



North Essex Section 1 Local Plan Examination

Implications of the 2018-based subnational household projections

Prepared on behalf of Pigeon Land Ltd

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1.0 Introduction

- 1.1 This submission to the eLP examination is made on behalf of Pigeon Land Ltd ('Pigeon'), in response to the Inspector's invitation of 9 September 2020 (document reference IED026) to comment on the implications of the release of the 2018-based subnational household projections (SNHP) in respect of the North Essex Section 1 Local Plan ('the eLP').
- 1.2 We have substantial concerns that the proposed housing numbers in the eLP do not reflect the true scale of housing need across North Essex, and will lead to a significant shortfall in housing provision over a sustained period of time until the eLP is reviewed, unless the eLP is modified prior to its adoption.
- 1.3 The eLP was submitted for examination on 9 October 2017. As a Local Plan submitted for examination prior to 24 January 2019, we appreciate that the eLP is being examined in relation to the National Planning Policy Framework (NPPF) 2012, as opposed to current national policy, as per the transitional arrangements set out in the NPPF.
- 1.4 However, we would question whether it is still appropriate for the eLP to disregard latest national policy and guidance, given both the length of time that has elapsed since the transition period expired, and the opportunities the NEAs have had to update the eLP to reflect up-to-date guidance since it was submitted.
- 1.5 Nevertheless, this submission assumes that the eLP will continue to be examined solely in relation to the NPPF 2012 and the Planning Practice Guidance (PPG) that accompanied it.
- 1.6 The submission is structured as follows:
- Section 2 considers the approach to determining the housing figures currently proposed in the eLP, and whether the 2018-based SNHP have the potential to be of relevance to the eLP housing figures.
 - Section 3 considers the 2018-based SNHP in detail, including whether there are specific relevant local characteristics which effect their appropriateness for use in the eLP.
 - Section 4 provides an overview and conclusion.

2.0 Current Proposed eLP Housing Requirement and Background

2.1 The eLP proposes the following housing targets in dwellings per annum (dpa) for each of the NEAs:

Braintree:	716
Colchester:	920
Tendring:	550

2.2 The evidence base document relied upon to justify the eLP’s proposed housing requirements for Braintree, Colchester and Tendring is the Braintree, Chelmsford, Colchester, Tendring Objectively Assessed Housing Need Study (November 2016 update) (EB/018) (‘the OAHNS 2016’).

2.3 The most recent official projections available to the OAHNS (2016) were the 2014-based SNHP.

2.4 Paragraph 31 of the NPPF 2012 required the evidence underpinning plans to be relevant and up-to-date.

2.5 The accompanying PPG stated:

“Wherever possible, local needs assessments should be informed by the latest available information. The National Planning Policy Framework is clear that Local Plans should be kept up-to-date. A meaningful change in the housing situation should be considered in this context, but this does not automatically mean that housing assessments are rendered outdated every time new projections are issued”
(Paragraph: 016 Reference ID: 2a-016-20150227)

2.6 Having regard to the above, the release of new projections does not mean evidence underpinning housing strategies and numbers is inevitably out-of-date. It does however mean that it is necessary to consider whether such new evidence results in a ‘meaningful change’ to relevant housing needs evidence.

2.7 Whilst the PPG referred to ‘meaningful change’ it did not define what constituted ‘meaningful’. In practice, this is a matter of professional judgement.

2.8 In respect of Braintree and Colchester, the OAHNS 2016 utilised the most up-to-date official projections available to it at the time – the 2014-based SNHP – to determine the demographic starting points for use in calculating these areas’ housing needs. Market signal uplifts were then applied to the respective demographic starting points to give the overall housing requirements.

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

Table 1 – 2014-based SNHP: 2013-2037

2.9 From the above figures, the OAHNS (2016) concluded that the following demographic starting points for Braintree and Colchester were appropriate:

Area	OAHNS 2016 demographic starting points (dpa)
Braintree	623
Colchester	866

Table 2 – OAHNS 2016 demographic starting points for calculation of housing need

2.10 Following the application of a market signals uplift in the case of Braintree, and an adjustment to seek to meet labour demands in the case of Colchester, housing requirements of 716 dpa and 920 dpa were identified for Braintree and Colchester, respectively. These remain the figures proposed in the eLP (although we note there are some indications that the NEAs feel that a reduction in Braintree’s figure may be justified).

2.11 A very different approach was taken in respect of Tendring, where instead of official projections, an alternative approach to determining the demographic starting point was taken. This entailed taking the highest average level of new homes delivered over a recent five-year period and subjecting this to be further analysis; and then applying an uplift to account for market signals.

2.12 As such, the 2018-based SNHP are of limited direct relevance to Tendring's proposed housing requirement, although we appreciate there may be other data and evidence that merit review in considering whether there has been a meaningful change to its housing requirement.

