% market uplift for Chelmsford. This results in an objectively assessed need of 805 dwellings per annum (compared to a demographic starting point of 656). However, the new Chelmsford Local Plan takes the figure of 805 dwellings per annum, and applies a buffer of nearly 20% to determine its total housing target. The overall housing target proposed in the emerging Chelmsford Local Plan is equivalent to 952 dwellings per annum – a total uplift of 45% to the demographic starting point.
40. In recommending the 20% market uplift for Chelmsford, the OAHNS (2016) noted the following:
- House prices well above national average;
 - Private rent well above national average;
 - Affordability substantially worse than the national average.
41. With the exception of house prices in Tendring District, the above could all be said to now be applicable to the NEAs, as set out within this Hearing Statement and our Proposed Modifications representations.
42. It cannot be ignored that whilst the Chelmsford Local Plan housing target has, in effect, been confirmed as sound, this is on the basis of a 45% uplift to the demographic starting point.
43. It should be noted that, both Chelmsford and Canterbury's market signal uplift were determined without the benefit of current guidance which confirms how uplifts should be calculated.

44. Bringing all the above together (ignoring the latest PPG; having regard to Canterbury and Chelmsford; and the fact current market signals suggest a greater uplift is required for all three NEAs than proposed previously), we consider the following uplifts to account for market signals could be considered sound:

Area	Uplift (%)
Braintree	25
Colchester	25
Tendring	20

45. The aforementioned uplift would result in the following requirements:

Area	Demographic starting point ¹⁶	Market signal uplift	Total annual housing requirement
Braintree	623	25	779
Colchester	866	25	1,083
Tendring	653	20	784
Total	2,142	-	2,646

46. Whilst the above could be considered justified, we feel that it is a far less robust approach than using the latest PPG to provide an objective figure.

47. In addition, it is notable that these figures would be significantly below the actual current housing requirements, as calculated in accordance with latest national policy and guidance.

What are the implications for the assessment of housing need and for the housing requirements in the Section 1 Plan?

48. It is clear the housing requirements set out within the Section 1 Local Plan can no longer be considered soundly based. Main modifications are necessary to address this.

¹⁶ As per OAHNS (2016) with exception of Tendring, for which average annual household increase 2013-2037 from 2014-based SNHP is utilised

- 49. Within our Proposed Modifications representations, we had suggested the most expedient approach to addressing the issue would be to apply the Standard Method. However, we acknowledge that the Inspector does not support such an approach.
- 50. In the absence of being able to utilise the Standard Method, we consider it would be appropriate to retain the demographic starting points for the NEAs as suggested by the OAHNS (2016), with the exception of Tendring District. In the case of Tendring District, it is considered appropriate to revert to use of the 2014-based projections, in the absence of:
 - a) evidence from the NEAs that UPC continues to distort official projections;
 - b) any evidence from the NEAs as to how the potential consequences for the wider area of delivering fewer homes than official projections suggest are required.
- 51. An appropriate uplift needs to be provided to such demographic starting points to account for new evidence in respect of market signals. We suggest it would be appropriate, and consistent with the NPPF 2012, to utilise the latest PPG to quantify this uplift. This results in the following housing requirements, which we consider the most appropriate and enable the calculation of housing need to be capable of being considered sound (Scenario A):

Area	Demographic starting point ¹⁷	Market signal uplift	Total annual housing requirement
Braintree	623	39	866
Colchester	866	34	1,160
Tendring	653	32	849
Total	2,142	-	2,875

Scenario A: approach to calculating housing need considered most robust for purposes of Section 1 Local Plan

- 52. However, it is recognised there are potential alternative scenarios.

¹⁷ As per OAHNS (2016) with exception of Tendring, for which average annual household increase 2013-2037 from 2014-based SNHP is utilised

53. Such alternative scenarios could include one in which the NEAs are able to provide evidence that robustly demonstrates UPC continues to distort official projections, and a demographic starting point of 480 for Tendring District is justified. A revised uplift to account for the change in market signals would then be applied to this starting point.
54. Separately, if it was considered inappropriate to utilise latest guidance to quantify the extent of uplift to be provided, and the uplift should instead be based on benchmarking against authorities to which similar market signals apply, the uplift should in our view be at least 25% for Braintree and Colchester. For Tendring, a 20% uplift could be considered acceptable. However, depending on the approach taken in respect of the demographic starting point for Tendring, this may need to be increased to reflect uncertainty in respect of this.



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Appendices

- **Appendix A - City and Country NEA Suggested Amendments to the Publication Draft Section 1 - July 2019 Representation**
- **Appendix B - Bloor NEA Suggested Amendments to the Publication Draft Section 1 - July 2019 Representation**
- **Appendix C - Data extracted from ONS House Price Statistics for Small Areas (HPSSAs): HPSSA Dataset 9. Median price paid administrative geographies**

**Appendix A - City and Country NEA Suggested Amendments to the
Publication Draft Section 1 - July 2019 Representation**



Consultation Response

NEA Suggested Amendments to the Publication Draft Section 1 –
July 2019

On behalf of City & Country

September 2019

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1. Introduction and Background

- 1.1. Braintree District Council, Colchester Borough Council, and Tendring District Council (the NEAs) are each preparing Local Plans for their respective administrative areas. The three Local Plans consist of a joint Section 1, which addresses strategic issues; and a Section 2, which follows on from Section 1 and contains policies and allocations specific to each authority.
- 1.2. The Local Plans were submitted to the Secretary of State for examination on 9 October 2017. The Section 1 Local Plan is being examined separately and ahead of the Section 2 Local Plans.
- 1.3. Section 1 Local Plan examination hearing sessions were held in January and May 2018. Following these, the Inspector wrote to the Councils on 8 June 2018, setting out a number of concerns in respect of the soundness of the Section 1 Local Plan, and suggesting potential options to address these. Separately, the Inspector also wrote to the Councils on 27 June 2018 in respect of the approach to determining the housing requirements set out in the Local Plan.
- 1.4. In response to the Inspector's letter of 8 June 2018, the Councils have been undertaking additional work to seek to address the identified defects. In light of the time that was being taken to address these matters, the Inspector announced a pause to the examination on 10 December 2018.
- 1.5. The additional work undertaken by the Councils has culminated in the publication of additional Sustainability Appraisal and series of evidence base documents, as well as a schedule of suggested amendments to the submitted Section 1 Local Plan (NEA Suggested Amendments to the Publication Draft Section 1 – July 2019 (reference EB091)); all of which are now subject to a period of public consultation until 30 September 2019.
- 1.6. The additional work undertaken by the Councils has focussed on the garden communities which form an important element of the submitted Section 1 Local Plan.
- 1.7. However, the Section 1 Local Plan is not focussed solely on garden communities, and include the issue of the housing requirements of each of the authorities, addressed

through proposed Policy SP3. Whilst the Inspector's letter of 27 June 2018 on this issue did not suggest, at that time, any modifications in respect of this issue were required, clearly considerable time has elapsed since.

- 1.8. Indeed, the Inspector confirmed within in his letter of 27 June 2018 that his views on the approach the Section 1 Local Plan has taken to determine housing requirements were not final. Rather, they were based on the evidence available to him at that time. The Inspector expressly reserved the right to modify these views in the event that additional evidence was to come to light. Clearly, additional evidence has subsequently come to light, as well as there having been material changes in circumstance. This has included the publication of new evidence on household projections; substantial changes in policy and guidance; the findings of Inspectors in relevant Section 78 appeals; and the approach being taken by neighbouring authorities to meeting housing requirements.
- 1.9. Modifications are proposed to Policy SP3, as set out in EB091.
- 1.10. However, these modifications are not, in our view, in any way sufficient to ensure the Local Plan is sound. The limited nature of the proposed modifications suggest that none of the new evidence, change in policy and guidance, or other material changes have been appropriately accounted for. Indeed, and as discussed further within this representation, we think that the proposed modifications have further undermined the potential for the Local Plan to be considered sound.
- 1.11. Rather than acknowledge the Inspector's findings on the soundness of the housing requirement were subject to change, and that the very factor the Inspector explicitly confirmed could lead to a change in his views (additional evidence arising) had occurred, the Councils appear to have completely ignored this and treated the Inspector's interim views as definitive. This is exemplified by the limited nature of proposed modifications to Policy SP3. In addition, we note that Colchester Borough have based their published five-year housing land supply positions on calculations which assume the figures in the submitted Local Plan to be final.
- 1.12. In addition, in decision-making and in Section 78 appeals, both Colchester and Tendring District Councils have sought to utilise / present the proposed housing requirements in the submitted Local Plan as if they were final and not subject to potential change.

- 1.13. For example, in evidence presented on behalf of Tendring District Council in respect of an appeal in relation to Land to The South of Long Road and West of Clacton Road, Mistley (appeal reference APP/P1560/W/19/3220201), it was stated that:

*“As regards the 550 number [dwellings per annum housing requirement] it is also worth noting that the Local Plan Inspector agreed that the councils [sic] housing requirement should match the OAN of 550 dpa. This was in the face of many calls for both the OAN and plan requirement figure to be significantly higher. So the 550 dpa, as the requirement, represents the local plan Inspectors [sic] reasoned **conclusion** as to the proper balance between the release of land and other factors including environmental protection and the sustainability of the borough [sic] as a whole.”* (Paragraph 79 of proof evidence of Richard Pestell on behalf of the Local Planning Authority, emphasis added). (Extract provided as **Appendix 1**).

- 1.14. Notably the above was submitted after an Inspector, considering a different appeal, had already confirmed that the issue of whether 550 dwellings per annum should be the District's housing requirement remained unresolved, stating:

*“The Inspector concluded in June 2018 that the housing requirement of 550 dpa was soundly based but he reserved the right to modify this view in light of any further evidence that may come forward before the examination ends. Consequently, **the Local Plan housing requirement remains uncertain**”* (Paragraph 40 of the appeal decision letter in respect of Lifehouse Spa and Hotel, Thorpe-le-Soken (reference APP/P1560/W/18/3194826), emphasis added) (Copy of decision letter provided as **Appendix 2**).

- 1.15. The above quotes not only confirm that questions remain as to the soundness of the proposed housing requirements in the Section 1 Local Plan, but it also further illustrates how the Councils have failed to consider the potential need to update the housing requirements in the submitted Local Plan in light of changes. Rather, and despite appeal decisions confirming it inappropriate to do so, they have treated the issue as if resolved. This may help explain why there is no evidence that the issue has been given further consideration by the Councils in respect of the Section 1 Local Plan.

- 1.16. We consider it is imperative that the Councils look to address their housing requirements in light of the substantial changes since the issue was last considered.

- 1.17. Such are the extent of the changes in circumstance, policy / guidance, and evidence since the Section 1 Local Plan's housing requirements were found to be soundly based, that to continue with a strategy which disregards these changes will result in a Local Plan which is entirely out-of-date immediately on adoption, not fit for purpose, and requiring immediate review. Modifications are required to address these changes.
- 1.18. We are also of the view that further hearing sessions on the issue of housing requirements are necessary as part of the Local Plan examination.
- 1.19. Further details in respect of the above, and the justification as to why modifications and further hearing sessions to consider the issue are necessary, are set out within this representation.

2. Evidence on housing need

- 2.1. As noted within Section 1 of this representation, in his letter of 27 June 2018, the Inspector stated that he reserved the right to modify his views on the soundness of the approach taken to determining housing requirements in the Section 1 Local Plan, in the event that new evidence was to emerge.
- 2.2. We emphatically agree that it was entirely appropriate for this initial advice to be caveated in such a manner. The interim advice followed a letter issued by the Inspector on 8 June, the potential implications of which included delays to the Local Plan examination and even the possible withdrawal of the Local Plan. There was clearly the potential for additional evidence to arise which would be material to the issue of housing requirement before the completion of the examination process.
- 2.3. What has followed has entirely justified, and demonstrated the need for, this caveat. Whilst some delay could have been anticipated as a result of the defects in the submitted Local Plan identified by the Inspector in his letter of 8 June 2018, it was not until October 2018 that the Councils clarified how they wished to proceed. At that point, the Councils suggested the Examination process could restart in February 2019, but the delay has of course been far greater still.
- 2.4. The significant delay has resulted in the evidence on which the housing requirements are based now being considerably out-of-date.
- 2.5. It cannot be ignored that the 2012 NPPF (in relation to which the Section 1 Local Plan is being examined, as per the current NPPF transitional arrangements) requires the evidence base on which Local Plan are based to be adequate, up-to-date, and relevant (paragraph 158).
- 2.6. The principle evidence base document on which the Section 1 Local Plan proposed housing requirements are predicated is the Braintree, Chelmsford, Colchester, Tendring Objectively Assessed Housing Need Study (November 2016 update) (EB/018) (OAHNS (2016)). Examples of sources of data used, and age of this data, in the OAHNS (2016) includes the following:
- 2014-based subnational household projections (published 2016).

