

Response to consultation on 2018-based household projections

1 October 2020

Questions

- (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]?**

For Braintree, yes, the very significant change in projections is without a doubt 'meaningful'.

- (b) **If so, what are the implications of that change for the soundness of the housing requirement figures in the submitted Section 1 Plan?**

I believe that Braintree's housing requirement should be reduced to a number no higher than 500 dwellings per annum.

Rationale

Back-to-front approach

Despite a reminder from the Inspector that guidance requires use of the latest government figures as the starting point (because Section 1 is being examined under NPPF transitional arrangements¹), Braintree Council has worked *backwards* from the 2014 projection.

Initially the council arrived at a seemingly arbitrary 623 homes per annum by removing the market signals uplift. In a U-turn in a later letter, the council then reverted to the current OAN. Although the council argues that this is a quicker way to see the plan adopted, my opinion is that the numbers being proposed by the council have not been based on the evidence. Therefore, neither number can be sound. This leaves it open to challenge by developers.

The correct starting point and evidence

My own calculations are set out below. In these:

- I worked from the latest government projections, as required;
- I applied adjustments also required by planning practice guidance (and set out in a Planning Advisory Flowchart².)
- I do not personally subscribe to the theory that increased supply reduces prices but, in the spirit of the way the planning system operates, I have considered a market signals uplift.
- I also looked at ONS employment statistics for Braintree District, below.

I believe that the result is that the number should be no higher than around 500 homes per annum³. This is clearly a meaningful change from 716.

Conclusion

My view is that the number suggested by the authorities is arbitrary and not based on evidence. It does not start from 2018 projections, nor does it follow the standard methodology to build uplifts into the figure. For a plan to be sound, it must meet the four tests: positively prepared, justified, effective and consistent with national policy. The proposed number appears to be none of these.

Rosie Pearson. Previously CAUSE. Now 'Better Braintree – Together' and 'West Tey Watch'

¹<https://webarchive.nationalarchives.gov.uk/20180310103648/https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

²Figure 4.1 PAS guidance 2015 <https://www.local.gov.uk/sites/default/files/documents/objectively-assessed-need-9fb.pdf>

³ I reach that figure by using the consultant's scenario for migration, and by adding back the market signals uplift because affordability appears to have reduced in recent years.

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OAN Flowchart to assess needs and set targets	Relevant statistic	Comment
Government household projections (Currently ONS 2018 based)	357	
Basis for possible adjustments:		This table uses Stantec figures
Step 1: demographics		
<u>1a. Deaths</u>		
Assume deaths data is accurate		
<u>1b. Migration - dwellings</u>		2018 ONS is based on 2y migration and therefore <i>may</i> be unreliable
Migration 10y ONS 2008-2018	440	
Migration 5y ONS 2013-2018	375	
Stantec NMSS 2019 based 2014-2019	430	
To build in five years (and 2019), choose	430	2019 in-migration very high. 951
Step 2: past delivery & market signals		
2a. Past delivery		
Past delivery 5y before base - average homes delivered	379	Stantec: 2.9 ...Braintree has been delivering almost exactly the right number of homes to accommodate 2018 projections.
2b. Market signals		Not assessed by Stantec
Ratio of median house price to median gross annual workplace earnings*** 2013	7.70	
Ratio of median house price to median gross annual workplace earnings 2018	10.26	
[2019]	10.25	
Salaries - median in BDC 2014**	£25,861	
Salaries - median in BDC 2018	£27,049	
Percentage increase	5%	
[2019]	£28,287	
House prices increase, Braintree, 5y to 2020	9.50%	Zoopla August 2020
Conclusion - it does appear that affordability is decreasing & an uplift is needed		
Adding back the 15% market signals uplift to 430	495	
2c. Other local circumstances not captured by past trends		
Covid 19 means that the crystal ball is murky & that perhaps it is sensible to focus on past trends. A recession may lead to a fall in house prices		
3. Future jobs		Not looked at by Stantec
Assume this is because employment analysis/forecasts referred were in EB/018 & discussed at examination & that it was not considered necessary to revisit. Agree.		
Conclusion: The approx number, worked upwards from the latest household projections & including PAS adjustments, is 495 homes.		

