



North Essex Section 1 Local Plan Examination

Implications of the 2018-based subnational household projections

Prepared on behalf City & Country

October 2020

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Type of Report:	Local Plan Representation
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Date:	October 2020

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1.0 Introduction

- 1.1 This submission to the eLP examination is made on behalf of City & Country, and 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 City & Country has 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 As a wider point, 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 projections have implications for how the housing requirements of Braintree and Colchester were calculated.
 - Section 3 considers the situation in respect of Tendring, where official projections were not used to calculate the proposed housing requirement.
 - Section 4 considers any other material changes since the issue of the NEAs' housing requirements were last considered through the eLP examination, looking in particular at whether there have been any changes in market signals.
 - Section 5 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 Paragraph 31 of the NPPF 2012 required the evidence underpinning plans to be relevant and up-to-date.

2.3 The accompanying PPG in relation to housing and economic development needs assessment stated that:

“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)

2.4 The release of new projections does not mean evidence underpinning housing strategies and numbers is inevitably out-of-date. However, it is necessary to consider whether such new evidence results in a ‘meaningful change’ to relevant housing needs evidence.

2.5 Whilst the PPG referred to ‘meaningful change’ it did not define what would change should be considered meaningful. Whether a change is meaningful is a matter of judgement for the decision-maker.

2.6 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’).

- 2.7 The most recent official projections available to the OAHNS (2016) were the 2014-based SNHP.
- 2.8 However, notably the OAHNS 2016 concluded that the official projections were not appropriate to use to determine the housing requirement for Tendring. Instead, a bespoke approach was taken in respect of Tendring which 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.
- 2.9 In respect of Braintree and Colchester, a more orthodox approach was taken by the OAHNS 2016 in which the 2014-based SNHP were utilised to determine the demographic starting point for both Braintree and Colchester Borough, which were again subject to a market signal uplift to the extent that the evidence at the time was considered to support.

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

- 2.10 Utilising these, and considering the period 2013 to 2037, 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

- 2.11 The eLP’s approach the proposed housing requirements has already been subject to consideration through the eLP examination process.

- 2.12 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.
- 2.13 Additional January 2020 hearing sessions included consideration of the proposed whether there had been any meaningful change in the housing requirement position since 2018.
- 2.14 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.
- 2.15 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 provide evidence of a meaningful change to the housing position within the context of the relevant PPG.
- 2.16 We note that the NEAs have already provided an initial view on the implications of the 2018-based SNHP, and have suggested that they may indicate that a reduced housing target for Braintree would be justified (document NEA018). However, we also note that subsequently the NEAs have suggested that the housing figure propose for Braintree is not unsound.
- 2.17 In addition, we also consider it is appropriate to review whether there are other factors which may suggest a meaningful chance in housing needs, particularly in relation to Tendring District, where the proposed approach to determining housing requirement is based on an alternative to official projections.

3.0 Implication of the 2018-based SNHP for the eLP

- 3.1. As the current calculation of housing need for Tendring did not rely upon the official projections, the release of updated SNHP is not considered of direct relevance to the District's proposed housing requirement. We do still consider it necessary to consider the data that is relevant to the calculation of Tendring's housing requirement and whether update evidence is available which indicates a meaningful change to its housing position. This is considered later within this submission.
- 3.2. In relation to Braintree and Colchester, the release of new official projections do have the potential to be of relevance.
- 3.3. It is important to consider the methodology used in the 2018-based SNHP.
- 3.4. 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.
- 3.5. By taking just two points in time, there is an inherent risk that such trends may not be representative of longer term trends.
- 3.6. 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.
- 3.7. 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”.

- 3.8. 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.
- 3.9. 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.
- 3.10. 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.
- 3.11. For example, if an area experienced limited housebuilding during 2016-2018 (and 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”.*
- 3.12. 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.

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

² NPPF paragraph 60.

- A significant proportion of both Braintree and Colchester’s population comprise those within the 25–44 age cohort.
- Braintree saw a significantly under delivery of housing compared to its requirement between 2016 and 2018.

3.13. In addition, we note that 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.

3.14. Having regard to all of the above, one would expect that the 2018-based SNHP would show a reduction in household growth in both Braintree and Colchester, and that such reduction in growth may be particularly acute in Braintree.

3.15. 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

3.16. 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

- 3.17. As one would expect, all things being equal, Braintree sees a much reduced projected increase in households. For the reasons set out above, this of course does not indicate a lower housing requirement.
- 3.18. Colchester actually sees a greater projected increase in household growth. In light of the above, this is particularly surprisingly and would not be expected all things being equal. In other words, 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. At the very least, the issue clearly merits further investigation to determine why the 2018-based SNHP actually show a greater increase.