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- 2015 affordability ratios (latest data cited in figures in Section 5 of the report).
 - EEFM 2016
 - Experian Forecasts September 2016
 - 2016 Q1 mean house prices (e.g. Table 5.2 of the report)
 - CLG Table 581 – mean house prices based on Land Registry data 2002-2012 (Cited at Table 2.3 of the study. NB equivalent data now published by ONS).
 - ONS House Price Statistics for Small Areas – up until first quarter of 2016.
 - Average monthly market rents – May 2016 (VOA Private Market Rent Statistics).
 - Overcrowding and concealed households – Census 2011.
 - Housing completion data up to 2014/15 (e.g. Figure 5.1).
- 2.7. Elements of the evidence are over seven years old; and will be older still by the time the Local Plan is adopted.
- 2.8. In terms of the age of the data relied upon, it is relevant to note that the Section 1 Local Plan currently being examined is just one of two parts of what will form the Local Plan for each of the Authorities. The Section 2 Local Plans are considered unlikely to be adopted until 2021 at the earliest, but – and unless modifications are made to the Section 1 Local Plan – will be based on substantially out of date evidence.
- 2.9. The two key components of the housing requirement calculation in the OAHNS (2016) are the calculation of the demographic starting point; and the consideration of market signals. New evidence has emerged in relation to both since the publication of the OAHNS and consideration of the issue as part of the Local Plan Examination.
- 2.10. New relevant evidence that has become available since the Inspector's interim advice letter of 27 June 2018 includes:
- 2016-based subnational household projections (published 20 September 2018).
 - ONS Subnational Population Projections Quality and Methodology Information (9 April 2019).
 - 2018 mid-year population estimates (published 26 June 2019).
 - ONS 2018 mid-year population estimates Quality Indicators
 - 2018 affordability ratios (published 28 March 2019).
 - VOA private rental market statistics April 2018 to March 2019 (released 20 June 2019).

- ONS House Price Statistics for Small Areas in England and Wales: year ending December 2018 (published 26 June 2019).
- Housing Delivery Test: 2018 Measurement

2.11. The implications of the above new evidence for the demographic starting point and in relation to market signals relevant to the housing requirement, are discussed below.

Demographic Starting Point

2.12. In the case of both Braintree District and Colchester Borough, the OAHNS (2016) considered it appropriate to utilise the subnational household projections to determine the demographic starting point for the purposes of calculating the respective authorities' housing requirements. The most recent available to the OAHNS (2016) were the 2014-based projections. These projections estimated the number of households for Braintree District and Colchester Borough as follows:

Area	Number of projected households (2014-based) 2013-2037		
	2013	2037	Increase
Braintree	62,368	76,907	14,539
Colchester	73,593	93,525	19,932
Total	135,961	170,432	34,471

Table 1 – 2014-based subnational household projections: 2013-2037

2.13. Utilising these, and considering the period 2013 to 2037, the OAHNS (2016) concluded that the demographic starting point for calculating for housing requirements was 623 dwellings per annum for Braintree District, and 866 dwellings per annum for Colchester Borough.

2.14. Since the publication of the OAHNS (2016), the 2016-based population and household subnational projections have been released. The 2016-based population projections were released on 24 May 2018, ahead of the Inspector's letter of 27 June 2018, but after the relevant hearing sessions had taken place.

2.15. Comparing this with the 2014-based projections, which were the latest available to the OAHNS (2016) and at the time the issue was last considered through the Local Plan

Examination, the combined projected increase in household for both authorities is very similar.

- 2.16. It should be noted that there are recognised concerns with the use of the 2016-based subnational household projections to calculate housing requirements.
- 2.17. Previous projections have utilised data going back to 1971, whereas the 2016-based subnational household projections only draw on data since 2001. Of particular relevance is that the time period drawn up included recession and levels of housing delivery well below need. As such, there are substantial concerns that this has suppressed the household formation rates used in the 2016-based SNHP, particularly within the 25-44 age cohort, resulting in the projections understating actual need.
- 2.18. The ONS acknowledges these concerns at Point 5 of its Methodology used to produce household projections for England: 2016-based, at which it states:
- “There was a view that only using the 2001 and 2011 Censuses would result in a downward trend in household formation for the younger age groups, which in turn would downplay the need for housing for younger people”.*
- 2.19. Issues with the 2016-based projections understating the extent of household growth have resulted in the Government confirming¹ they should not be used to calculate housing requirements through the Standard Method (which Local Plan being prepared in accordance with the current NPPF are required to use to determine housing requirements, unless exceptional circumstances indicate otherwise)².
- 2.20. Having regard to the above, it is notable that despite concerns that the 2016-based projections understate the level of household growth, the total projected household growth for Braintree and Colchester is broadly similar to that indicated by the 2014-based projections. Indeed, in the case of Colchester Borough, the household growth estimated by the 2016-based projections is greater.

¹ PPG paragraph: 015 Reference ID: 2a-015-20190220

² NPPF paragraph 60.

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- 2.21. In respect of Tendring District, the 2014-based subnational household projections suggested that the number of households in the District would grow by 15,008 between 2013 and 2037 – equivalent to 625 households per annum.
- 2.22. The OAHNS (2016) concluded that the official projections could not be relied upon to determine the District's demographic starting point, as a result of Unattributable Population Change (UPC) having distorted these.
- 2.23. UPC is the discrepancy between the population estimates provided by the census (every 10 years); and the ONS' annual mid-year population estimates. In this case, it is the difference between the population growth indicated by the mid-year estimates, and that by the population recorded in the 2001 and 2011 censuses. Tendring District Council's consultants have suggested that this UPC is a result in errors in estimating internal migration flows, and that it is probable that internal out-migration flows have been underestimated, resulting in the discrepancy (Extract provided as **Appendix 2**).
- 2.24. The issue of UPC and how the calculation of Tendring District's housing requirement should respond to this was considered through the Local Plan Examination in early 2018, having regard to evidence available at that time.
- 2.25. As noted above, shortly before the Inspector's interim advice of 27 June 2018, but after relevant hearing sessions had already been conducted, the 2016-based subnational population projections were released. From the Councils' Local Plan Examination website, it appears one submission by an Examination participant in respect of the new evidence and its relevance to the Local Plan was made ahead of the Inspector's interim advice (Lichfields on behalf of City & Country – EXD/037, 1 June 2018). This submission included the observation that the 2016-based projections primarily use data from 2012 onwards, and are therefore not affected by UPC. It went on to state that the Council's Local Plan housing requirement of 550 dwellings per annum is founded on evidence that is now out of date, and based on assumptions that have now proven to be incorrect in light of the release of the 2016-based population projections.
- 2.26. However, the Council's consultants provided a differing view (EXD/038, June 2018). They contended that the 2016-based projections are affected by the same errors as the 2014-based projections, that there remains sound evidence to depart from use of the official projections in determining the housing requirement.

- 2.27. The Council's consultants' response did acknowledge that they agreed with the view that there remains significant uncertainty in the data for Tendring (EXD/038, paragraph 33), and stated that the Council will keep the objectively assessed need under review (EXD/038, paragraph 35).
- 2.28. The 2016-based subnational population projections estimated the population of Tendring in 2018 would be 145,500. Additional evidence which has been published since the Inspector's interim advice of 27 June 2018 includes the 2018 mid-year population estimates.
- 2.29. The ONS reports that the 2018 mid-year population estimate for Tendring District was 145,803, i.e. a very similar figure to that projected by the 2016-based subnational population projections.
- 2.30. The ONS publish Quality Indicators alongside the mid-year population estimates. As the ONS explain, the Quality Indicators report the percentage of a Local Authority population that consists of the various difficult to estimate groups – the higher the percentage, the greater the risk of uncertainty in the mid-year population estimate.
- 2.31. In respect of Tendring District, the Quality Indicators published for the 2018 mid-year population estimates published on 26 June 2018 confirm the population comprises a low percentage of hard to estimate groups, suggesting a low risk of uncertainty.
- 2.32. The figures, along with other Essex Authorities for comparison, are as per below:

	Census base	Cumulative migration	Internal migration	Internal migration	Students	Armed forces
Basildon	2-5%	2-5%	5-10%	0-2%	0-2%	0-2%
Braintree	2-5%	0-2%	5-10%	0-2%	0-2%	0-2%
Brentwood	2-5%	2-5%	10-20%	0-2%	0-2%	0-2%
Castle Point	2-5%	2-5%	5-10%	0-2%	0-2%	0-2%
Chelmsford	2-5%	2-5%	10-20%	0-2%	2-5%	0-2%
Colchester	5-10%	5-10%	10-20%	0-2%	5-10%	0-2%
Epping Forest	2-5%	2-5%	10-20%	0-2%	0-2%	0-2%
Harlow	2-5%	0-2%	10-20%	0-2%	0-2%	0-2%
Maldon	2-5%	5-10%	10-20%	0-2%	0-2%	0-2%
Rochford	2-5%	2-5%	10-20%	0-2%	0-2%	0-2%
Tendring	2-5%	5-10%	5-10%	0-2%	0-2%	0-2%
Uttlesford	2-5%	5-10%	10-20%	0-2%	0-2%	0-2%

Table 2 – 2018 ONS 2018 mid-year population estimates Quality Indicators – percentage of population comprising difficult to estimate groups

- 2.33. The above provides evidence that the 2018 mid-year estimates are subject to a low level of uncertainty. These same 2018 mid-year estimates suggest that the population in 2018 is very close to that which the 2016-based projections estimated. As such, there are significant doubts that these latest population projections are as inaccurate as the Council has suggested.
- 2.34. The latest (2016-based) subnational household projections estimate that the number of households in the District would grow by 15,008 between 2013 and 2037. This number should be treated with caution, given concerns that the 2016-based projections underestimate household growth.
- 2.35. In overview, additional evidence has clearly become available relevant to the issue of the demographic starting point to be used in the calculation of the authorities' housing requirements, since the issue was last considered as part of the Local Plan Examination.
- 2.36. This evidence suggests that the demographic starting points used to determine the housing requirements in the submitted Section 1 Local Plan have been set too low, particularly in the case of Tendring.

Market signals

2.37. The PPG³ which accompanied the 2012 NPPF stated that housing numbers suggested by the demographic starting points were required to be adjusted to reflect market signals / indicators of the balance between the demand and supply of housing.

Relevant market indicators include:

- Land prices
- House prices
- Cost of private renting
- Affordability
- Rates of development
- Overcrowding

2.38. The OAHNS (2016) suggested the following uplifts to the demographic starting points for each of the three authorities:

Braintree:	15%
Colchester:	0%
Tendring:	15%

2.39. New evidence in respect of house prices, private rent, affordability and rates of development has since become available and is discussed below.

House Prices

2.40. The latest house price data available to the OAHNS (2016) was for Q1 2016. Since that time, house prices have grown dramatically within all three authorities; and, again in the case of all three, at far greater rate than the national average.

2.41. This is illustrated below in a chart showing indexed link increase, with 100 the average house price at Q1 2016 and using data from ONS House Price Statistics for Small Areas (dataset 12) in England and Wales: year ending December 2018.

³ Paragraph: 020 Reference ID: 2a-020-20140306

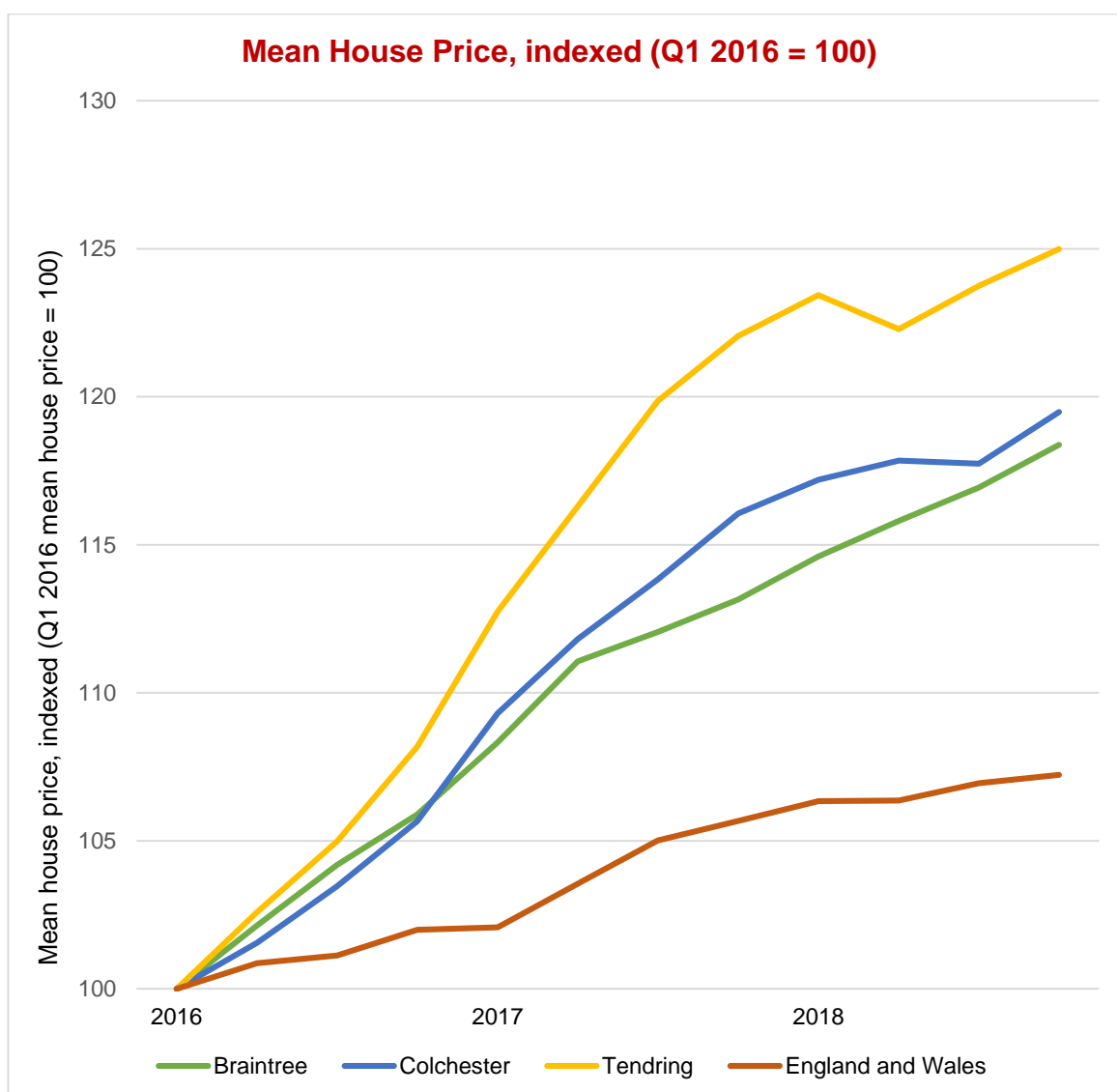


Figure 1 – Mean house price change Q1 2016 – Q4 2018, indexed

2.42. The below table presents the figures which were used to create the chart in Figure 1, alongside the percentage house price increase for each geographical area.

