

NORTH ESSEX SECTION 1 LOCAL PLAN EXAMINATION

Matter 3 Meeting housing needs (Policy SP3)

Questions:

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?

No comment.

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?

No. We consider the overall housing requirement to be based on an assessment that does not sufficiently address the market signals as required by Planning Practice Guidance (PPG) and has not sufficiently justified the decision to reduce the demographic starting point for Tendring from those projected in the DCLG Household Projections. These issues are addressed below, however, we would like to consider the Government's consultation "Planning for the Right Homes in the Right Places" and the standard methodology for assessing housing needs that is set out in this document. We fully accept that only limited weight can be given to this document as it is only a consultation. In addition the government have been clear that even if it is adopted there will be transitional measures before it will be used. But what the document does provide is a steer as to the degree to which market signals should be taken into account, and the Government's consideration that the DCLG Household Projections provide a robust starting point for assessing housing needs.

In relation to market signals the standard methodology sets out that in areas where affordability is at its worse than the uplift should be more significant. For the North Essex HMA these uplifts would lead to an OAN of:

- Braintree – 835 dpa
- Colchester – 1,095 dpa
- Tendring – 749 dpa

This degree of uplift is more substantial than has been applied to the three North Essex LPAs and would require the three authorities should be looking to plan for 2,679 per annum, at least for the next ten years, significantly higher than the 2,186 dwelling

suggested in the updated housing needs assessment. Therefore, whilst the standard methodology should not be used directly we do consider it to provide the only real indicator as to the degree which an adjustment for market signals should be taken into account, at least with regard to affordability ratios.

The consultation also offers further confirmation that the Government consider the DCLG Household Projections to be robust. Paragraph 16 of the consultation paper states “The Office for National Statistics’ projections for numbers of households in each local authority are the most robust estimates of future growth”. Whilst this is only a consultation document it does give further emphasis to the PPG which sets out that the official projections are the most robust data on population and household growth available.

(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?

We recognise that there is clearly some uncertainty caused by unidentified population change (UPC) in Tendring. However, in responding to that uncertainty we would suggest that the most appropriate course of action is to base any assessment on need on the official population and household projections published by Government. As mentioned above PPG clearly sets out that it considers the projections to be robust and to provide a sound basis for the assessment of housing needs and that “Planning for the Right Homes in the Right Places” confirms the Government’s position on the robustness of these official projections.

The robustness of the official projections can also be established through the data used by ONS in cross referencing the mid-year population projections to other data sources. This data is published in quality assurance packs and provide a range of comparative data from other administrative sources¹. One of these sources is the NHS Patient Register and shows how many new patient have registered in a year. Whilst this will not provide an exact measurement of population growth it provides useful triangulation point. What can be seen form this data for Tendring when compared to the ONS mid-year population projections is that the rate of growth is very similar. Between 2011 and 2016 the mid-year estimates projected an increase of 4,620 people which was very similar to the 4,710 new patients registered in Tendring during the same period.

This would suggest that the level of projected population growth expected by the ONS within Tendring, and on which the household projections are based, is a reasonable starting point. As mentioned above to move away from this position would have the potential of underestimating housing needs within both Tendring and the HMA as a whole. As such we do not consider there to be sufficient justification to support lowering the demographic starting point for assessing housing need within Tendring.

¹ 2016 Mid-year estimates comparator tool (QA pack) and 2011 Census Quality Assurance Pack data tables www.ons.gov.uk

(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?

No comment.

(c) Is the PBA Study justified in not making any adjustments to its household growth estimates to take account of out-migration from London?

The study itself identifies that there is likely to be an additional impact resulting from increased out-migration from London. Whilst table 4.1 of the 2016 update to the Housing Need Study outlines only a relatively small annual increase across the HMA of 64 homes per annum this equates to 1,280 new household over the plan period. Given that London is failing to meet its housing targets and the increasing costs of housing in the capital we would have expected this modest uplift to have been included.

