

Matters and Issues for North Essex Authorities Joint Strategic (Section 1) Local Plan

Matter 3 Meeting Housing Needs (Policy SP3)

Response on behalf of Bloor Homes Eastern

December 2017

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North Essex Authorities Joint Strategic
(Section 1) Plan**

Matter 3 Meeting Housing Needs (Policy SP3)

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North Essex Local Plan Examination 2018

This statement has been prepared by Barton Willmore on behalf of Bloor Homes Eastern, pursuant to Matter 3: Meeting Housing Needs. This follows representations to the Regulation 19 pre-submission consultation (reference LPPD83).

Matter 3 – Meeting Housing Need (Policy SP3)

Does Policy SP3 reflect an objective assessment of housing needs over the period 2013-2033?

Should the housing requirement figures be reduced or increased?

Does Policy SP3 set out effective requirements for the maintenance of a five-year housing land supply? Should it allow for accommodating possible future need arising elsewhere?

1.0 Question 1. Does the Peter Brett Associates Objectively Assessed Housing Need Study, Nov 2016 update [the PBA Study, EB/018] appropriately define the housing market area? If it does not, what are the consequences for the policy SP3 housing requirement figures?

1.1 No, the PBA Study, EB/018, does not appropriately define the housing market area. For the reasons set out in the Barton Willmore Technical Reviews and the analysis of commuting flows and migration flows, the housing market area should include Maldon.

1.2 There is a risk than unmet need arising in Maldon will not be addressed.

1.3 Question 2. Are the proposed overall housing requirement in policy SP3 of 43,720 dwellings (2,186dpa), and the constituent requirement figures of 14,320 (716dpa) for Braintree, 18,400 (920dpa) for Colchester and 11,000 (550dpa) for Tendring, based on a sound analysis of the available and relevant evidence, and do they reflect the full, objectively-assessed need for housing over the period 2013-2033?

1.4 No, the proposed overall housing requirements for each district are not based on sound analysis, nor they do not reflect full objectively assessed housing need. The conclusions in Barton Willmore's *Technical Review of [each] Council's Housing Need Evidence Base (July 2017)* set out the reasons why, finding that for each district, full objectively assessed need has been underestimated.

- 1.5 A common issue with the constituent requirements is that they fail to adequately address market signals, the principle issue being the affordability of housing. The latest available data from ONS (for 2016) puts median affordability at 7.85 times workplace based earnings in Tendring, 8.59 times in Braintree and 8.71 times in Colchester.
- 1.6 To put affordability in the North Essex authorities in context, the equivalent affordability ratio for England is 7.7. Evidently the affordability problem across North Essex ranges from at least as bad as experienced across England (in Tendring), to significantly worse than across England (in Braintree and Colchester).
- 1.7 Given the government's acknowledgement in the Housing White Paper that because too few homes are being built across England, affordability is soaring and the housing market is broken, it is no comfort that in Tendring, housing is only marginally less affordable than across England. More important is that for first time buyers, house purchase is simply unaffordable and beyond reach. That is the case in Tendring, Colchester and Braintree.
- 1.8 The extant Planning Practice Guidance methodology for assessing housing need sets out a two-step process to arrive at the level of housing need derived from an assessment of market signals.
- 1.9 The first step is to establish whether an uplift is required. The guidance is clear that a worsening affordability trend locally will require an upward adjustment to planned housing numbers compared to ones based solely on the household projections [ID2a 020, first paragraph].
- 1.10 In all three of the North Essex districts, affordability has worsened over time. In line with the guidance an uplift is required to household projection based starting points in all three of the North Essex districts. The household projection based starting points being; 623 dwellings per annum in Braintree, 866 dwellings per annum in Colchester and 674 dwellings per annum in Tendring. A household projection based total of 2,163 dwellings across North Essex.
- 1.11 The second step is to establish the level of uplift required to arrive at a market signals based assessment of housing need. The extant guidance advises that the more significant the affordability constraints, the larger the additional supply response should be [ID2a 020, second paragraph].
- 1.12 The extant guidance also advises that a calculation of the precise impact upon supply is not required *'rather they [plan makers] should increase planned supply by an amount*

that, on reasonable assumptions and consistent with the principles of sustainable development, could be expected to improve affordability'.

- 1.13 The assessment of need [EB/018] that informs the SP3 housing requirement acknowledges worsening affordability in Braintree and recommends a market signals uplift [EB/018, page 66, paragraph 5.100]. No market signals problems are found to exist in Colchester and no market signals uplift is recommended [EB/018, page 66, paragraph 5.101]. For Tendring, the market signals evidence is said not to justify an uplift [EB/018, page 66, paragraph 5.012].
- 1.14 The problem with the EB/018 market signals assessment is twofold. First, worsening affordability in Colchester and Tendring is overlooked and a conclusion reached that the market signals evidence does not justify an uplift. This clearly conflicts with the extant guidance and the need for an uplift to the household projections in cases where any market signal is worsening.
- 1.15 Second, the uplift for Braintree (and the lack of uplift elsewhere) is made without reference to (or consideration of) the level of supply necessary to improve affordability. Once again, this ignores the extant guidance.
- 1.16 The Barton Willmore Reviews presents an alternative market signals based housing need assessment that addresses the extant housing need methodology guidance overlooked by EB/018. The results are as follows, showing the midpoint and the uplift to the household projection based starting point:
- 650 to 972 (**midpoint 811, a 20% uplift**) dwellings per annum in **Tendring**
 - A midpoint of **3,074 dwellings per annum (a 42% uplift) across North Essex**
- 1.17 In contrast EB/018 [page 80, table 8.1 and page 66, paragraph 5.102] concludes that the market signals based assessment of housing need is 2,132 dwellings per annum across North Essex, 1% below the household projection based estimate of housing need:
- 550 dwellings per annum in Tendring (an 18% reduction)
 - 2,132 dwellings per annum across North Essex (a 1% reduction)
- 1.18 In light of Barton Willmore analysis summarised in paragraph 1.16, the level of market signals uplift proposed for each district and across North Essex by EB/018 should be significantly increased.