Area	Mean house price (£)		Increase (%)
	Q1 2016	Q4 2018	
Braintree	265,870	314,722	18
Colchester	247,150	295,313	19
Tendring	200,020	250,008	25
England and Wales	277,206	297,241	7

Table 3 – Mean house price increase Q1 2016 – Q4 2018

- 2.43. The above further demonstrates the dramatic increase in house prices within Braintree, Colchester and Tendring since Q1 2016, both in relative and absolute terms.

Cost of private renting

- 2.44. In respect of the private rental market, the OAHNS (2016) was able to draw upon data for May 2016 (as set out within Table 5.2 of the study). VOA has subsequently released updated data sets, most recently figures for April 2018 to March 2019.

- 2.45. The OAHNS (2016) used the average monthly market rents for the respective authorities within data released in May 2016 (which covered the period April 2015 to March 2016). This was as follows:

Area	Average private monthly rent 2015-2016 (£)
Braintree	773
Colchester	728
Tendring	640
England and Wales	820

Table 4 – Average private monthly rent May 2016, reported in OAHNS (2016)

- 2.46. From a review of the VOA May 2016 statistics, it appears the averages cited were the mean averages.

- 2.47. VOA private rental market statistics April 2018 to March 2019 reports average (mean and medium) private monthly rents as follows:

Area	Average private monthly rents 2018-2019 (£)	
	Mean	Median
Braintree	814	775
Colchester	813	750
Tendring	728	700
England and Wales	858	695

Table 5 – Average private monthly rents 2018-2019 (VOA)

- 2.48. Using the mean figures to ensure a like-for-like comparison, the mean average private monthly rents for 2016 and 2019 are set out below:

Area	Mean private monthly rent (£)		Increase (%)
	2015-2016	2018-2019	
Braintree	773	814	5.3
Colchester	728	813	11.7
Tendring	640	728	13.8
England and Wales	820	858	4.6

Table 6 – Mean private monthly rent increase 2015 – 2019

2.49. As is clear from the above, whilst the increase in mean private monthly rent in Braintree District is only slightly greater than the national average, the increase in the average cost of renting in Colchester Borough and Tendring District greatly exceeds the average for England and Wales.

2.50. The OAHNS (2016) study did not use median rents for 2015-2016, but these are considered below. The advantage of using the median averages, rather than the mean, is that these are less affected by extreme values (outliers) within the data set which may not be typical.

Area	Median private monthly rent (£)		Increase (%)
	2015-2016	2018-2019	
Braintree	725	775	6.9
Colchester	680	750	10.3
Tendring	625	700	12.0
England and Wales	650	695	6.9

Table 7 – Median private monthly rent increase 2015 – 2019

2.51. Notably, when one utilises the median, the average private monthly rent for the authorities is greater than the national average for 2018-2019. In the case of Tendring District, the average monthly private rent has gone from being below the national average in 2015-2016, to exceeding it for 2018-2019.

2.52. As with the mean average, the median average shows that whilst the increase in the cost of renting in recent years in Braintree District has been in line with the national average, it has exceeded the national average in both Colchester Borough and Tendring District.

Affordability

- 2.53. Turning to the issue of affordability, the most recent affordability ratio data utilised in the OAHNS (2016) was for 2015. ONS data shows a significant worsening of affordability since, with the ratio of median house price to media gross annual workplace-based earnings having increased dramatically within the NEAs since 2015. Table 8 below shows the affordability ratio data since 2015 for the three areas, together with data for England and Wales as a whole.

Area	Affordability ratio (median house price to median workplace-based earnings)			
	2015	2016	2017	2018
Braintree District	8.23	8.59	9.50	10.17
Colchester Borough	8.36	8.70	8.99	9.51
Tendring District	6.87	7.99	9.08	9.10
England and Wales	7.37	7.59	7.77	7.83

Table 8 – Affordability ratios for Braintree, Colchester, Tendring, and England and Wales 2015-2018

- 2.54. The worsening of affordability within the three authorities is far greater than that experienced nationally, particularly in the cases of Braintree and Tendring, as illustrated in Figure 2.
- 2.55. The chart in Figure 2 provides an indexed link graph showing the increase in affordability ratios, with the data 2015 available to the OAHNS 2016 set as the baseline figure of 100.

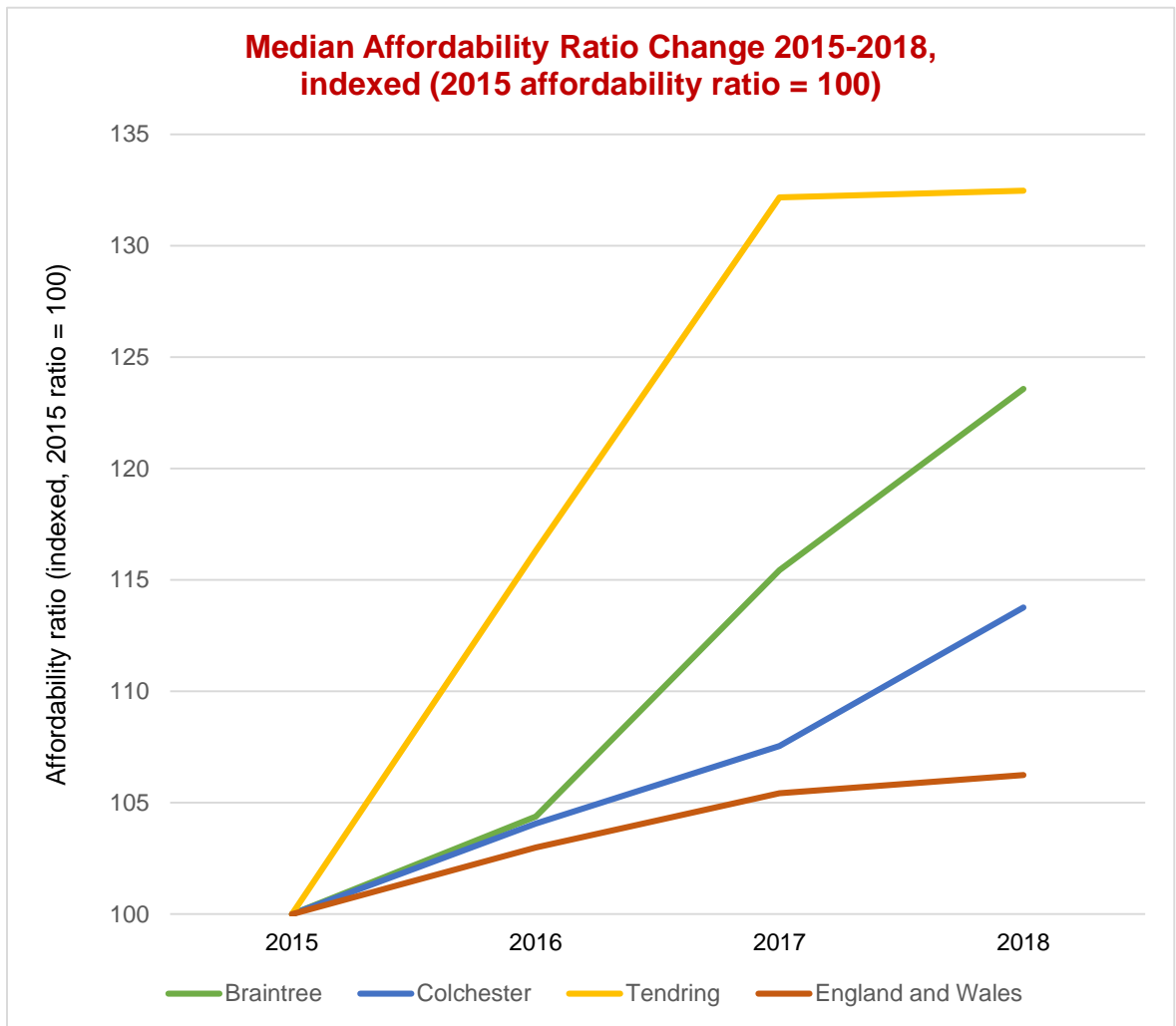


Figure 2 – Median affordability ratio change 2015 – 2018

- 2.56. It is clear that affordability has worsened significantly across the three authorities since 2015, and dramatically so in the case of Tendring District.

Rates of development

- 2.57. In relation to rates of development, the PPG which accompanied the 2012 NPPF advises that if the historic rate of development shows that actual supply falls below planned supply, future supply should be increased to reflect the likelihood of under-delivery of a plan⁴.

⁴ Paragraph: 019 Reference ID: 2a-019-20140306

- 2.58. The OAHNS (2016) recognised that the delivery of housing within the housing market area had been substantially below planned targets, but suggested that this was largely due to the recession.
- 2.59. Since this time there has of course been further post-recession data available to draw upon.
- 2.60. In addition, the introduction of the Housing Delivery Test and the publication of the 2018 measurement has provided a robust and consistent basis to assess how authorities are performing in relation to housing requirements. The measurement provides the percentage of a District / Borough’s housing requirement which has been met over the previous three years (2015-2018, in the case of the 2018 measurement).
- 2.61. In respect of Braintree District, Colchester Borough and Tendring District, the 2018 measurement was as follows:

Area	Housing Delivery Test: 2018 measurement
Braintree District	93%
Colchester Borough	120%
Tendring District	78%

Table 9 – Housing Delivery Test: 2018 measurement

- 2.62. The above results suggest a mixed picture across the NEAs. Whilst Colchester Borough Council has met, and exceeded, its requirements in the last three years; Braintree and Tendring Districts’ delivery has fallen short of requirement. In the case of Tendring District, by such an extent that it is required under the NPPF to apply a 20% buffer to its housing requirement, as well as to produce an action plan setting out how housing needs will be addressed.
- 2.63. In relation to the provision of affordable housing, however, the recent delivery record is poor across all of the NEAs.
- 2.64. In respect of Braintree District, the Council⁵ reports that there was a net supply of just 160 affordable dwellings over the two-year period between 2016 and 2018. The affordable housing need over this period, as identified in the OAHNS (2016) was 424

⁵ Braintree District Council Monitoring Report 2018

(212 per annum) dwellings. As such, Braintree District met just 38% of its affordable housing need between 2016 and 2018.

- 2.65. Colchester Borough's affordable housing need (as per the OANHS (2016)) is 267 dwellings per annum. The Council reported⁶ that only 100 affordable homes were delivered in 2016/17, and 134 in 2017/18. This totals 234 affordable homes over the two-year period – just 44% of the need.
- 2.66. Tendring District Council recent record on affordable housing delivery appears exceptionally poor. The OAHNS (2016) found that the affordable housing need for Tendring District is 267 dwellings per annum. The latest Monitoring Report published on Tendring District Council's website is for the year 2015/16, and as such does not provide up to date data. However, the issue was explored through a Section 78 appeal in Tendring District, through which the Inspector noted in his decision that the Council had delivered a net loss of one affordable home over the last five years⁷.

Summary

- 2.67. In summary, there are multiple market signals that suggest that a greater uplift is now required across the Braintree District, Colchester Borough and Tendring District.
- 2.68. In particular, in respect of Tendring District, there is a recurring theme with several indicators suggesting significant uplifts are required.
- 2.69. In terms of Colchester Borough and the position that no uplift is required to account for the market signals, more recent data demonstrates that such a view is totally unjustified. An uplift to the demographic starting point to account for market signals is evidently required.

Overview and conclusion

- 2.70. New evidence of relevance to the issue of Braintree District, Colchester Borough and Tendring District's housing requirements has, unquestionably, become available since the issue was last considered through the Local Plan Examination.

