



North Essex Authorities Section 1 Local Plan

Examination Hearing Statement

Matter 3 – Housing Need

Prepared by Strutt & Parker on behalf of M. Scott Properties

December 2019

Introduction

1. This Hearing Statement is made in respect of Matter 3, on behalf of M. Scott Properties Ltd (Scott Properties). 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 Scott Properties.
2. 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 Scott Properties are provided as **Appendix A** to this Hearing Statement.

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?

3. There is a meaningful change to the housing need in North Essex. The 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

4. The 2016-based SNHP predicts an increase of 2,595 more households between 2013 and 2037 (the period considered by the November 2016 OAHNS Update (EB/018)) than the 2014-based SNHP.

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

- 6. Given this increase, if the NEA Section 1 Local Plan housing requirements are to continue to utilise the 2014-based projections to determine demographic starting points, it is imperative that sufficient uplift is provided to these to avoid an undersupply.
- 7. The September 2018 Statistical Release included the headline analysis that: *‘We project the majority of household growth over the next 25 years will be because of the rise in the number of households being headed by someone aged 65 years and over.’*

	2019	2020	2025	2030	2035
NEA: Total population 65 and over	109,400	111,300	122,200	137,100	151,400
NEA: Total population 65 and over % increase from 2019		1.7%	10.5%	20.2%	27.7%
NEA: Total population 65+ predicted to live alone	35,065	35,785	40,290	45,028	49,567
NEA: Average number of people 65+ per household	1.68				
NEA: Existing homes required for 65+	25,404				
NEA: Additional homes required for 65+		441	2,972	6,432	9,753
NEA: Total homes required for 65+ between 2019-2035	25,404	25,846	28,377	31,837	35,157

Figures taken from ONS. It has been assumed that 39% of people would consider downsizing based on the Legal & General Report – Last Time Buyers¹.

- 8. We remain unconvinced, as set out in our representations at 4.33-4.39, that the Council have suitably addressed this demographic change in relation to the expectations of the PPG and the implications for this on housing need as a result of an increasing proportion of single person households, and those most in need of suitable accommodation to meet their needs as they age.

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

- 9. We noted recent evidence to suggest official projections are not as unreliable as the Council previously thought within our Proposed Modifications representations.
- 10. If the Councils are to continue to depart from the use of official projections for the purposes of determining Tendring District’s housing requirement, it is incumbent upon them to robustly demonstrate this is appropriate having regard to current evidence (as

¹ <https://www.legalandgeneralgroup.com/media/2437/30042018-lg-ltbs-draft-v9.pdf>

opposed to relying upon evidence which has been superseded or challenged by subsequent evidence).

- 11. The Councils appeared to recognise the need to keep Tendring District’s position in respect of UPC under review (EXD/038, paragraph 35). However, we have not seen any evidence that this has been the case.
- 12. As noted within our Proposed Modifications representations, 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. This is particularly concerning given the level of housing need just for older people, and that any reduction in housing could lead to groups of the population most in need of specific types of accommodation not being able to achieve it; the table below clearly demonstrates this. The figures have assumed 39% of people would downsize if appropriate accommodation was available; this was taken from the 2018 Legal & General Report – Last Time Buyers².

	2019	2020	2025	2030	2035
Tendring: Total population 65 and over	43,900	44,700	48,900	54,600	60,200
Tendring: Existing homes required for 65+	10,194				
Tendring: Additional homes required for 65+		186	1,161	2,485	3,785
Tendring: Total homes required for 65+ between 2019-2035	10,194	10,380	11,355	12,679	13,979
Tendring: Number of new homes for 65+ required per annum	874				

Figures from ONS.

- 13. Again, we have not seen any evidence the Councils have considered this.

c) Market signals and affordability?

- 14. There is clear evidence of meaningful change in market signals and affordability since June 2018. This new evidence suggests the Section 1 Local Plan’s housing requirement will provide insufficient housing when compared to current evidence. We have discussed this issue, and point to the various sources of new evidence, within our Proposed Modifications representations.

