

c/o Ms Andrea Copsey – Programme Officer
Examination Office
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9 October 2020

Dear Sir

Response to consultation on 2018-based household projections

1. Thank you for the invitation to respond to your letter of 9 September 2020 (IED026) regarding the implications of the 2018-based subnational household (SNHP) projections for the housing requirements in the Section 1 Plan.
2. This letter is submitted by M Scott Properties Ltd (hereon referred to as Scott Properties). We understand you are inviting responses in respect of the following questions, as set out in paragraph 2 of your letter:
 - (a) **Do you consider that the publication of the 2018-based household projections represents a meaningful change in the housing situation from the situation that existed when I produced my letter of 27 June 2018 [IED/023]?**
 - (b) **If so, what are the implications of that change for the soundness of the housing requirement figures in the submitted Section 1 Plan?**
3. We understand that it is for the Inspector to determine whether the proposed housing need target for each of the NEAs is sound, based on the evidence. In reaching a conclusion, it is necessary to consider whether the 2018-based subnational household projections represent a meaningful change, and if so, whether the housing requirement as proposed remains sound.
4. Scott Properties has reviewed the report produced for the NEAs by Stantec (NEA/018a).
5. In summary, we consider that the Stantec report demonstrates the 2018-based subnational household projections do not represent a meaningful change to Braintree's housing position. However, in respect of Colchester, we do not consider the issue has been robustly addressed, and that the projections suggest there have been a meaningful change in the housing position requiring the Local Plan target for the Borough to be increased.

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Response to (a)

6. We note that the NEAs' were originally of the opinion, in response to the 2018-based SNHP, that there was less evidence for the need to apply the 15% uplift for market signals to the Braintree OAN, given the consistently reducing ONS population projections for Braintree in their response of 31 July (NEA/018). In this letter, the NEAs stated that a decision to remove the uplift could be made, subject to further consultation, on the existing evidence base and the recently released figures.
7. We also note the NEAs' change in position in the subsequent letter to you dated 24 August (NEA/020), concluding instead that as at that time, the Councils did not believe there had been a significant change in the housing need situation for Braintree District, which represents a meaningful change such that the presented figure would be unsound. We agree with the NEAs' updated position as at 24 August.
8. We would highlight the concerns made by Stantec regarding the accuracy of the 2018 projections, particularly the 2018-based projected growth of 357 dpa being unstable due to the trend period for migration being just two years. Whilst we acknowledge that the modelling using a five year migration period lifts the household growth to 430 dpa, and still less than the official 2014-based projections, we note Stantec's commentary as to the underlying factors that have likely led to the reduced household growth.
9. Paragraph 3.39 of the Stantec report states that the greatest falls in expected household growth are generally in areas of high demand and constrained supply. The report confirms that '*Braintree of course is one such place.*' It goes on to explain that housing supply in the most popular and constrained local authorities has not been enough to accommodate growth in line with the 2014 projections, resulting in a displacement of population and household growth to less constrained areas. This is reflected in the 2018 projections.
10. The Stantec report concludes at paragraph 4.8 that the fall in migration over time within the Braintree District probably does result from constrained housing supply, likely due to a lack of planned supply, as opposed to a deficiency of market demand. The report also highlights the lack of housing delivery within Braintree District within 2013-18 compared to the 2014-based projections, noting that this represented only 61% of the number required to meet the demographic starting point. Against the proposed housing requirement of 716 dpa, average delivery between 2013-18 amounts to only 53%¹.
11. We would draw your attention also to the conclusions of the Stantec report at paragraph 4.14:

"The main reason why the projected housing growth went down is that since the base date of the submitted plan the planned land supply has fallen short of the original projection. In other words, the assessed housing need from 2013 onwards was correct. The reason why that need appears to have gone down is that it has not been met – a self-fulfilling prophecy."
12. The situation is reaffirmed in the Objectively Assessed Housing Needs Study (July 2015), as well as the November 2016 Update. The former states at paragraph 7.1 that:

¹ Based on an average delivery of 379 dwellings per annum between 2013-18

“Trend-based demographic projections will understate future housing need if household growth has been suppressed by undersupply in the past, and where this is the case the projections that roll forward that past should be adjusted upwards.”