⁶ Colchester Borough Council Authority Monitoring Reports 2017 and 2018

⁷ Appeal Decision APP/P1560/W/18/3196412 – paragraph 50 of decision letter

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- 2.71. The new evidence raises significant doubts as to the justification for Tendring District departing from the use of official subnational household projections to determine its demographic starting point.
- 2.72. New evidence also confirms that market indicators since preparation of the relevant aspect of the Councils' evidence base suggest a greater uplift is required to be applied to the demographic starting point to ensure housing needs will be met.

3. Other recent changes and their relevance to determining a sound housing requirement

- 3.1. In addition to new demographic evidence and market signals since the issue of housing requirement was last considered through the Section 1 Local Plan, there have been other material changes. These include: publication of new policy and guidance; determination of relevant planning appeals; and progress by other neighbouring authorities with their Local Plans.
- 3.2. It is recognised that the Section 1 Local Plan is being examined under the 2012 NPPF, in accordance with the NPPF transitional arrangements. However, there are aspects of the new policy and guidance which are nevertheless material to the examination, as discussed within this section.

Policy and Guidance

Market Signals Uplift

- 3.3. The PPG which accompanied the 2012 NPPF confirmed the need to consider application of an uplift to the demographic starting point in the determination of the housing requirement, in order to reflect market signals⁸. This is not something that has been introduced by the 2018 or 2019 NPPFs, or accompanying guidance.
- 3.4. However, the PPG only provided limited guidance on how to determine the *extent* of any uplift, simply suggesting that the stronger the indicators of demand and larger the improvement in affordability need, the greater the uplift should be; and that the adjustment should be set at a level that is “reasonable”⁹. The guidance did not suggest how this could be quantified.
- 3.5. As such, the issue of degree to which an uplift should have been applied was effectively left to a matter of professional judgement, and benchmarking against approaches found to be acceptable elsewhere. This is evident in the OAHNS (2016) which, entirely understandably given the guidance available at the time, notes the lack of an empirical or statistical approach to determine the level of adjustment to be applied

⁸ Paragraph 019 Reference ID: 2a-019-20140306

⁹ Paragraph: 020 Reference ID: 2a-020-20140306

and considers the indicators in relation to other areas, the Local Plans for which had already been through the examination process. The problem being, of course, that the authors of these Local Plans did not have the benefit of detailed guidance as to the extent of the uplift that should be applied.

3.6. However, the situation now is fundamentally different. Guidance has been published since the issue was last considered through the Local Plan Examination. The PPG¹⁰ now clarifies precisely how the uplift to the demographic starting point should be quantified, confirming that one of the indicators the previous guidance instructed should be considered (affordability) be used in conjunction with a standard formula to confirm the appropriate percentage uplift.

3.7. Applying the approach proposed by the latest guidance to the NEAs, and utilising the ONS 2018 affordability ratios (published 28 March 2019), the percentage uplift are as follows:

Area	2018 affordability ratio*	Uplift required (%)
Braintree District	10.17	39
Colchester Borough	9.51	34
Tendring District	9.10	32

Table 10 – affordability ratios and percentage uplift required to be applied to housing requirement

**Ratio of median house price to median gross annual workplace-based earnings*

3.8. It should be reiterated that the 2012 NPPF and accompanying guidance already confirms the need to consider market indicators (including affordability ratios) to determine housing requirements. This was not something that was introduced by the 2018 or 2019 NPPF, and the policy has not changed in this respect. It is merely the case that the guidance now confirms *how* it is to be applied.

3.9. It is important to see the above in the context of the market signal changes since 2016 strongly indicating a greater uplift is required now, that the current proposed housing requirements can no longer be considered justified in this respect, and that alternative figures need to be identified.

¹⁰ Paragraph: 004 Reference ID: 2a-004-20190220

Current policy and guidance

- 3.10. As noted above, the 2012 NPPF applies to the examination of the Section 1 Local Plan, by virtue of the NPPF transitional arrangements and the plan having been submitted prior to 24 January 2019.
- 3.11. Unlike within the 2012 NPPF and the now superseded guidance which accompanied it, there is now a very clear definition of ‘local housing need’ for the purposes of determining the housing land supply position in the consideration of planning applications. Furthermore, the revised NPPF and its accompanying guidance make absolutely clear that this definition forms part of a range of measures intended to support the Government’s objective to significantly boost housing land supply.
- 3.12. Indeed, it is notable that the PPG confirms that, rather than use the more up-to-date 2016-based household projections, authorities should utilise the 2014-based projections. The reasons for this include, explains the PPG¹¹, that these older figures are consistent with the Government’s objective to significantly boost the supply of homes.
- 3.13. The 2019 NPPF provides a very different approach to the consideration of housing need than the 2012 NPPF, and is clearly driven by other national policies and objectives. It is not simply a demographic exercise intended to determine a ‘correct’ figure for each administrative area.
- 3.14. Under current policy and guidance, and applying the Standard Method¹², the current annual housing requirements for the NEAs are as presented in the below table:

Area	Annual housing requirement using Standard Method (dwellings per annum)
Braintree District	862
Colchester Borough	1,086
Tendring District	863
Total	2,811

Table 11 – Annual housing requirement using Standard Method

¹¹ Paragraph: 005 Reference ID: 2a-005-20190220

¹² 2014-based SNHP 2019-2029, 2018 affordability ratio.

- 3.15. A comparison between current housing requirements and that proposed within the Section 1 Local Plan is set out with the below table:

Area	Annual housing requirement using Standard Method (dwellings per annum)		
	Standard Method	Section 1 Local Plan	Difference
Braintree District	862	716	146
Colchester Borough	1,086	920	166
Tendring District	863	550	313
Total	2,811	2,186	625

Table 12 – Comparison between annual housing requirement using Standard Method and proposed in Section 1 Local Plan

- 3.16. As the above figures confirm, the Section 1 Local Plan is currently proposing to use housing requirements which will build-in a significant housing shortfall within all three authorities, and a vast shortfall across the NEAs as a whole, when considered in relation to current housing requirements.
- 3.17. If one were to simply ignore the current housing requirement position, and to proceed with a Local Plan which utilises out-of-date figures, this has the potential to result in substantial social and economic harm associated with housing undersupply for all three of the NEAs.
- 3.18. Separately, it should be recognised that the NPPF states (at paragraph 33) that an expected change in housing need is likely to trigger requirement for an early review of Local Plans. In this instance, evidence of such a change is already very apparent. If the Section 1 Local Plan were to proceed without modifications to the housing requirements, it would be out-of-date immediately on adoption and require immediate review.

Relevance of the 2019 NPPF

- 3.19. Annex 1 of the NPPF sets out the transitional arrangements in relation to the examination of Local Plans. It states, at paragraph 214:

“The policies in the previous Framework published in March 2012 will apply for the purpose of examining plans, where those plans were submitted on or before 24 January 2019. Where such plans are withdrawn or otherwise do not proceed to

become part of the development plan, the policies contained in this Framework will apply to any subsequent plan produced for the area concerned”.

- 3.20. There are two key elements in respect of the above that we wish to highlight.
- 3.21. Firstly, it is *policy* that a Local Plans submitted on or prior to 24 January 2019 be examined under the 2012 NPPF. It is not a statutory requirement.
- 3.22. Case law confirms that decision-makers should not blindly follow policies without considering the implications of this or whether there are other relevant factors which warrant departing from them (see for example *West Berkshire v Secretary of State* [2016] EWCA Civ 441 [2016], in which *British Oxygen* [1971] AC 610 was cited).
- 3.23. It is not the case in the examination of the Section 1 Local Plan that the most recent policy and guidance should simply be ignored. Indeed, to pretend that the 2019 NPPF and PPG are not in place could be said to be irrational, particularly in instances where to do so could result in harm, or where utilising them would resolve issues of concern.
- 3.24. Secondly, there was clear logic in providing a window of opportunity for Local Authorities to submit plans which may have been at an advanced stage in preparation and have them examined under the 2012 NPPF: this avoided the potential for Local Authorities to have reached an advanced stage in the preparation of a sound and legally compliant Local Plan, only to have to significantly alter such proposals in order to ensure the Local Plan conformed to new national policy.
- 3.25. However, there are several factors which are of particular relevance in this instance. Given that the Section 1 Local Plan as originally submitted was evidently unsound (as confirmed through the Inspector’s letter of 8 June 2018); the extent of the delay whilst the Councils have sought to cure the identified defects; together with the proposed submission of substantial modifications, the Section 1 Local Plan now being proposed to be examined is tantamount to one which has been withdrawn and resubmitted, even if this is not what has technically occurred.
- 3.26. It is now over a year since the 2018 NPPF was published. The Section 1 Local Plan is of course just one part of the Local Plan for each of the authorities, and the examination process for the Section 2 has yet to begin. It is therefore the case that by the time the respective authorities’ Local Plans are in place, it is highly likely that

current national policy will be a number of years old. If these Local Plans were simply to disregard current national policy and guidance, they will already be considerably out-of-date immediately on adoption.

- 3.27. The issues with the submitted Section 1 Local Plan, and the delay this necessitated to the examination, afforded the Councils with the opportunity to review the submitted Local Plan to determine whether issues such as the housing requirement should be revised in light of new guidance and policy (or new evidence). Indeed, in respect of Tendring District's housing requirements, the Council's own consultants advised that the Council would keep these under review, given the uncertainty regarding the figures proposed ((EXD/038, paragraph 35). The delay provided such an opportunity.
- 3.28. Separately and in addition, the substantial delay resulting from the additional work undertaken has rendered the key benefit of the transitional period – the ability to avoid having to make significant changes and to avoid substantial delays to the Local Plan – inapplicable to the Section 1 Local Plan.
- 3.29. It is not submitted that the Section 1 Local Plan has to be completely rewritten, or that the Councils will have to revert to an early stage in the plan-making process. However, we consider that weight should be afforded to elements of the current NPPF and PPG, having regard to the above issues outlined. In particular, in respect of issues where previous NPPF and PPG guidance did not provide clarity (e.g. the extent of uplift to be applied), or where the current NPPF and PPG introduce certainty in respect of an issues of which there is considerable uncertainty (e.g. Tendring District's housing requirement).

Local Plan progress in Neighbouring Areas

Chelmsford

- 3.30. Chelmsford is located within the same housing market area as Braintree District, Colchester Borough and Tendring District.
- 3.31. The new Chelmsford Local Plan is nearing adoption. The Examination Inspector has confirmed that it can be made sound, subject to modifications. The Council consulted on main modifications until 19 September 2019, and is set to progress the Local Plan to adoption in the near future.

- 3.32. The Chelmsford Local Plan proposes the delivery of a minimum of 18,515 dwellings 2013-2036, equating to an annual rate of 805 dwellings per annum.
- 3.33. However, Chelmsford's housing requirement is now a minimum of 918 dwellings per annum¹³.
- 3.34. The Section 1 Local Plan does not account for any unmet housing need in other parts of the housing market area. Unless the Section 1 Local Plan considers and addresses the implications of this, there will be a shortfall of housing provision in the housing market area as a whole.

Other neighbouring areas

- 3.35. To the north of the NEAs lies Suffolk. The NEAs all have a boundary with Babergh District, and Braintree District also adjoins West Suffolk.
- 3.36. Babergh and Mid Suffolk Districts are preparing a Joint Local Plan. It is still at a relatively early stage, with consultation being undertaken on a Preferred Options draft until 30 September 2019.
- 3.37. The Joint Local Plan currently proposes to meet the housing requirement of the two authorities, calculated using the Standard Method. This raises two specific issues relevant to the NEAs' Section 1 Local Plan.
- 3.38. Firstly, as noted at paragraph 3.16, the Section 1 Local Plan will leave a significant amount of unmet housing need within North Essex. It is unclear how this will be accounted for elsewhere within the region, if other neighbouring authorities are simply using the Standard Method to determine their Local Plan housing requirements.
- 3.39. Secondly, Babergh District is one of only two authorities which share a boundary with Tendring District.
- 3.40. As already discussed, Tendring District Council rationale for proposing a significant lower figure is the impact of UPC on its official projections.

¹³ Using Standard Method, 2014-based SNHP 2019-2029, 2018 affordability ratio. Cap applied.

- 3.41. It is acknowledged that Tendring District's UPC is considerably higher than average, but it should also be recognised that all authorities' official projections are, to varying degrees, affected by UPC.
- 3.42. As noted at paragraph 2.23 of this representation, Tendring District Council considers the District's UPC to be a result of errors in estimating internal migration flows – internal out-migration is alleged to be greater than the official projections acknowledge. This does not mean that there are fewer people in total, merely that they may not be in Tendring District. These people – and their housing needs – have not vanished. Tendring District is not an island and the approach the Local Authority takes to housing delivery will have consequences for the housing market area and beyond. If Tendring District Council lowers its housing requirement on the basis of UPC and alleged errors in recording internal migration, then clearly another Local Planning Authority / Authorities will need to increase their housing requirements accordingly in order for needs to be met.
- 3.43. Tendring District Council's evidence has suggested that the errors in the official projections have not affected the other authorities within the housing market area (EXD.003, paragraph 5). If Tendring District's internal out-migration is greater than official projections suggest, but this has not affected the other authorities within the housing market area, then the obvious question is: to which areas have these additional people leaving the District gone?
- 3.44. It is far from illogical to suggest that this may impact on adjoining Babergh District, particular as housing market areas are not entirely self-contained. Indeed, Babergh District has a strong functional relationship with Tendring District. For example, the Tendring District Council Socio Economic Baseline Report (2013) noted that of people who commuted to work in Tendring from outside the District, only more travelled in from Colchester Borough than Babergh District. In addition, in terms of areas to which Tendring District residents commuted out of the District to, Babergh District was ranked sixth.
- 3.45. However, we have not been able to identify any evidence that Tendring District Council has engaged with Babergh District Council, or any other areas that may be affected by the internal migration errors, to seek to resolve how this issue should be accounted for. Given that Babergh is in the process of preparing a new Local Plan and is proposing to calculate its housing requirement using the Standard Method (which of course utilises

official projections), it appears that there is limited prospects of it accounting for Tendring District's concerns in respect of the official projections.