3.0 Implication of the 2018-based SNHP for the eLP

- 3.1. The eLP's approach to the proposed housing requirements has already been subject to consideration through the eLP examination process.
- 3.2. Initial hearing sessions on the Section 1 Local Plan took place in January 2018; and further hearing sessions in January 2020 to consider additional work that had been undertaken to address concerns identified in 2018.
- 3.3. Additional January 2020 hearing sessions included consideration of whether there had been any meaningful change in the housing requirement position since 2018.
- 3.4. On 15 May 2020 the Section 1 Local Plan Examination Inspector wrote to the Councils and concluded that there had been no meaningful change in the housing situation since the Inspector had previously stated that the proposed figures were soundly based in June 2018. However, the Examination Inspector caveated his response, making clear that consideration would need to be given to any implications of the 2018-based SNHP for the soundness of the housing requirement figures in the plan, if the examination were not to conclude prior to the publication of these projections.
- 3.5. Subsequently, the 2018-based SNHP have been now been released, and released prior to the conclusion of the eLP examination. As such it is necessary to consider whether they indicate a meaningful change to the housing position within the context of the relevant PPG.
- 3.6. We note the NEAs have already provided an initial view on the implications of the 2018-based SNHP, and initially indicated that a reduced housing target for Braintree may be justified on the basis of these (document NEA018). The NEAs appeared to suggest that the housing figure be amended by way of removal of the component of the housing requirement calculation that was provided as a market signals uplift.
- 3.7. We also note that subsequently the NEAs have suggested that the housing figure proposed for Braintree is not unsound (document NEA020).

SNHP-2018 methodology and data used

- 3.8. In considering whether the 2018-based SNHP constitute a meaningful change in the housing positions of Braintree and / or Colchester, it is important to consider the methodology used to produce them and the data that underpins them.
- 3.9. Like the 2016-based SNHP, the 2018-based SNHP only consider two points in time (2001 and 2011) to project headship rates up to 2021, after which they are assumed to be constant. This approach differs from previous projections, which considered a much longer period of time, going back to 1971.
- 3.10. By taking just two points in time, there is an inherent risk that such trends may not be representative of longer term trends.
- 3.11. Furthermore, there were significant concerns that the use of the period 2001 and 2011 by the 2016-based SNHP to determine headship rates was inherently problematic, as this period saw very low levels of housebuilding, and a dramatic worsening of affordability. This resulted in an increase in concealed families, and fewer young adults leaving their parents' home. The consequent concern with the 2016-based SNHP household formation rates used in the 2016-based SNHP was that they would have suppressed household formation rates, particularly within the 25-44 age cohort, resulting in the projections understating actual need.
- 3.12. The ONS acknowledged these concerns at Point 5 of its Methodology used to produce household projections for England: 2016-based, at which it stated:
- “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”.*
- 3.13. Issues with the 2016-based projections understating the extent of household growth resulted in the Government confirming¹ they should not be used to calculate housing requirements through the Standard Method now used to determine local housing need as part of current national policy².

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

² NPPF paragraph 60.

- 3.14. The 2018-based SNHP use the same approach to the 2016-based SNHP to determine headship rates. As such, concerns regarding the 2018-based SNHP are equally applicable.
- 3.15. Furthermore, the 2018-based SNHP are subject to an additional concern: they only consider a two-year period (2016-2018) to determine internal migration trends. Projections of internal migration based on such trends over such a short period of time are clearly far more at risk of not being representative of longer term trends, and of being effected by one-off events.
- 3.16. For example, if an area experienced limited housebuilding during 2016-2018 (and in the immediate lead-up to this period) this could well have a temporary and anomalous impact on internal migration during those two years. We note – and agree with - the 2018-based Household Projections Report to the North Essex Authorities proposed by the Councils’ consultants (document NEA018a) in which it is stated that:

“The new projections have a technical weakness, in that the base period whose migration they roll forward into the future is only two years. This short base period may make the projections unstable, because migration fluctuates widely from year to year, and for Braintree (like many other local authority areas) it is the main driver of household change”.

Are there any factors which suggest technical weaknesses in the 2018-based SNHP are not applicable to Braintree or Colchester?

- 3.17. Looking at Braintree and Colchester, key observations relevant to those areas vis-à-vis the 2018-based SNHP and concerns with their use for calculating housing need include:
- Between 2001 and 2011, housing affordability worsened significantly in both Braintree and Colchester.
 - A significant proportion of both Braintree and Colchester’s population comprise those within the 25–44 age cohort.
 - Braintree saw a significant under delivery of housing compared to its requirement between 2016 and 2018.