4.0 Tendring District

- 4.1. The OAHNS 2016 explains that, in light of concerns in respect of errors in Tendring's official projections and unattributable population change (UPC), the SNHP could not be relied upon to determine the District's demographic starting point. An alternative approach was considered necessary.
- 4.2. The OAHNS 2016 explains that a demographic starting point of 480 dpa was chosen for Tendring because:

"It was the highest average level of new homes achieved over a recent five-year period (2004-09)" (paragraph 1.4 of Tendring: Note, appended to the OAHNS (2016))
- 4.3. In the same way that it is necessary to consider whether new projections suggest there has been a meaningful change to Braintree and Colchester's housing position, it is also necessary to consider whether any new data has been published which is of relevance to that used in the approach to calculating Tendring's demographic starting point.
- 4.4. Firstly, we consider it questionable that 2004-2009 can still be said to constitute a 'recent' five-year period.
- 4.5. Secondly, we note that 480 dpa is no longer the highest average number of new homes delivered within a recent five-year period.
- 4.6. The highest number of dwellings delivered in a recent five-year period is now 633 dpa – this is the average delivered in the District between 2015 and 2020.
- 4.7. It is pertinent to note that in the NEA Response to Lichfield Briefing Note 6 June 2018 (document EXD/038) the Councils agreed with the view that there remains significant uncertainty in the data for Tendring (EXD/038, paragraph 33), and stated that the Council will keep the objectively assessed need under review (EXD/038, paragraph 35).
- 4.8. In such circumstances, we would expect that, as an absolute minimum, the Councils would apply up-to-date data to the methodology used to determine Tendring's housing

requirement. However, we have seen no evidence of the Council having reviewed its position in this respect.

- 4.9. We appreciate that the monitoring period for 2015 – 2020 has only relatively recently finished, and it may be that the housing position will be reviewed in light of this. However, we have yet to see any indication that this is taking place.
- 4.10. Whilst ‘meaningful change’ is not defined in the NPPF 2012 or accompanying PPG, we consider that it could not logically be concluded that an increase in the demographic starting point from 480 dpa to 633 dpa would be anything other than a meaningful change, particularly as it would result in a demographic starting point which exceed the proposed housing requirement for Tendring in the eLP.
- 4.11. A demographic starting point of 633 dpa is by no means counter intuitive. The District’s current local housing need in accordance with current national policy (i.e. the Standard Method) is currently 866 dpa. If one were to apply a 15% market signals uplift (as the OAHNS 2016 recommends for Tendring) to a demographic starting point of 633 dpa, this would result in a housing requirement for the District of 728 dpa – still substantially below its current local housing need.
- 4.12. Further new evidence that has become available since the last time the issue of Tendring’s housing requirement was considered through the eLP examination includes additional housing completion data, affordability ratios, house prices and market rental prices.
- 4.13. Tendring has experienced greater housing delivery rates in recent years. Indeed, in the last four years it has exceeded its proposed eLP housing requirement each and every year. The table below shows Tendring’s recent delivery rates:

Year	Net dwelling completions
2016/17	658
2017/18	565
2018/19	915
2019/20	784

Table 5 – Net dwelling completions in Tendring 2016-2020

- 4.14. It is pertinent to note that the housing requirement set by the eLP should be expected to improve affordability³.
- 4.15. If the eLP's proposed housing requirement meets this criteria, we should have seen an improvement in affordability in the District.
- 4.16. In respect of this, we note that:
- The mean house price in Tendring has risen dramatically from £200,020 in Q1 2016 to £259,737 in Q4 of 2019 – an increase of 29.9%. By comparison, the mean house price rose by just 7.2% over the same period.
 - Between Q4 2018 (latest available data when the issue was last considered as part of the eLP examination) and Q4 in 2019, the mean house price in Tendring increased by 3.9%, compared to a national average increase of only 0.9%.
 - Between 2015 and 2020, the mean private monthly rent in Tendring rose by 15.9%, whereas the national mean rose by just 2.8%.
 - Between 2018/19 and 2019/20, the mean private monthly rent in Tendring rose by 1.9%, whereas across the nation as a whole it actually *fell* by 1.7%.
 - Between 2018/19 and 2019/20, the median private monthly rent in Tendring rose by 3.6%, but the national median rose by just 0.7%.
 - The District's affordability ratio (median house price to median workplace-based earnings) improved between 2018 and 2019, falling from 9.00 to 8.72. However, when looked at over the period 2015 and 2020, affordability has significantly worsened still, with the ratio rising from 6.87 and 8.72.
- 4.17. Overall, the market signals suggest a worsening of affordability and are certainly not indicative of housing needs being met, let alone exceeding (which the delivery rates do against the proposed housing target in the eLP).
- 4.18. Whilst we would expect to see some lag time between housing delivery and change in market signals, if needs genuinely were exceeded (in some years, substantially so) in the last four years, we would expect to have seen market signal changes by now.

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

5.0 Overview and Conclusion

- 5.1 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.
- 5.2 One would also have expected the 2018-based SNHP to show a reduced growth in households in Colchester. 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 suggested.
- 5.3 Applying the latest relevant data to the methodology used to determine Tendring's housing requirement results in a substantially higher demographic starting point.
- 5.4 It is pertinent to note that there are acknowledged uncertainties around Tendring's data used to establish its proposed housing requirement. In such circumstances, it is particularly relevant to note that for several years now the District has consistently delivered more homes than is proposed in the eLP. Yet, rather than market signals suggesting an oversupply of homes, or even that needs are being met, they continue to suggest a shortage of housing delivery.
- 5.5 In summary, our concerns that the eLP proposes insufficient homes for North Essex as a whole have only been reaffirmed by the latest SNHP and other data that has become available since the issue was last considered at examination.