- 3.46. This underlines the problem which arises if Local Authorities are to depart from using official projections to reduce their own housing requirements downwards, without arrangements to ensure that any adjustments are compensated for elsewhere. In the event that authorities seek to adjust figures downwards whilst, at the same time, others – detailed demographic analysis of which may suggest that official projections should be revised upwards – continue to use the Standard Method as per national policy, there is clearly a very real risk that overall housing needs will not be met.
- 3.47. The use of a consistent approach would ensure that such concerns do not arise, but that is not what is currently being proposed in respect of the Section 1 Local Plan.

Relevant Appeals

- 3.48. We consider that one appeal decision, in particular, is of relevance as to whether the issue of the NEAs' housing requirements can be considered resolved; as well as clarifying the purposes of determining housing requirements in the new NPPF: the appeal decision in respect of Lifehouse Spa and Hotel, Thorpe-le-Soken (reference APP/P1560/W/18/3194826. ('Lifehouse')). The appeal decision was issued on 11 June 2019.
- 3.49. As noted at paragraph 1.14 of this representation, the appeal decision in respect of Lifehouse confirmed that the housing requirement figure for Tendring District "remains uncertain".
- 3.50. It is important to recognise that evidence presented to this appeal included that provided by the Council, including that prepared by two sets of specialist consultants, which sought to argue that the position on the housing requirement had effectively been concluded through the Local Plan, and that the position remained unchanged. The Appeal Inspector had the benefit of this evidence but still concluded that the position was uncertain.
- 3.51. Separately, the Lifehouse appeal also confirmed that the Council's argument that 'exceptional circumstances' applied to the District which meant that it should depart from using the Standard Method (which are the same reasons given as to why it should

be permitted to depart from the use of the official projections in determining its housing requirement for its Local Plan) are contrary to national policy. The Appeal Inspector noted that the Council's proposed approach would be contrary to the Government's policy to significantly boost housing land supply, and noted that this objective was behind the reasoning of the use of Standard Method. We consider that the point on the reasoning behind the use of the Standard Method is an important one. Whilst, Tendring District Council has sought to determine a demographically 'correct' housing requirement for the District (despite work to date seemingly confirming this to be an impossibility), it appears to have overlooked the wider policy considerations, in particular the need to significantly boost housing land supply. As noted at paragraph 3.13, national policy confirms that the purpose of the calculation of the housing requirement is to *inter alia* significantly boost housing land supply, and is not meant to simply provide a 'correct' figure based on demographic analysis.

4. Current Proposed Modifications to Policy SP3

- 4.1. The proposed modifications within EB/091 suggest changes to Policy SP3 (Ref.21), albeit none in relation to the proposed housing requirements themselves.
- 4.2. In respect of the changes that are proposed through Modification 21(B), these include adding text to the policy confirming that the NEAs' five-year housing land supplies will be calculated using the housing requirements currently proposed, i.e. the housing requirements which are considerably less than the current housing requirements.
- 4.3. We consider such an approach to be irrational given the known position on housing requirements, and would simply compound the already significant risk that the Section 1 Local Plan as currently proposed will result in far fewer homes being delivered than required, with resultant social and economic harm to the NEAs.
- 4.4. Modification 21(C) proposes that the NEAs be required to review their housing requirements regularly, and to have regards to the wider area in doing so. We do not object to this per se, but question why the housing requirements have not been reviewed before now. In addition, it is not clear what the mechanism for addressing new housing requirements identified through this would be.

5. Conclusions

- 5.1. The Examination Inspector confirmed that he reserved the right to modify his views in respect of the soundness of the Section 1 Local Plan proposed housing requirements, in the event that new evidence was to emerge.
- 5.2. The data and evidence which underpins the NEAs approach to housing requirements has aged considerably. New demographic evidence has subsequently emerged which:
 - a) casts doubt as to whether it is appropriate to depart from the official projections in the calculation of Tendring District's housing requirement; and
 - b) confirms that a greater uplift to the demographic starting point is required to account for market signals than previously proposed.
- 5.3. Rather than seek to account for such changes, the NEAs appear to have, incorrectly, viewed the issue of the Section 1 Local Plan housing requirements to have been definitively resolved. Such a stance is particularly problematic in respect of Tendring District, where the Council's own consultants have advised of the need to keep the housing need position under review, due to the significant uncertainty in relation to the figures for this District.
- 5.4. In addition, new policy and guidance has been issued. Whilst it is recognised that the Section 1 Local Plan is, in accordance with national policy, being examined under the 2012 NPPF, this does not mean that any subsequent guidance or policy is totally immaterial. We consider new guidance to be especially pertinent when it will resolve matters which the previous guidance and policy left uncertainty over. This includes, in particular, the housing requirement for Tendring District; as well as the extent of the uplift to be applied to account for market signals for all the NEAs. Indeed, to simply ignore the presence of guidance and policy which will remove this uncertainty, and to pretend this is not available to a decision-maker to remove disputed matters, would be irrational.
- 5.5. Failure to consider updated guidance and policy would result in a Local Plan which was out-of-date immediately upon adoption. In addition, failure to consider updated guidance and policy would risk substantial social and economic harm to the NEAs, and could also result in a shortfall in housing provision across the housing market area and even beyond.

- 5.6. Having regard to the matters raised within this representation, we consider that Policy SP3 as currently worded is unsound.
- 5.7. Policy SP3 can, however, be made to be sound.
- 5.8. We consider that the most appropriate way to achieve this would be to amend the policy such that the proposed housing requirements for each of the NEAs reflect the Standard Method, for the reasons set out within this representation.
- 5.9. Alternatively, if the NEAs consider that the evidence still confirms the demographic starting points for each of the NEA used in the OAHNS (2016) are still relevant and robust, then it will still be necessary to account for additional evidence vis-à-vis market signals and the extent of the uplift required to be provided. In terms of how such an uplift can be quantified, it makes eminent sense to utilise the current guidance available (i.e. the Standard Method) rather than to pretend this is not in place. This would result in annual housing requirements calculated as follows:

Area	OAHNS (2016) demographic starting point	Updated market signal uplift	Total annual housing requirement
Braintree District	623	39	866
Colchester Borough	866	34	1,160
Tendring District	480	32	634
Total	1,969	-	2,660

Table 13 – Updated market signals uplift applied to OAHNS (2016) demographic starting points

- 5.10. Whilst such an approach is more appropriate than that currently proposed in the Section 1 Local Plan, it nevertheless does not account for all of the issues which we have identified in this representation, including the lack of consideration for the wider area or the policy objectives behind the calculation of housing requirements which render the use of figures lower than the official projections problematic. As such, we consider the sound approach would be to use the Standard Method, i.e. Policy SP3 to be modified through incorporation of the below:

Local Authority	Housing requirement per annum
Braintree	862
Colchester	1,086
Tendring	863
Total	2,811

**Appendix B - Bloor NEA Suggested Amendments to the Publication Draft
Section 1 - July 2019 Representation**



Consultation Response

NEA Suggested Amendments to the Publication Draft Section 1 –
July 2019

On behalf of Bloor Homes

September 2019

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1. Introduction and Background

- 1.1. This representation on Braintree District, Colchester Borough, and Tendring District Councils' Section 1 Local Plan proposed modifications is submitted on behalf of Bloor Homes.
- 1.2. Bloor Homes is an established award-winning housebuilder with a proven track record of delivering high-quality development within the region, and has interest in a number of sites within the area which the Section 1 Local Plan addresses.
- 1.3. By way of background, the North Essex Authorities (NEAs) are each preparing Local Plans for their respective administrative areas. The three Local Plans consist of a joint Section 1, which addresses strategic issues; and a Section 2, which follows on from Section 1 and contains policies and allocations specific to each authority.
- 1.4. The Local Plans were submitted to the Secretary of State for examination on 9 October 2017 (i.e. ahead of the deadline set out within the NPPF for Local Plans to be submitted in order to be examined under the 2012 NPPF).
- 1.5. The two elements of the submitted Local Plans are being examined separately. The Section 1 Local Plan examination hearing sessions were held in January and May 2018. Examination of the Section 2 has yet to be undertaken.
- 1.6. Following the Section 1 Local Plan hearing sessions in January and May 2018, the Examination Inspector wrote to the Councils on 8 June 2018, setting out a number of concerns in respect of the soundness of the Section 1 Local Plan, and suggesting potential options to address these.
- 1.7. The Inspector also wrote to the Councils on 27 June 2018 in respect of the approach to determining the housing requirements set out in the Local Plan.
- 1.8. In response to the Inspector's letter of 8 June 2018, the Councils have been undertaking additional work to seek to address the identified defects. In light of the time that was being taken to address these matters, the Inspector announced a pause to the examination on 10 December 2018.

NEA Suggested Amendments to the Publication Draft Section 1 – July 2019

- 1.9. The additional work undertaken by the Councils has culminated in the publication of additional Sustainability Appraisal and series of evidence base documents, as well as a schedule of suggested amendments to the submitted Section 1 Local Plan (NEA Suggested Amendments to the Publication Draft Section 1 – July 2019 (reference EB091)); all of which are now subject to a period of public consultation until 30 September 2019.
- 1.10. Strutt and Parker represent a number of parties with an interest in the Section 1 Local Plan, and have made representations on the proposed modifications on behalf of others, in which we have raised similar issues to that contained within this response.
- 1.11. Whilst the additional work undertaken by the Councils has focussed on the garden communities (which form an important element of the submitted Section 1 Local Plan), proposed modifications also suggest changes to other aspects of the submitted Section 1 Local Plan (sLP). This includes proposed modifications to Policy SP3, which concerns the housing requirements of each of the NEAs.
- 1.12. It is clearly appropriate that the NEAs consider the potential need for modifications to Policy SP3. The Examination Inspector's letter of 27 June 2018 was very clear that his views were not definitive, and reserved the right to modify them in the event new evidence were to come to light.
- 1.13. The Section 1 & 2 Local Plan is being examined under the 2012 NPPF, in accordance with the Transitional Arrangements of the 2019 NPPF. This requires the evidence base on which Local Plans are based to be adequate, up-to-date, and relevant (paragraph 158).
- 1.14. Considerable time has elapsed since the issue of the NEAs' housing requirements were last considered through the Local Plan Examination. One question which clearly needs to be considered now is: has additional evidence relevant to the issue of the NEAs' housing requirements come to light since the Examination Inspector's interim views? The answer, as explained within this representation, is yes, it clearly has.
- 1.15. Secondly, it is also necessary to ask: is the evidence base which the sLP housing requirements are based adequate, up-to-date and relevant? In our view, it no longer is sufficiently up-to-date and relevant, and it is necessary to consider in what way, in order to ensure the Local Plan is sound.

- 1.16. Substantial new evidence, not available when the issue of housing requirements was last considered through the Local Plan Examination, is now available in relation to:
- the demographic projections which provide the starting point to determining the housing requirement;
 - the market signals which should be used to determine the extent of uplift to be applied to the demographic starting point;
 - housing delivery within the NEAs relevant to their requirements;
 - how housing requirements should be applied, in relation to new guidance which has become available, as well as new policy.
- 1.17. As discussed within this representation, the new evidence which is now available indicates that the housing requirements set out for each NEA in the sLP are insufficient, and modifications are required to ensure the Section 1 Local Plan is sound.
- 1.18. Whilst EB091 propose relatively minor modifications to Policy SP3, these do not address the substantive issues in any way.
- 1.19. Ensuring the proposed housing requirements are soundly based is not simply necessary to ensure a sound Local Plan, but imperative to ensure that housing needs within North Essex will be appropriately addressed, and that the significant social and economic harm associated with the undersupply of housing is avoided for the area.
- 1.20. Whilst regrettable that the NEAs do not appear to have considered the potential for new evidence relevant to housing requirements to have emerged since June 2018, there is still opportunity to make the Section 1 Local Plan sound. We are of the view that the Section 1 Local Plan is capable of being made sound through further modifications to Policy SP3 of the sLP.

2. New evidence on the demographic starting point

2.1. The key evidence base document relied upon to justify the proposed housing requirement in the sLP was the Braintree, Chelmsford, Colchester, Tendring Objectively Assessed Housing Need Study (November 2016 update) (EB/018) (OAHNS (2016)).