- 1.19 Since the Barton Willmore Technical Reviews were produced, the Government has consulted upon a Standard Method for assessing housing need, discharging one of the commitments made in the Housing White Paper.
- 1.20 Step 2 of the Standard Method represents the latest government thinking on the best approach appropriate to arriving at a local level of housing supply necessary to alleviate affordability problems and boost supply nationally.
- 1.21 In doing so, Step 2 provides the means to address the extant housing need methodology guidance. Specifically, in response to ID2a 020, the *'amount that, on reasonable assumptions and consistent with the principles of sustainable development, could be expected to improve affordability'*.
- 1.22 The results of following the Step 2 approach, which is based on the government's view that median affordability ratios are the best basis for adjusting household projections to take account of market signals, are as follows:
- **749** dwellings per annum in **Tendring** (11% uplift)
 - **2,679** dwellings per annum across **North Essex** (a 24% uplift)
- 1.23 The Step 2 results presented in paragraph 1.22 lend further weight to the case for a significant uplift to the EB/018 market signals based assessment of housing need. In practice, an annual housing requirement in line with the Step 2 approach results would result in a 1.3% annual increase in dwelling stock across North Essex between 2013 and 2014, falling to 1.23% between 2016 and 2017.
- 1.24 To put such an increase in context, the addition of 300,000 dwellings per annum from 2016 across England equates to a 1.23% increase in stock.
- 1.25 **Question 2 (a). Is the PBA Study justified in using a baseline household growth figure of 445dpa for Tendring, rather than using the 625dpa figure from the 2014-based DCLG household projections?**
- 1.26 No, for the reasons set out in Barton Willmore's Tendering Technical Review (page 12, paragraph 4.3 to page 21, paragraph 4.33).
- 1.27 EB/018 itself notes that their baseline has a large potential for error.

- 1.28 The extant planning practice guidance is clear that *“the 2012-2037 Household Projections were published on 27 February 2015, and are the most up-to-date estimate of future household growth”* [ID2a 016, third paragraph]. They are not improved by an alternative that is acknowledged to contain a large potential for error.
- 1.29 **Question 2 (b). Is the PBA Study justified in not making any adjustments to the household formation rates used in the 2012- and 2014-based DCLG household projections?**
- 1.30 This adjustment overlaps with the market signals adjustment. Whilst the Barton Willmore Reviews conclude that the 2014-based household formation rates are suppressed, a specific adjustment is unnecessary so long as the market signals adjustment is sufficient to relieve suppressed household formation and improve affordability.
- 1.31 **Question 2 (c). Is the PBA Study justified in not making any adjustments to its household growth estimates to take account of out-migration from London?**
- 1.32 The PBA study risks underestimating housing need in the North Essex districts by not taking account of out migration from London.
- 1.33 **Question 2 (d). Is the PBA Study justified in applying a market signals uplift of 15% for Braintree and Tendring, and in making no market signals adjustment for Colchester?**
- 1.34 For the reasons set out above the market signals uplifts are not justified because they are insufficient and fail to address the extant housing need assessment methodology guidance.
- 1.35 **Question 2 (e). Are the PBA Study’s findings on job-led housing need justified, having regard to the economic models on which they are based and the assumptions embedded in those models?**
- 1.36 For the reasons set out in the Barton Willmore’s Technical Reviews, the PBA Study’s findings on job-led housing need are not justified.
- 1.37 **Question 2 (f) Is the PBA Study justified in concluding that there is no reason to adjust the objectively-assessed housing need figures in order to meet affordable housing need?**
- 1.38 An increase in the objectively assessed housing need would provide for increased affordable housing delivery, in the context of a need for 376 affordable homes per annum

in Braintree, 490 affordable homes per annum in Colchester and 278 affordable homes per annum in Tendring. Assuming what is generally considered to be a reasonable assessment that 30% of gross household incomes is spent on rent.

1.39 **Question 3. Should the Section 1 Plan make provision for higher or lower housing requirement figures, and if so, what is the justification for the alternative figures? In particular:**

(a) Should the requirement figures reflect those proposed by CAUSE (2,005dpa overall, comprising 624dpa for Braintree, 831dpa for Colchester and 550dpa for Tendring)?

(b) Should the requirement figures reflect those proposed by the Home Builders' Federation (2,540dpa overall, comprising 762dpa for Braintree, 1,002dpa for Colchester and 776dpa for Tendring)?

(c) Should the requirement figures be reviewed to reflect the criticisms made by Barton Willmore in their *Technical Review of [each] Council's Housing Need Evidence Base (July 2017)*, commissioned by Gladman Developments Ltd?

1.40 The Section 1 Plan should make provision for higher housing requirement figures. In order to address worsening affordability and increase housing supply in line with government objectives expressed in the Housing White Paper and the November 2017 Budget, the housing requirements should be in excess of 749 dwellings per annum in Tendring.

1.41 The proposed alternative housing requirements would address the criticisms made by Barton Willmore and as such would fully address the extant housing need assessment methodology.

1.42 **Question 4. Are the affordable housing need figures set out in the HDH Planning and Development Strategic Housing Market Assessment Update, December 2015 [EB/019], (212dpa for Braintree, 267dpa for Colchester and 151dpa for Tendring) based on a sound analysis of the available and relevant evidence?**

1.43 The assessment assumes that 35% of incomes is available to spent on housing costs, this is high and reflects market undersupply driving up housing costs. 30% should be preferred.