- 3.18. In respect of Braintree's poor housing delivery rates between 2016 and 2018, it was acknowledged at a meeting of Braintree District Council on 27 July 2020 that the lack of housing development in the District between 2016 and 2018 may have resulted in reduced migration into the District, which in turn may have distorted projections.
- 3.19. The 2018-based Household Projections Report to the North Essex Authorities prepared by the Councils' consultants (document NEA018a) demonstrates that when a longer term migration trend is applied to 2018-based SNHP Braintree District, the projected household growth increases substantially.
- 3.20. Curiously, the 2018-based Household Projections Report to the North Essex Authorities does not report the implications of using 2018-based 10-year migration trend variant SNHP for Colchester. This projection does show a slight increase in projected growth compared to the 2018-based (two-year migration trend) SNHP.
- 3.21. All of the above suggests that both Braintree and Colchester are very much at risk of the 2018-based SNHP underestimating the extent of actual housing need in their areas.
- 3.22. Furthermore, the 2018-based Household Projections Report to the North Essex Authorities (NEA018a) notes that since 2013 housing delivery in Braintree has fallen short of assessed needs, and indeed even short of the demographic starting point – i.e. insufficient homes were delivered to accommodate household growth projected using the 2014-based SNHP.
- 3.23. We consider the following conclusion provided in document NEA018a to be particularly relevant:

*“In summary, 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**”.* (Paragraph 4.14. Emphasis added)

- 3.24. In light of the above, it would be entirely expected for the 2018-based SNHP to project a reduction in household growth in both Braintree and Colchester. The reduction in growth may be expected to be particularly acute in Braintree (given the extent to which it has under delivered new homes).
- 3.25. The 2018-based SNHP project the following growth in households between 2013 and 2037:

Area	Number of projected households (2018-based) 2013-2037		
	2013	2037	Increase
Braintree	61,945	70,516	8,571
Colchester	73,226	93,596	20,370
Total	135,171	164,112	28,941

Table 3 – 2018-based SNHP: 2013 – 2037

- 3.26. The below table compares this increase to the 2014-based SNHP utilised by the OAHNS 2016:

Area	Projected increase in households 2013-2037	
	2014-based	2018-based
Braintree	14,539	8,571
Colchester	19,932	20,370
Total	34,471	28,941

Table 4 – SNHP projected increase in households 2013 - 2037

- 3.27. As one would expect all things being equal, Braintree see a much reduced projected increase in households. For the reasons set out above, however, this of course does not indicate a lower housing requirement.
- 3.28. Colchester actually sees a greater projected increase in household growth, which—given the nature of the 2018-based SNHP – would not be expected unless the level of actual future housing need in Colchester is now much greater than the 2014-based SNHP had suggested.

- 3.29. Whilst the 2018-based SNHP cannot be used to justify a reduction in Braintree's housing requirement calculation, they do suggest that Colchester's projected housing need may be significantly greater than when the OAHNS 2016 was prepared.

4.0 Overview and Conclusion

- 4.1 The 2018-based SNHP do not justify a reduction in the eLP's proposed housing requirement for Braintree. In light of the methodology used to produce the latest projections, and the characteristics of the District, one would expect to see a significant reduction between the level of household growth projected by the 2014-based SNHP and the 2018-based, even if there had been no change to actual housing needs in the District. The 2001-2011 trend data used (impacted by worsening affordability and under provision of housing), together with the use of a two-year migration period in which there was an undersupply of housing, would be expected to result in a lesser scale of projected household growth, irrespective of actual housing needs. As such, a reduction in Braintree's eLP housing requirement on the basis of the 2018-based SNHP would be wholly unjustified and render the eLP unsound.
- 4.2 In any event, the eLP's proposed housing requirement should now only be subject to main modifications if it is deemed unsound – it is not the case that an alternative figure can be proposed simply because it is thought to be 'more sound'.

Conversely, the 2018-based SNHP do give rise to concerns in respect of the soundness of Colchester's proposed housing requirement. Given the Borough's characteristics, one would have expected the 2018-based SNHP to show a reduced growth in households in Colchester, albeit potentially not as significantly reduced as in Braintree. However, the fact that they actually show an *increase* suggests there may well be other factors that mean the actual level of housing need is now much greater than the 2014-based SNHP used to inform the eLP numbers were produced, particularly given that when the 2018-based 10-year migration trend variant SNHP is used, the latest SNHP suggest an even greater increase in households in Colchester. In order to ensure that Colchester's eLP housing requirement is soundly based, we consider it necessary to increase the proposed housing requirement for the Borough to reflect this latest data; unless robust evidence can be provided to demonstrate why, contrary to all indications, the latest projections do not suggest a greater housing need than those used by the OAHNS 2016.