2.2. The OAHNS (2016) determined the demographic starting points for each of the NEAs as follows:

Area	Demographic starting point determined by OAHNS (2016) (dwellings per annum)
Braintree District	623
Colchester Borough	866
Tendring District	480

Table 1 – OAHNS (2016) demographic starting points

2.3. The OAHNS (2016) was able to draw upon the 2014-based subnational household projections in order to determine the demographic starting points for each of the NEAs. New evidence which has become available since the 27 June 2018, relatively to the issue of the appropriate demographic starting point, includes:

- 2016-based subnational household projections (published 20 September 2018).
- ONS Subnational Population Projections Quality and Methodology Information (9 April 2019).
- 2018 mid-year population estimates (published 26 June 2019).
- ONS 2018 mid-year population estimates Quality Indicators (published 26 June 2019)

Braintree District and Colchester Borough

2.4. In the case of both Braintree District and Colchester Borough, the OAHNS (2016) considered it appropriate to utilise the latest subnational household projections (i.e. the 2014-based) to determine the demographic starting point for the purposes of calculating the respective authorities' housing requirements. These projections estimated the number of households for Braintree District and Colchester Borough as follows:

Area	Number of projected households (2014-based) 2013-2037		
	2013	2037	Increase
Braintree	62,368	76,907	14,539
Colchester	73,593	93,525	19,932
Total	135,961	170,432	34,471

Table 2 – SNHP (2014-based) 2013-2037

- 2.5. The OAHNS (2016) used these figures and, following analysis of them, determined the demographic starting points for Braintree District and Colchester Borough to be 623 and 866 dwellings per annum, respectively.
- 2.6. The 2016-based subnational household projections were published on 20 September 2018.
- 2.7. It should be noted that there are recognised concerns with the use of the 2016-based subnational household projections to calculate housing requirements.
- 2.8. Previous projections have utilised data going back to 1971, whereas the 2016-based subnational household projections only draw on data since 2001. The time period drawn up included recession and levels of housing delivery well below need. As such, there are substantial concerns that this has suppressed the household formation rates used in the 2016-based SNHP, particularly within the 25-44 age cohort, resulting in the projections understating actual need.
- 2.9. The ONS acknowledges these concerns at Point 5 of its Methodology used to produce household projections for England: 2016-based, at which it states:
- “There was a view that only using the 2001 and 2011 Censuses would result in a downward trend in household formation for the younger age groups, which in turn would downplay the need for housing for younger people”.*
- 2.10. Such are the concerns with use of the 2016-based projections and the risk that they underestimate the extent of household growth, the Government has confirmed¹ that

¹ PPG paragraph: 015 Reference ID: 2a-015-20190220

they should not be used to calculate housing requirements through the Standard Method, and that the older 2014-based ones should be used instead.

2.11. Having regard to the above, one could expect the 2016-based subnational household projections to suggest a lower level of household growth for these authorities, as it does at the national level.

2.12. The figures for the authorities are shown below:

Area	Number of projected households (2016-based) 2013-2037		
	2013	2037	Increase
Braintree	61,946	73,626	11,680
Colchester	73,227	96,205	22,978
Total	135,173	169,831	34,658

Table 3 - SNHP (2014-based) 2013-2037

2.13. Whilst the projected increase for Braintree District is less, as one would expect given the concerns that these projections underestimate growth, and consistent with the national picture; in respect of Colchester Borough, the projected increase is actually greater. The overall growth for both authorities combined is broadly similar to the total estimated, and indeed is slightly greater. To reiterate, this is in the context of using figures which are recognised as having underestimated household growth. As such, there is clearly concerns that the appropriate demographic starting point for considering Colchester Borough's housing requirement should be a higher figure than that identified in the OAHNS (2016).

Tendring District

2.14. Whilst the subnational household projections were considered an appropriate basis for determining the demographic starting points for Braintree District and Colchester Borough, an alternative approach was taken by the OAHNS (2016) for the calculation of Tendring District's housing requirement.

2.15. In respect of Tendring District, the 2014-based subnational household projections suggested that the number of households in the District would grow by 15,008 between 2013 and 2037 – equivalent to 625 households per annum.

- 2.16. However, the OAHNS (2016) suggested that the official projections could not be relied upon to determine the District's demographic starting point, due to the extent to which they had been distorted by Unattributable Population Change (UPC). As noted earlier within this represent, it concluded that the appropriate demographic starting point was a mere 480 dwellings per annum – a dramatically lower figure than that suggested by the household projections.
- 2.17. UPC is the discrepancy between the population estimates provided by the census (every 10 years); and the ONS' annual mid-year population estimates. In this case, it is the difference between the population growth indicated by the mid-year estimates, and that by the population recorded in the 2001 and 2011 censuses. Tendring District Council's consultants have suggested that this UPC is a result in errors in estimating internal migration flows, and that it is probable that internal out-migration flows have been underestimated, resulting in the discrepancy (Extract provided as **Appendix 2**).
- 2.18. The issue of UPC and how the calculation of Tendring District's housing requirement should respond to this was considered through the Local Plan Examination in early 2018, having regard to evidence available at that time.
- 2.19. However, as noted at paragraph 2.3, additional evidence has since become available. Such evidence gives rise to doubts as to how much the official projections really cannot be relied upon for Tendring District.
- 2.20. Evidence which has since become available includes the 2018 mid-year population estimates, which were published 26 June 2019 along with the ONS 2018 mid-year population estimates Quality Indicators.
- 2.21. The 2018 mid-year population estimates for Tendring District was 145,803.
- 2.22. The ONS 2018 mid-year population estimates Quality Indicators published alongside the data.
- 2.23. The ONS publish Quality Indicators alongside the mid-year population estimates. As the ONS explain, the Quality Indicators report the percentage of a Local Authority population that consists of the various difficult to estimate groups – the higher the percentage, the greater the risk of uncertainty in the mid-year population estimate.
- 2.24. The figures, along with those for other Essex Authorities for comparison, are as per below:

	Census base	Cumulative migration	Internal migration	Internal migration	Students	Armed forces
Basildon	2-5%	2-5%	5-10%	0-2%	0-2%	0-2%
Braintree	2-5%	0-2%	5-10%	0-2%	0-2%	0-2%
Brentwood	2-5%	2-5%	10-20%	0-2%	0-2%	0-2%
Castle Point	2-5%	2-5%	5-10%	0-2%	0-2%	0-2%
Chelmsford	2-5%	2-5%	10-20%	0-2%	2-5%	0-2%
Colchester	5-10%	5-10%	10-20%	0-2%	5-10%	0-2%
Epping Forest	2-5%	2-5%	10-20%	0-2%	0-2%	0-2%
Harlow	2-5%	0-2%	10-20%	0-2%	0-2%	0-2%
Maldon	2-5%	5-10%	10-20%	0-2%	0-2%	0-2%
Rochford	2-5%	2-5%	10-20%	0-2%	0-2%	0-2%
Tendring	2-5%	5-10%	5-10%	0-2%	0-2%	0-2%
Uttlesford	2-5%	5-10%	10-20%	0-2%	0-2%	0-2%

Table 4 – 2018 ONS 2018 mid-year population estimates Quality Indicators – percentage of population comprising difficult

- 2.25. As is clear from the above, the Quality Indicators confirm the population of Tendring District comprises a low percentage of hard to estimate groups. This suggests a low risk of uncertainty, and that the mid-year estimates can be treated with confidence for this District.
- 2.26. Separately, the 2016-based subnational population projections and published shortly before the Examination Inspector’s letter of 27 June 2018.
- 2.27. Given concerns that UPC had distorted the official projections, one would expect to see a discrepancy between the population for Tendring District projected by the subnational population projections, and that in the mid-year estimates. However, the 2016-based subnational population projection estimated Tendring District’s 2018 population would be 145,803 – just 0.2% greater than the mid-year estimate.
- 2.28. In light of this new evidence, we consider it is necessary for the NEAs to either reconsider its decision to depart from the use of official projections to determine a demographic starting point for Tendring District; or, alternatively, justify why it is still appropriate to do so in light of the latest evidence.

Overview

- 2.29. In summary, evidence that become available since 27 June 2018 casts doubts as to whether the evidence used to determine the demographic starting points for the NEAs' housing requirements can still be considered up-to-date and relevant.
- 2.30. Latest evidence introduces some doubts as to whether Colchester Borough's demographic starting point should not be greater than that determined by the OAHNS (2016). Of greater doubt now is the position in respect of Tendring District, with the latest evidence giving rise to substantial concerns as to appropriateness of disregarding the official projections in determining Tendring District's housing requirements – an approach which has resulted in a substantially lower figure than if the official projections had been used.

3. Market Signals

3.1. The need to consider market signals in determining a sound housing requirement was already incorporated into national policy at the time of the preparation of the sLP. The PPG² which accompanied the 2012 NPPF stated that housing numbers suggested by the demographic starting points were required to be adjusted to reflect market signals / indicators of the balance between the demand and supply of housing. Relevant market indicators include:

- Land prices
- House prices
- Cost of private renting
- Affordability
- Rates of development
- Overcrowding

3.2. Indeed, the OAHNS (2016) acknowledged the need to consider market signals, and proposed the following uplift be applied to the demographic starting points for each of the three authorities:

Braintree:	15%
Colchester:	0%
Tendring:	15%

3.3. New evidence has since become available, and available after the Examination Inspector's letter of 27 June 2018. This has included:

- 2018 affordability ratios (28 March 2019).
- VOA private rental market statistics April 2018 to March 2019 (released 20 June 2019).
- ONS House Price Statistics for Small Areas in England and Wales: year ending December 2018 (published 26 June 2019).
- Housing Delivery Test: 2018 Measurement

² Paragraph: 020 Reference ID: 2a-020-20140306

3.4. The implications of new evidence on affordability, house prices, cost of private rent, and delivery rates are considered in turn below.

Affordability

3.5. The most recent affordability ratio data utilised in the OAHNS (2016) was for 2015. ONS data shows a significant worsening of affordability since, with the ratio of median house price to media gross annual workplace-based earnings having increased dramatically within the NEAs since 2015. Table 5 below shows the affordability ratio data since 2015 for the three areas, together with data for England and Wales as a whole.

Area	Affordability ratio (median house price to median workplace-based earnings)			
	2015	2016	2017	2018
Braintree District	8.23	8.59	9.50	10.17
Colchester Borough	8.36	8.70	8.99	9.51
Tendring District	6.87	7.99	9.08	9.10
England and Wales	7.37	7.59	7.77	7.83

Table 5 – Affordability ratios for Braintree, Colchester, Tendring, and England and Wales 2015-2018

3.6. The worsening of affordability within the three authorities is far greater than that experienced nationally, particularly in the cases of Braintree and Tendring, as illustrated in Figure 1 overleaf.

3.7. The chart in Figure 1 provides an indexed link graph showing the increase in affordability ratios, with the data 2015 available to the OAHNS (2016) set as the baseline figure of 100.

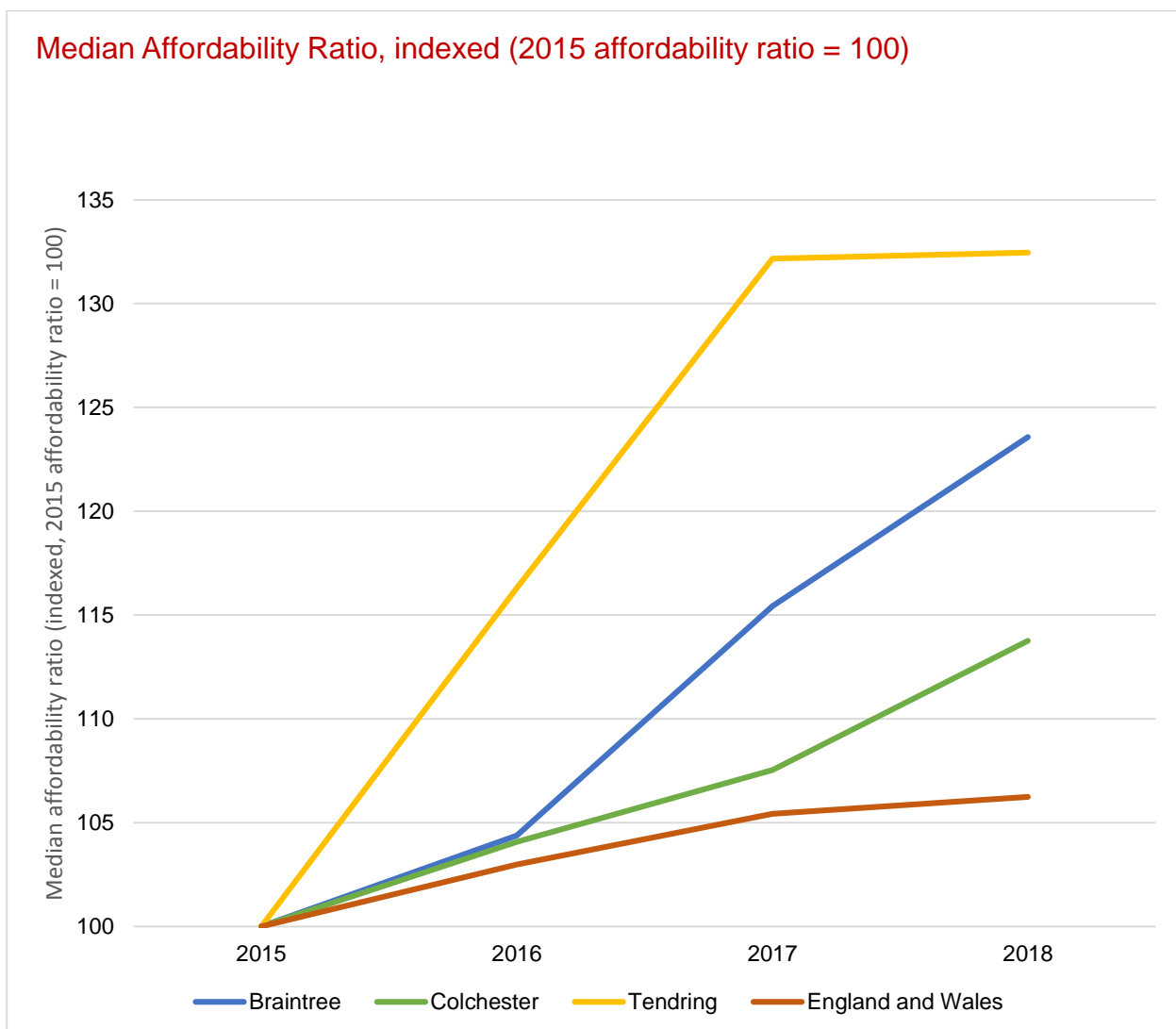


Figure 1: Median affordability ratio change 2015 – 2018, indexed (2015 median ratio = 100)

3.8. It is clear that affordability has worsened significantly across all the three authorities since 2015, at a far greater rate than the national average. The worsening of affordability has been particularly acute in Tendring District.