² <https://www.legalandgeneralgroup.com/media/2437/30042018-lg-ltbs-draft-v9.pdf>

15. Further to those representations, we note the Inspector is not inviting discussion on use of the Standard Method in respect of the Section 1 Local Plan, as the Local Plan is being examined in relation to the NPPF 12 (paragraph 33 of the Guidance Note (IED/020)).
16. Within our representations, we had suggested use of the Standard Method would help resolve other uncertainties in respect of the NEA's housing requirement.
17. However, if one were to resist applying the Standard Method and to consider the Section 1 Local Plan strictly in accordance with the NPPF 2012, the need to apply an appropriate market signals uplift to the demographic starting point was very much a requirement of the NPPF 2012, as demonstrated through Local Plans examined prior to the NPPF 2018 or 2019. As such, it is still necessary for the NEAs to consider and apply market signal uplifts to the demographic starting point which are robust and justified for up-to-date evidence.
18. We do not consider use of current Planning Practice Guidance to quantify the extent of uplift to be contrary to the NPPF 2012, and it must be recognised that the NPPF 2012 and guidance available at that time did not provide an equivalent way of quantifying the uplift.
19. If, however, such an approach is determined to be inappropriate, it is necessary to review the market signals in greater detail, including how those used in the OAHNS (2016) have changed since its preparation.
20. The OAHNS (2016) included consideration of the market signals for Braintree, Colchester and Tendring.
21. For 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%³ should be applied, the validity of the OAHNS (2016) conclusion is now highly questionable.
22. The reasons why the OAHNS (2016) suggested that no market uplift should be applied to Colchester Borough is set out at paragraph 5.101 of the OAHNS (2016):

³ 2014-based SNHP 2019-2029, 2018 affordability ratio.

“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”.

23. 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 7.83⁴.
- House prices are no longer well below national average. They are now broadly at the national average (calculated using the mean)⁵. 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 average⁶.
- 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 two⁷. 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.

24. 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. Indeed, with the dramatic decrease in affordability, and increase in house prices and costs of rent, the Borough’s position is fundamentally different, and by adopting the suggested demographic starting point, along with the trend in affordability, this could lead to severe impacts on the local housing market.

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

⁵ Appendix A – Scott Properties NEA Section 1 LP Modifications Consultation Table 5

⁶ Appendix A – Scott Properties NEA Section 1 LP Modifications Consultation Figure 2

⁷ Appendix A – Scott Properties NEA Section 1 LP Modifications Consultation Table 9

25. 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.
26. Similarly, the conditions relied upon to justify the market uplifts of 15% in the OAHNS (2016) for Braintree and Tendring Districts have since changed.
27. 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)
28. 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%).⁸
29. 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 average⁹.
30. 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;
 - The starting demographic projection is uncertain.
31. However, as noted within our Proposed Modifications representations¹⁰, mean house prices have increase dramatically within Tendring District, far exceeding the national average increase.

⁸ Appendix A – Scott Properties NEA Section 1 LP Modifications Consultation Table 6 – Mean House Price Changes

⁹ Appendix A – Scott Properties NEA Section 1 LP Modifications Consultation para.3.8 and Figure 1

¹⁰ Appendix A – Scott Properties NEA Section 1 LP Modifications Consultation Table 6

- 32. In respect of median private monthly rent, this was below the national average in 2015/2016, but is now slightly greater.¹¹
- 33. Affordability has dramatically worsened since 2015, and has gone from being better than the national average to worse.
- 34. 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.
- 35. 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.
- 36. 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:

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

- 37. 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.

¹¹ Appendix A – Scott Properties NEA Section 1 LP Modifications Consultation Table 7 and Table 8

38. 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.

39. The table below considers the above factors in relation to the NEAs:

Area	Median house price - % above national average ¹⁰	House price growth – points above national average ¹¹	Difference between national and District / Borough affordability ratio ¹²
Braintree	19	11	2.3
Colchester	15	12	1.7
Tendring	-2	18	1.3
Canterbury	12	c.20	2.5

40. 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.

41. 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.

- 42. 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.

- 43. 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.

- 44. 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.

- 45. 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.

- 46. 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

- 47. The aforementioned uplift would result in the following requirements:

Area	Demographic starting point ¹⁰	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

48. 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.

49. 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?

50. The housing requirements set out within the Section 1 Local Plan can no longer be considered to be soundly based – evidence now available confirms these figures are not justified and a Local Plan based upon them cannot be considered to be positively prepared. This issue can be addressed through main modifications.

51. 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.

52. 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.

53. 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 point¹¹	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

- 54. However, it is recognised there are potential alternative scenarios.
- 55. 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.
- 56. 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.
- 57. In addition, whichever housing requirements are ultimately determined to be sound, we consider it necessary for the Local Plan to identify the number of new dwellings and amount of additional specialist accommodation required to meet the needs of older people, and for policies (potentially within Section 2) put in place to ensure effective delivery of such needs.