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Employment

The need for a lower housing number for Braintree District is also supported by ONS employment statistics, which I looked at in the absence of EEFM 2019. Jobs densities, calculated as the number of jobs per resident aged 16 to 64 show (**Chart 1**) that Braintree is well below average for the East of England and that there is therefore a risk that there will be insufficient jobs for new residents if the OAN is set too high. That in turn will lead to an unsustainable increase in out-commuting, already a feature of the district. (**Chart 2** illustrates this, showing that resident earnings are higher than work place earnings).

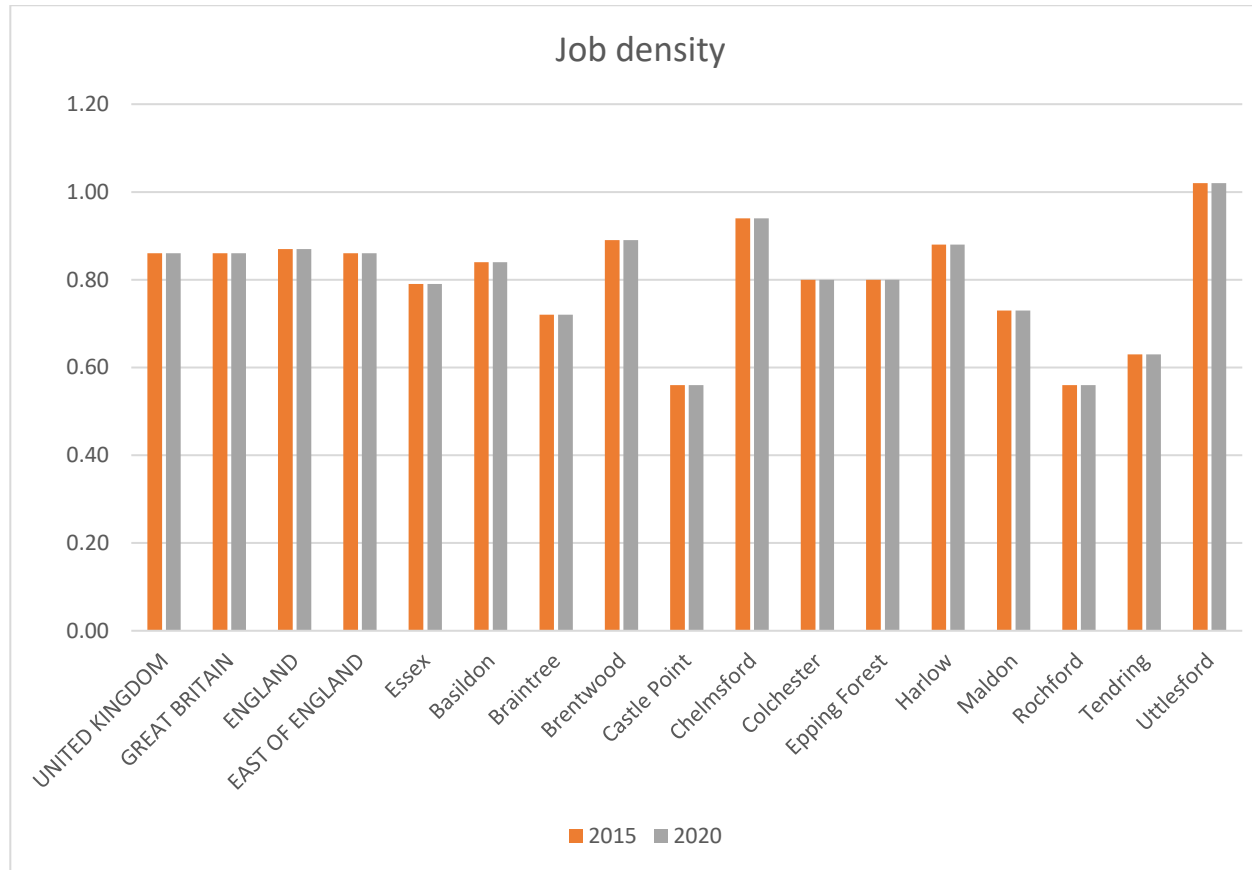


Chart 1

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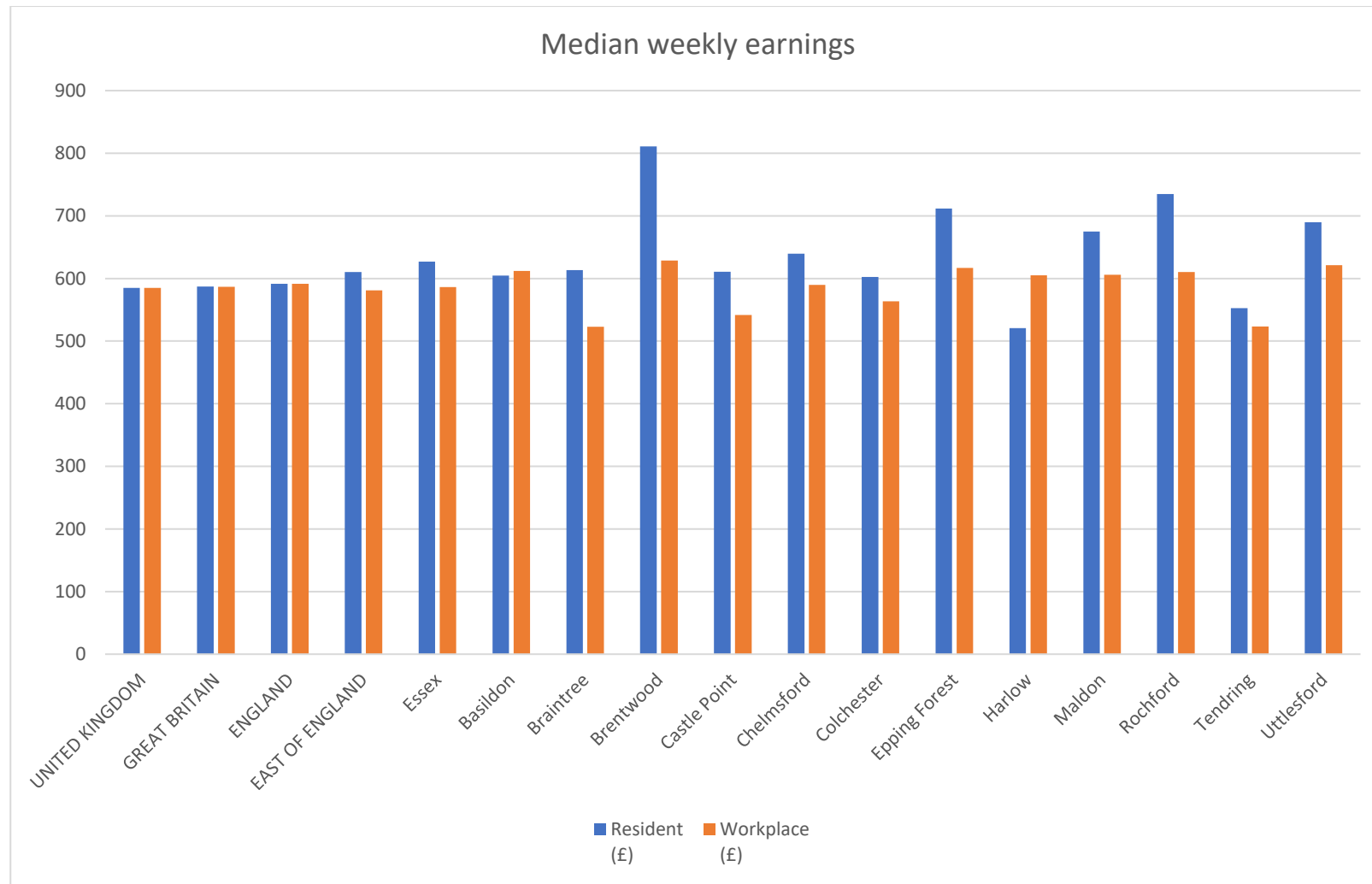


Chart 2