House Prices

3.9. The latest house price data available to the OAHNS (2016) was for Q1 2016. Since that time, house prices have grown dramatically within all three authorities; and, again in the case of all three, at far greater rate than the national average.

3.10. This is illustrated in Figure 2 overleaf, which shows the indexed link increase, with 100 the average house price at Q1 2016 and using data from ONS House Price Statistics for Small Areas (dataset 12) in England and Wales: year ending December 2018.

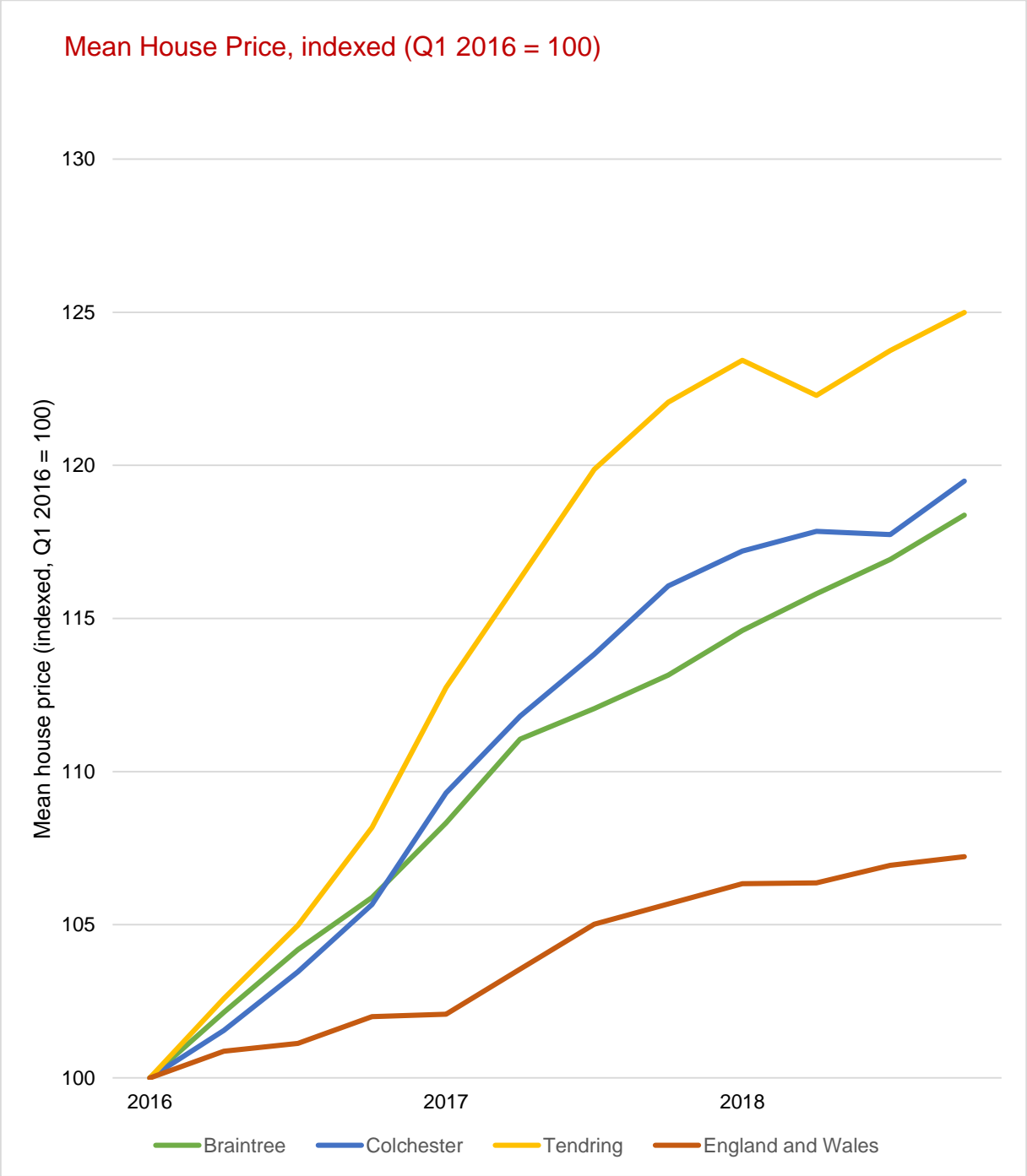


Figure 2 – Mean house price change Q1 2016 – Q4 2018 (2016 mean = 100)

3.11. Table 6 overleaf presents the figures which were used to create the chart in Figure 2, alongside the percentage house price increase for each geographical area.

Area	Mean house price (£)		Increase (%)
	Q1 2016	Q4 2018	
Braintree	265,870	314,722	18
Colchester	247,150	295,313	19
Tendring	200,020	250,008	25
England and Wales	277,206	297,241	7

Table 6 – Mean house price change

- 3.12. The above further demonstrates the dramatic increase in house prices within Braintree, Colchester and Tendring since Q1 2016, both in relative and absolute terms.

Private Rent Costs

- 3.13. The OAHNS (2016) was able to draw upon data on private rent dated May 2016 (as set out within Table 5.2 of the study). VOA has subsequently released updated data sets, most recently figures for April 2018 to March 2019.
- 3.14. The OAHNS (2016) used the average monthly market rents for the respective authorities within data released in May 2016 (which covered the period April 2015 to March 2016). This was as follows:

Area	Average private monthly rent 2015-2016 (£)
Braintree	773
Colchester	728
Tendring	640
England and Wales	820

Table 7 – Average private monthly rent May 2016, reported in OAHNS (2016)

- 3.15. From a review of the VOA May 2016 statistics, it appears the averages cited were the mean averages.
- 3.16. VOA private rental market statistics April 2018 to March 2019 reports average (mean and medium) private monthly rents as follows:

Area	Average private monthly rents 2018-2019 (£)	
	Mean	Median
Braintree	814	775
Colchester	813	750
Tendring	728	700
England and Wales	858	695

Table 8 - Average private monthly rents (mean and median) 2018-2019

- 3.17. Using the mean figures to ensure a like-for-like comparison, the mean average private monthly rents for 2016 and 2019 are set out below:

Area	Mean private monthly rent (£)		Increase (%)
	2015-2016	2018-2019	
Braintree	773	814	5.3
Colchester	728	813	11.7
Tendring	640	728	13.8
England and Wales	820	858	4.6

Table 9 – Change in average (mean) private monthly rents 2015-2016 – 2018-2019

- 3.18. The increase in mean private monthly rent in Braintree District is only slightly greater than the national average. Conversely, the increase in the average cost of renting in Colchester Borough and Tendring District greatly exceeds the average for England and Wales.
- 3.19. The OAHNS (2016) study did not use median rents for 2015-2016, but these are considered below. The advantage of using the median averages, rather than the mean, is that these are less affected by extreme values (outliers) within the data set which may not be typical. The median figures are set out below:

Area	Median private monthly rent (£)		Increase (%)
	2015-2016	2018-2019	
Braintree	725	775	6.9
Colchester	680	750	10.3
Tendring	625	700	12.0
England and Wales	650	695	6.9

Table 10 - Change in average (median) private monthly rents 2015-2016 – 2018-2019

- 3.20. Notably, when one utilises the median, the average private monthly rent for the authorities is greater than the national average for 2018-2019. In the case of Tendring District, the average monthly private rent has gone from being below the national average in 2015-2016, to exceeding it for 2018-2019.
- 3.21. As with the mean average, the median average shows that whilst the increase in the cost of renting in recent years in Braintree District has been in line with the national average, it has exceeded the national average in both Colchester Borough and Tendring District.
- 3.22. The PPG which accompanied the 2012 NPPF advises that if the historic rate of development shows that actual supply falls below planned supply, future supply should be increased to reflect the likelihood of under-delivery of a plan³.
- 3.23. The OAHNS (2016) recognised that the delivery of housing within the housing market area had been substantially below planned targets, but suggested that this was largely due to the recession.
- 3.24. Since this time there has of course been further post-recession data available to draw upon.
- 3.25. The introduction of the Housing Delivery Test and the publication of the 2018 measurement has provided a robust and consistent basis to assess how authorities are performing in relation to housing requirements. The measurement provides the percentage of a District / Borough's housing requirement which has been met over the previous three years (2015-2018, in the case of the 2018 measurement).
- 3.26. In respect of Braintree District, Colchester Borough and Tendring District, the 2018 measurement was as set out in Table 11, overleaf.

³ Paragraph: 019 Reference ID: 2a-019-20140306

Area	Housing Delivery Test: 2018 measurement
Braintree District	93%
Colchester Borough	120%
Tendring District	78%

Table 11 – Housing Delivery Test: 2018 measurement

- 3.27. The above results suggest a mixed picture across the NEAs.
- 3.28. Whilst Colchester Borough Council has met, and exceeded, its requirements in the last three years; Braintree and Tendring Districts' delivery has fallen short of requirement. In the case of Tendring District, by such an extent that it is required under the NPPF to apply a 20% buffer to its housing requirement, as well as to produce an action plan setting out how housing needs will be addressed.

Summary

- 3.29. In summary, there are multiple market signals that suggest that a greater uplift is now required for the NEAs than the OAHNS (2016) recommended.
- 3.30. In particular, in respect of Tendring District, there is a recurring theme with several indicators suggesting significant uplifts are required.
- 3.31. In terms of Colchester Borough and the position that no uplift is required to account for the market signals, more recent data demonstrates that such a view is totally unjustified. An uplift to the demographic starting point to account for market signals is evidently required.

4. New Guidance and Policy

- 4.1. In addition to new demographic evidence and market signals since the issue of housing requirement was last considered through the Section 1 Local Plan Examination, other material changes include the release of new guidance (including that which relate to matters which the 2012 NPPF did address) and policy.

Market Signals Uplift

- 4.2. The PPG which accompanied the 2012 NPPF confirmed the need to consider application of an uplift to the demographic starting point in the determination of the housing requirement, in order to reflect market signals⁴ - the need to apply a market signals uplift is not a policy that has been introduced by the 2018 or 2019 NPPFs, or their accompanying guidance.
- 4.3. The PPG which accompanied the 2012 NPPF only provided limited guidance on how to determine the *extent* of any uplift, simply suggesting that the stronger the indicators of demand and larger the improvement in affordability need, the greater the uplift should be; and that the adjustment should be set at a level that is “reasonable”⁵.
- 4.4. The PPG which accompanied the 2012 NPPF did not advise as how the market signals uplift should be quantified.
- 4.5. As such, the issue of degree to which an uplift should have been applied was effectively left to a matter of professional judgement, and benchmarking against approaches found to be acceptable elsewhere.
- 4.6. This is evident in the OAHNS (2016) which, entirely understandably given the guidance available at the time, notes the lack of an empirical or statistical approach to determine the level of adjustment to be applied. Instead, it considers the NEAs’ indicators in relation to those of other areas for which Local Plans had already been through the examination process. The problem being, of course, that the authors of these Local Plans against which the OAHNS (2016) benchmarked, did not have the benefit of detailed guidance as to the extent of the uplift that should be applied.