13. The 2016 update refers to indications that planning in Braintree undersupplied housing demand. Although this undersupply did not result in house price growth above the general trend, the conclusions drawn were that Braintree’s demand was likely transferred into other areas in the HMA and beyond.
14. According to the Stantec report, the ONS projections suggest this will not apply in the future, as the insignificant increase in Colchester’s projected growth is not remotely enough to counterbalance the reduction in Braintree’s projections, should you conclude that Colchester’s housing requirement should increase as a result of the 2018 projections.
15. We note the original justification for the 15% uplift for market signals for Braintree District within the Objectively Assessed Housing Needs Study November 2016 update was as set out below, and was an approach which was found to be acceptable in your letter of 27 June 2018 (IED/012):

“In our judgment, the following uplifts are justified. Braintree: 15%, mainly because housing land supply may have been constrained in the period whose trends the demographic projection rolls forward, and because affordability is poor.”

16. We accept that paragraph 016 of PPG (Reference ID: 2a-016-20150227) requires local needs assessments to be informed by the latest available evidence wherever possible, and that a meaningful change in the housing situation should be considered in this context. However, as you will be aware, PPG is also clear in that this does not automatically render housing assessments as outdated, each time new publications are issued.
17. We would also draw your attention to the paragraph 015 of PPG (Reference ID: 2a-015-20140306), which states:

“...[The household projections] do not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour.

The household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends. For example, formation rates may have been suppressed historically by under-supply and worsening affordability of housing. The assessment will therefore need to reflect the consequences of past under-delivery of housing. As household projections do not reflect unmet housing need, local planning authorities should take a view based on available evidence of the extent to which household formation rates are or have been constrained by supply.” (Our emphasis added).

18. Paragraph 19 of PPG (Reference ID: 2a-019-20140306) is clear in that the housing need number suggested by household projections should be adjusted to reflect appropriate market signals, which include, inter alia, affordability, house prices and rates of development. In respect of the latter, paragraph 19 also states:

“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 plan.”

19. Given the historic under delivery within Braintree since 2013, as highlighted in the Stantec report, and, which is directly attributed to the reduced migration in Braintree, we consider this further adds to the justification that the 15% uplift for market signals should not be removed, and that the housing requirement for Braintree should remain unchanged. The evidence presented within the Stantec report clearly demonstrates how the 2018-based projections are both unreliable and are a direct result of the growth projected in 2014 not being met.
20. It is also noted that a reduction in the housing requirement figure for Braintree would not be consistent with the overarching aims of the NPPF, to boost the supply of housing, nor with the Government's commitment to the delivery of 300,000 homes per annum by mid-2020. Further, whilst the Plan is being assessed under the transitional arrangements of the 2012 NPPF, the proposed housing requirement of 716 dpa is still considerably below what it would be if the Plan were to be assessed under the 2019 NPPF using the Standard Method, at 857 dpa.
21. The Stantec report questions whether a higher number of deaths and reduced migration for Braintree represent meaningful changes in the housing situation, given meaningful is not defined in PPG. The report sets out Stantec's understanding of a meaningful change as one which justifies revising the housing needs assessment and the resulting housing requirement, or target. In this regard, we agree with Stantec's findings that there is no justification for revising the housing figure for Braintree. We would go further, and say that an attempt to reduce Braintree's housing figure on the basis of the latest projections would be unjustified, and unsound.
22. It would also appear from the NEAs' response to you of 24 August (NEA/020) that, following a more careful review of the evidence base, the NEAs are also satisfied that there has been no significant change in the housing need situation for Braintree District which represents a meaningful change. As such, the NEAs now do not consider the housing requirement figure of 716 dpa would be unsound. We also note that no modifications to this figure are proposed as part of the Main Modifications consultation.
23. We would, however, wish to raise another statement made in the NEAs' letter to you of 31 July (NEA/018), which states:

"If you have any concerns about retaining or amending the figures, or are concerned that the simple exclusion of the uplift is not appropriate, some comfort could be taken by asking for a formal commitment from the Council to carry out a further and detailed consideration of the Braintree housing target as part of the section 2 examination."
24. Whilst we understand the NEAs' desire to expedite the adoption of the Section 1 Local Plan, and note that this suggestion is not carried forward into the NEAs' further response to you of 24 August, we acknowledge that this is a suggestion which you may be minded to consider.
25. In our opinion, such a requirement would not be necessary, firstly, given the evidence clearly demonstrates that the 2018 projections do not represent a meaningful change. Secondly, this would only seek to displace what is likely to be a time consuming and costly process to the examination of the Braintree District Section 2 Local Plan, a concern originally raised by the NEAs in their initial response. This has the potential to result in delays to the adoption of Section 2, and jeopardise the delivery of much-needed housing. Given the chronic historic under-supply of housing within Braintree that has been highlighted again through this process, we do not consider deferring a review of the housing target to the section 2 Plan examination to be appropriate. Furthermore, it would

undermine the coordinated approach that has been taken by the three authorities to date in the preparation of a Plan for North Essex.

26. The Stantec report focuses very much on Braintree, and in our view confirms that the 2018-based SNHP cannot be relied upon to support an argument for the reduction in Braintree's housing target in the Local Plan. However, we do not consider that it robustly addresses the issue in respect of Colchester.
27. The technical weaknesses in the 2018-based SNHP are applicable to Colchester as well as Braintree. Such technical weakness would have been expected to have shown a lesser increase in projected household growth in Colchester, as they did in Braintree.
28. The 2018-based projections based household formation rates on considering trends between just two points: 2001 and 2011. As such, it used a period of time in which there were low levels of housebuilding and in which the affordability of homes greatly worsened. The ONS acknowledged that the projections risked underestimating the need for housing for young people in particular. Such were the concerns with the approach taken to the 2016-based projections, the Government determined they should not be used for the calculation of housing need under current policy. Notably, the 2018-based projections take the same approach, and are therefore subject to the same issues and risks of downplaying housing needs. Despite this, rather than showing a reduced household growth figure, the 2018-based projections project an increase in household growth in Colchester. Although the increase shown is nominal, in the context of a decrease having been expected, we suggest this issue requires careful consideration.
29. For example, we would have expected the Stantec report to have considered internal migration over the longer, more stable, period for Colchester, as it did for Braintree. We would also have expected it to have sought to explain why the figures for Colchester did not indicate a decrease in household growth, despite acknowledgment by ONS that the use of projections based on this approach have a tendency to downplay housing needs. Without such evidence to the contrary, the 2018-based projections appear to suggest a meaningful increase in housing need in Colchester.
30. In respect of Tendring, we acknowledge that the approach taken to calculate the housing need did not involve use of official household projections. We understand that instead, the approach was based on considering housing completions over a recent five-year period to determine the baseline position, before adding an uplift in response to market signals. Therefore, whilst the 2018-based projections may not lead to a need to review Tendring's figures, it is nevertheless important to consider whether the delivery rates on which the approach is based are still up-to-date. This is especially in light of the PPG requirement to ensure local needs assessments are informed by the latest available evidence.

Response to (b)

31. We consider that the Stantec report (NEA/018a) provides a robust assessment of the 2018 projections, highlighting the deficiencies, inaccuracies and the reasons for the reduction in household growth within Braintree District. It is our opinion that this report sufficiently demonstrates that no justification exists for any reduction in Braintree's assessed need from 2013 onwards. We consider if a reduction to Braintree's housing figure in the Local Plan were to be proposed which sought to rely on the latest projections, this would be unsound.

32. In respect of Colchester, we consider that the Councils' latest evidence does not sufficiently address its proposed housing figure in the Local Plan and the implications of the 2018-based projections in this regard. In particular, we consider that the 2018-based projections indicate there may have been a meaningful change in Colchester's housing position which requires further explanation and possibly an increase in Local Plan housing target to ensure it is sound.
33. In respect of Tendring, whilst not directly linked to the 2018-based projections, we consider that it will be important for the NEAs to review more recent housing delivery rates and apply them to the methodology used to determine its housing needs. This is necessary to ensure that these do not suggest a meaningful change in the housing position. If, however, they do suggest a meaningful change, then the Local Plan will have to be subject to main modifications to respond to this.

Yours faithfully

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