Appendix A

Scott Properties' Consultation Response NEA Suggested Amendments to the Publication Draft Section 1 – July 2019



Consultation Response

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

On behalf of M Scott Properties Ltd

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 M Scott Properties Ltd ('Scott Properties').
- 1.2. Scott Properties have a number of interests in all three districts concerning the Section 1 Local Plan examination. Scott Properties made representations to both the Section 1 and Section 2 Local Plans and attended the earlier Hearing Sessions held in January and May 2018.
- 1.3. As the Council will be aware, 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.
- 1.4. 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.
- 1.5. 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.
- 1.6. 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.
- 1.7. 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.
- 1.8. 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.

- 1.9. 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.
- 1.10. 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).
- 1.11. 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? We consider that a wide range of new information is available in relation to the housing requirement and that the matter should be re-examined.
- 1.12. Secondly, it is also necessary to examine the evidence base to ensure that the sLP housing requirements are based on adequate, up-to-date and relevant evidence. In our view, it no longer is sufficiently up-to-date and relevant, and it is necessary to consider this in order to ensure the Local Plan is sound.
- 1.13. 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;
 - new planning practice guidance on the need to identify and deliver housing for older and disabled persons (Reference ID: 63-001 to 019 -20190626).

- 1.14. 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.
- 1.15. Whilst EB091 propose relatively minor modifications to Policy SP3, these do not address the substantive issues in any way.
- 1.16. 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.
- 1.17. Whilst regrettable that the NEAs do not appear to have not 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 XXX 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.

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.

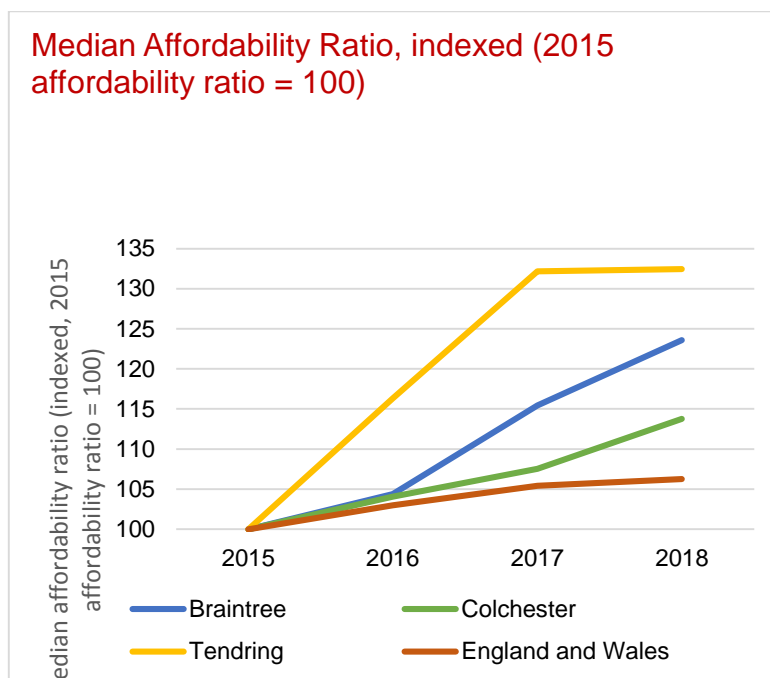


Figure 1: Median affordability ratio change 2015 – 2018, indexed (2015 median ratio = 100)

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 below in Figure 2, 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.