⁴ Paragraph 019 Reference ID: 2a-019-20140306

⁵ Paragraph: 020 Reference ID: 2a-020-20140306

- 4.7. The situation now is fundamentally different and there is clear guidance which explains precisely how to quantify the scale of any uplift. The PPG⁶ now confirming that one of the indicators the previous guidance instructed should be considered (affordability) be used in conjunction with a standard formula to confirm the appropriate percentage uplift. This provides a consistent and empirical approach, and one which is supported by the Government.
- 4.8. Applying the approach proposed by the latest guidance to the NEAs, and utilising the ONS 2018 affordability ratios (published 28 March 2019), the percentage uplift are as follows:

Area	2018 affordability ratio*	Uplift required (%)
Braintree District	10.17	39
Colchester Borough	9.51	34
Tendring District	9.10	32

Table 12 – affordability ratios and percentage uplift required to be applied to housing requirement

**Ratio of median house price to median gross annual workplace-based earnings*

- 4.9. It should be reiterated that the 2012 NPPF and accompanying guidance already confirms the need to consider market indicators (including affordability ratios) to determine housing requirements. The new guidance simply confirms *how* market signals should be quantified.
- 4.10. We consider that it is important to consider the above in the context of the market signal changes since 2016 strongly indicating a greater uplift is required now. It is necessary to quantify how this change should be addressed, in order to identify a housing requirement that can be considered sound. It is considered that utilising the latest guidance represents the most appropriate approach.

⁶ Paragraph: 004 Reference ID: 2a-004-20190220

2019 NPPF

- 4.11. The latest NPPF (2019) states that Local Plans submitted prior 24 January 2019 (as was the case for the sLP) should be examined in relation to the 2012 NPPF. It is therefore necessary to, firstly, consider whether the latest NPPF is relevant to the Section 1 Local Plan at all.

Is the 2019 NPPF relevant to the Section 1 Local Plan Examination?

- 4.12. Annex 1 of the NPPF sets out the transitional arrangements in relation to the examination of Local Plans. It states, at paragraph 214:

“The policies in the previous Framework published in March 2012 will apply for the purpose of examining plans, where those plans were submitted on or before 24 January 2019. Where such plans are withdrawn or otherwise do not proceed to become part of the development plan, the policies contained in this Framework will apply to any subsequent plan produced for the area concerned”.

- 4.13. However, there are a number of factors in this instance which we consider must be had regard to.
- 4.14. It should be highlighted that it is a matter of *policy* that a Local Plan is submitted on or prior to 24 January 2019 be examined under the 2012 NPPF. It is not a statutory requirement.
- 4.15. Case law confirms that decision-makers should not blindly follow policies without considering the implications of this or whether there are other relevant factors which warrant departing from them (see for example *West Berkshire v Secretary of State* [2016] EWCA Civ 441 [2016], in which *British Oxygen* [1971] AC 610 was cited).
- 4.16. In this case, it is clear that slavishly adhering to the policy requirement to examine the Section 1 Local Plan in relation to the 2012 NPPF, and to ignore the 2019 NPPF and its accompanying guidance, has the potential to result in harm.
- 4.17. The most obvious harm is that such an approach has the very real potential of fewer homes being provided in the District than is now known to be required. A comparison

of the number of homes currently proposed within the Section 1 Local Plan, and the numbers that current policy and guidance suggest are required, is provided below:

Area	Annual housing requirement using Standard Method (dwellings per annum)		
	Standard Method	Section 1 Local Plan	Difference
Braintree District	862	716	146
Colchester Borough	1,086	920	166
Tendring District	863	550	313
Total	2,811	2,186	625

Table 13 – Annual housing requirement calculated using the Standard Method

- 4.18. As the above figures confirm, the Section 1 Local Plan is currently proposing to use housing requirements which will build-in a significant housing shortfall within all three authorities, and a vast shortfall across the NEAs as a whole, when considered in relation to current housing requirements.
- 4.19. Furthermore, there is clearly uncertainty in respect of the proposed housing requirement for the NEAs. This includes uncertainty in respect of the market uplift to be applied to all of the NEAs; and to the uncertainty in respect of the appropriate demographic starting point for Tendring District. Use of the new guidance removes this uncertainty.
- 4.20. In addition, there is also the inherent problems which arises where some Local Authorities seek to depart from using official projections to reduce their own housing requirements downwards, whilst other neighbours simply use the national guidance to quantify their requirement, and no Local Authorities revise their figures upwards to account for potential demographic anomalies in their official projections.
- 4.21. This is particularly relevant in respect of Tendring District, where it is proposed that the demographic starting point be revised downwards to account for UPC. Tendring District Council has suggested that the District's UPC is a result of errors in estimating internal migration flows, and that internal out-migration is actually greater than the official projections suggest. Whilst it is acknowledged that Tendring District's UPC is considerably higher than average, all authorities' official projections are, to varying degrees, affected by UPC. If Tendring District's internal out migration is greater than the official projections have identified, then this implies that official projections underestimate growth elsewhere. However, under current national policy and guidance,

it is not the case that other Local Authorities will be compelled to undertake detailed demographic analysis to determine if their official projections require revising upwards in the calculation of their Local Plan housing requirements. As such, if Tendring District is to continue to depart from use of official projections, there is potential for too few homes being planned for across the wider area. One of the clear benefits of the Standard Method is that it removes the potential for this issue to arise, and the resultant harm.

- 4.22. A separate harm is that if the Section 1 Local Plan were to proceed as currently proposed, it would be already out-of-date by the time of its adoption. The current NPPF states (paragraph 33) that an expected change in housing need is likely to trigger requirement for an early review of Local Plans. In this instance, evidence of such a change is already very apparent. The Local Plan would be required to be reviewed immediately upon its adoption. It would simply be illogical to proceed without addressing the issue prior to its adoption, given there is still opportunity to do so.
- 4.23. Having regard to the above, we consider that the current NPPF and latest PPG are material to this Local Plan Examination, and are particularly pertinent to the issue of the NEAs' housing requirements.
- 4.24. There was logic in the new NPPF providing a window of opportunity for Local Authorities to submit plans for examination under the 2012 NPPF, thus avoiding Local Authorities at an advanced stage in the preparation of a sound and legally compliant Local Plan having to revert to an earlier stage in the process, with the resultant delays this would entail. However, we consider that the following are all relevant: the Section 1 Local Plan as originally submitted was evidently unsound (as confirmed through the Inspector's letter of 8 June 2018); the Examination has been subject to substantial delay whilst the Councils have sought to cure the identified defects; and modifications are both necessary and are being proposed by the NEAs.
- 4.25. It is now over a year since the 2018 NPPF was published. The Section 1 Local Plan is of course just one part of the Local Plan for each of the authorities, and the examination process for the Section 2 has yet to begin. It is therefore the case that by the time the respective authorities' Local Plans are in place, it is highly likely that current national policy will be a number of years old. If these Local Plans were simply to disregard current national policy and guidance, they will already be considerably out-of-date immediately on adoption.

- 4.26. The issues with the submitted Section 1 Local Plan, and the delay this necessitated to the examination, afforded the Councils with the opportunity to review the submitted Local Plan to determine whether issues such as the housing requirement should be revised in light of new guidance and policy (or new evidence). Indeed, in respect of Tendring District's housing requirements, the Council's own consultants advised that the Council would keep these under review, given the uncertainty regarding the figures proposed ((EXD/038, paragraph 35). The delay provided such an opportunity.
- 4.27. Separately and in addition, the substantial delay resulting from the additional work undertaken has rendered the key benefit of the transitional period – the ability to avoid having to make significant changes and to avoid substantial delays to the Local Plan – inapplicable to the Section 1 Local Plan.
- 4.28. For the reasons set out above, we consider that the current NPPF and PPG is material to the Section 1 Local Plan, and is particularly pertinent to the issue of the proposed housing requirements.

2019 NPPF and Local Housing Need

- 4.29. Unlike the 2012 NPPF and the now superseded guidance which accompanied it, there is now a very clear definition of 'local housing need', with the introduction of clear guidance as to how to calculate the demographic starting point and how to interpret market signals. The NPPF provides clear guidance as to how Authorities quantify their housing requirements, providing a consistent approach that seeks to ensure national housing objectives are met.
- 4.30. The revised NPPF and its accompanying guidance make absolutely clear that this definition forms part of a range of measures intended to support the Government's objective to significantly boost housing land supply.
- 4.31. It should be highlighted that the PPG confirms that, rather than use the more up-to-date 2016-based household projections, authorities should utilise the 2014-based projections. The reasons for this include, explains the PPG⁷, that these older figures are consistent with the Government's objective to significantly boost the supply of

⁷ Paragraph: 005 Reference ID: 2a-005-20190220

homes. New guidance makes clear that the calculation of housing requirement is not simply a demographic exercise intended to determine a 'correct' figure for each administrative area.

- 4.32. The new guidance contrasts with the NEAs' approach in respect of the Section 1 Local Plan, and in particular the attempts to undertake detailed demographic analysis of Tendring District's official projections and resulting proposals to significantly reduce the number of homes to be provided.

5. Current Proposed Modifications to Policy SP3

- 5.1. The proposed modifications within EB/091 suggest changes to Policy SP3 (Ref.21), albeit none in relation to the proposed housing requirements themselves.
- 5.2. In respect of the changes that are proposed through Modification 21(B), these include adding text to the policy confirming that the NEAs' five-year housing land supplies will be calculated using the housing requirements currently proposed, i.e. the housing requirements which are considerably less than the current housing requirements.
- 5.3. We consider such an approach to be irrational given the known position on housing requirements, and would simply compound the already significant risk that the Section 1 Local Plan as currently proposed will result in far fewer homes being delivered than required, with resultant social and economic harm to the NEAs.
- 5.4. Modification 21(C) proposes that the NEAs be required to review their housing requirements regularly, and to have regard to the wider area in doing so. We do not object to this per se, but question why the housing requirements have not been reviewed before now. In addition, it is not clear what the mechanism for addressing new housing requirements identified through this would be.

6. Conclusions

- 6.1. The Examination Inspector confirmed that he reserved the right to modify his views in respect of the soundness of the Section 1 Local Plan proposed housing requirements, in the event that new evidence was to emerge.
- 6.2. The data and evidence which underpins the NEAs approach to housing requirements has aged considerably. New demographic evidence has subsequently emerged which:
 - a) casts doubt as to whether it is appropriate to depart from the official projections in the calculation of Tendring District's housing requirement; and
 - b) confirms that a greater uplift to the demographic starting point is required to account for market signals than previously proposed.
- 6.3. Rather than seek to account for such changes, the NEAs appear to have, incorrectly, viewed the issue of the Section 1 Local Plan housing requirements to have been definitively resolved. Such a stance is particularly problematic in respect of Tendring District, where the Council's own consultants have advised of the need to keep the housing need position under review, due to the significant uncertainty in relation to the figures for this District.
- 6.4. In addition, new policy and guidance has been issued. Whilst it is recognised that the Section 1 Local Plan is, in accordance with national policy, being examined under the 2012 NPPF, this does not mean that any subsequent guidance or policy is totally immaterial. We consider new guidance to be especially pertinent when it will resolve matters which the previous guidance and policy left uncertainty over. This includes, in particular, the housing requirement for Tendring District; as well as the extent of the uplift to be applied to account for market signals for all the NEAs. Indeed, to simply ignore the presence of guidance and policy which will remove this uncertainty, and to pretend this is not available to a decision-maker to remove disputed matters, would be irrational.
- 6.5. Failure to consider updated guidance and policy would result in a Local Plan which was out-of-date immediately upon adoption. In addition, failure to consider updated guidance and policy would risk substantial social and economic harm to the NEAs, and could also result in a shortfall in housing provision across the housing market area and even beyond.

- 6.6. Having regard to the matters raised within this representation, we consider that Policy SP3 as currently worded is unsound.
- 6.7. Policy SP3 can, however, be made to be sound. We consider that the most appropriate way to achieve this would be to amend the policy such that the proposed housing requirements for each of the NEAs reflect the Standard Method, for the reasons set out within this representation.
- 6.8. Alternatively, if the NEAs consider that the evidence still confirms the demographic starting points for each of the NEA used in the OAHNS (2016) are still relevant and robust, then it will still be necessary to account for additional evidence vis-à-vis market signals and the extent of the uplift required to be provided. In terms of how such an uplift can be quantified, it makes eminent sense to utilise the current guidance available (i.e. the Standard Method) rather than to pretend this is not in place. This would result in annual housing requirements calculated as follows:

Area	OAHNS (2016) demographic starting point	Updated market signal uplift	Total annual housing requirement
Braintree District	623	39	866
Colchester Borough	866	34	1,160
Tendring District	480	32	634
Total	1,969	-	2,660

Table 14 – Housing requirement when appropriate market signals uplift applied to OAHNS (2016) demographic starting points

- 6.9. Whilst such an approach is more appropriate than that currently proposed in the sLP, it nevertheless does not account for all of the issues which we have identified in this representation, including the lack of consideration for the wider area or the policy objectives behind the calculation of housing requirements which render the use of figures lower than the official projections problematic. As such, we consider the sound approach would be to use the Standard Method, i.e. Policy SP3 to be modified through incorporation of the below:

Local Authority	Housing requirement per annum
Braintree	862
Colchester	1,086
Tendring	863
Total	2,811

Appendix C - Data extracted from ONS House Price Statistics for Small Areas (HPSSAs): HPSSA Dataset 9. Median price paid administrative geographies

Appendix C – Data extracted from ONS House Price Statistics for Small Areas (HPSSAs): HPSSA Dataset 9. Median price paid for administrative geographies

Area	Median House Price (£) March 2019
England and Wales	235,000
Braintree	280,000
Colchester	270,000
Tendring	230,000