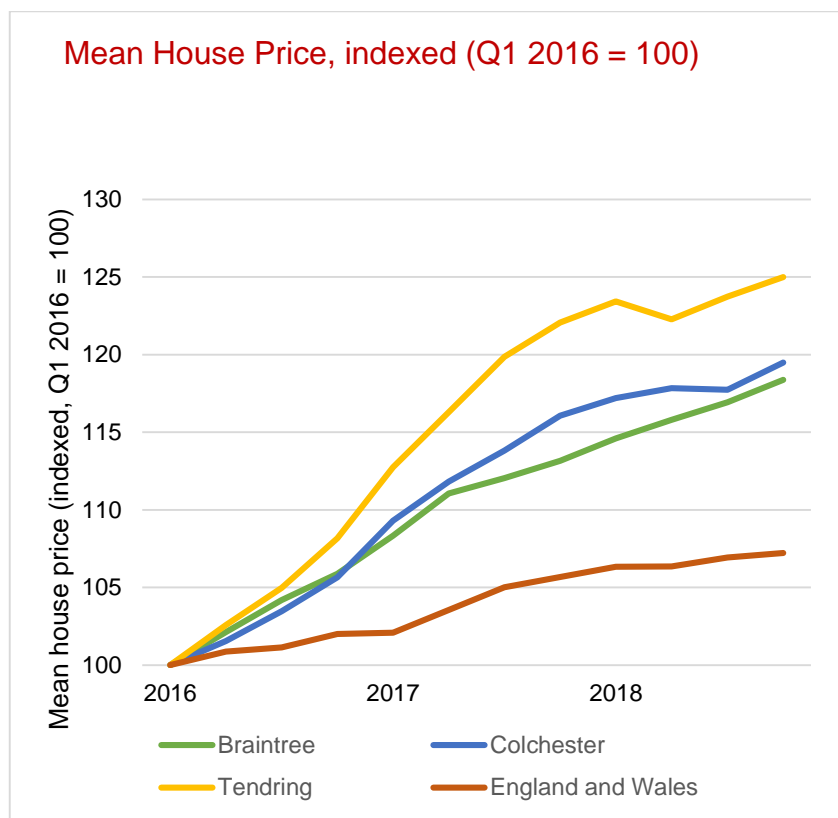


Figure 2 – Mean house price change Q1 2016 – Q4 2018 (2016 mean = 100)

3.11. The below table 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 OANHS (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 follows:

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.

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

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 homes. New guidance makes clear that the calculation of housing requirement is not

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

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.

Planning Practice Guidance – Housing for older and disabled people

- 4.33. Planning guidance has clarified how councils are expected to identify and meet the needs of older and disabled people through the planning process. The guidance was updated in June 2019. While it is understandable that the submitted plan was unable to reflect the guidance, we are disappointed to note that there is no indication in the current consultation that the Councils have sought to identify and address this updated guidance in order to ensure the Plan is based on sound, relevant and up to date data in relation to this important aspect of housing demand.
- 4.34. As drafted, the Plan, including the proposed modifications, fails to take account of the wide-ranging needs of older people, as defined in the NPPF and expressed fully in the supporting PPG as people approaching or over retirement age, including the active, through to the very frail elderly. The need to provide housing for older people is described as critical in the updated Planning Practice Guidance, and our client would agree and recognise the demand for appropriate housing for this group of people, particularly in areas of high demand for housing such as the NEA area.
- 4.35. As well as confirming that housing requirements can range from accessible and adaptable general needs housing to specialist housing with high levels of care and support, the PPG also provides helpful guidance as to what specialist housing for older people can include. This ranges from age-restricted general market housing to residential care homes and nursing homes (paragraph: 010 Reference ID: 63-010-20190626).
- 4.36. Paragraph 003 of the PPG expects authorities to:

For plan-making purposes, strategic policy-making authorities will need to determine the needs of people who will be approaching or reaching retirement over the plan period, as well as the existing population of older people. ...

What evidence can plan-makers consider when identifying the housing needs of older people?

The age profile of the population can be drawn from Census data. Projections of population and households by age group can also be used. The future need for specialist accommodation for older people broken down by tenure and type

4.37. And at paragraph 006:

How can the housing requirements of particular groups of people be addressed in plans?

Plan-making authorities should set clear policies to address the housing needs of groups with particular needs such as older and disabled people. These policies can set out how the plan-making authority will consider proposals for the different types of housing that these groups are likely to require. They could also provide indicative figures or a range for the number of units of specialist housing for older people needed across the plan area throughout the plan period.

4.38. Whilst the PPG does acknowledge that plan makers will need to identify a role that general housing may play in providing housing suitable for older people (that does not constitute specialist accommodation or care), it also states that plans must provide specialist housing where a need exists (paragraph: 012 Reference ID: 63-012-20190626).

4.39. We are not convinced that the NEA have properly assessed the needs of these groups of people in the way expected by planning guidance and recommend that such an assessment should be undertaken in order to ensure the Plan is based on up to date information and to ensure it is consistent with national policy. In combination with the other matters raised in this representations, this process can be undertaken alongside an update and re-examination of the housing need.

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 in general, 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; and changes to guidance on meeting the needs of older and disabled people. 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