Even if London were to meet its supply expectations of 42,000 dwellings per annum (dpa) this was still significantly below the Mayor's lowest assessment of need at 49,000 dpa². This level of under supply is part of the reason for the severe problems the capital is facing with regard to affordability. This can be seen in the lower quartile earnings to house price ratio which for London is 13.52 compared to the East of England at 9.74. These affordability pressures are also evident in those London Borough's with the most significant migratory links to the HMA. The census showed the London Borough's from which the highest proportion of London migrants moved from where Havering, Newham, Redbridge and Waltham Forest, and these authorities had lower quartile affordability ratios of 10.90, 13.58, 11.81 and 14.24 respectively. These are considerably worse than North Essex Authorities, which themselves cannot be considered to be affordable, and are likely will drive further migration from the capital.

However, even the delivery of 42,000 dpa would appear to be unachievable given the latest monitoring report published by the GLA indicates delivery of conventional housing (self-contained flats and houses) for the 2015/16 period as being 32,919³. This degree of under provision in the Capital will also be a driver of further out-migration alongside reducing the amount of in-migration from those areas surrounding the capital.. If the right homes are not available to meet growing needs then there will be little option but for these households to move to those areas surrounding the capital. The latest announcements from the Mayor of London also show that London's housing needs are not reducing⁴. The Mayor has set out that London will need to deliver 66,000 homes a year to address its needs, significantly higher delivery rates than are currently the case in the capital.

Given that there are both cost and supply drivers present in the London housing market we would have expected to see an uplift to the housing needs assessment in line with the evidence set out in the housing needs assessment.

² Short term assessments outlined in the evidence base for the Further Amendments to the London Plan indicated a need of 62,000 for the first ten years.

³ Para 2.21 London Plan Annual Monitoring Report 2015/16 (July 2017).

https://www.london.gov.uk/sites/default/files/amr_13.pdf

⁴ www.london.gov.uk/press-releases/mayoral/sadiq-calls-for-drastic-government-action

(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?

No. In our representation we set out that with regard to the affordability of housing there was very little difference between the authorities and that as such there was a good case for applying a market signals uplift to Colchester. In particular it is evident that there is a worsening trend with regard to affordability in Colchester. Following the financial crisis in 2009 lower quartile workplace-based affordability ratio⁵ where 6.83. These rose to 8.55 in 2016. During the same period the same ratio for Braintree increased from 7.84 to 9.58 and Tendring increased from 7.05 to 8.57. There are evidently similar pressures facing these areas, unsurprisingly given that they are in the same Housing Market Area. During the same period the affordability for England also worsened but not at the rate seen in the HMA between 2009 and 2016 affordability ratio for England increased from 6.48 to 7.16.

Within the Housing Needs Assessment it is suggested that as previous housing targets within Colchester had been met then, despite the worsening affordability, there was no need for a market signals uplift. However, this would suggest that the previous target was established to meet needs. RSS targets were constrained by the capacity of an area to deliver growth. So whilst an authority might meet its target that does not mean that it has been meeting the need for housing in its area. If it had then there would not be the same trend of worsening affordability that is seen across the HMA. The trends with regard to affordability are present across the HMA and as such should be applied across the three LPAs.

(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?

No comment.

(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?

Paragraph 2a-029 of the PPG sets out that affordable housing should be considered in the context of its likely delivery alongside market led housing developments and that an "increase in the total housing figures should be considered where it could help deliver the required number of affordable homes". This means that the delivery of affordable homes should be examined in relation to the capacity market led housing developments to meet the need for affordable housing. Given the level of affordable housing need within the HMA of 638 dwellings per annum is 30% of total housing needs would suggest that no further uplift is required.

⁵ Table 6c Ratio of lower quartile house price to lower quartile gross annual (where available) workplace-based earnings by local authority district, England and Wales, 1997 to 2016. www.ons.gov.uk

However, the level of delivery will be limited by ability of market led housing development to sustain high levels of affordable housing provision. As the only option to increasing affordable housing delivery is to increase the overall level of housing provision there could be a case for increasing overall provision to ensure improved flexibility, as required by paragraph 14 of the NPPF. It is also worth considering that a higher OAN which had not suppressed the demographic starting point for Tendring, and included a market signals uplift for Colchester, would enable the Council's in the HMA to increase the level of flexibility within the Plan with regard affordable housing delivery.

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?

The Section 1 Plan should make provision for a higher housing target that does not seek to reduce the demographic starting point for Tendring or consider it appropriate not to apply a market signals uplift for Colchester. As we have set out in our statement the Councils' position on both these elements have not be sufficiently justified and could result in the housing needs of the HMA not being met in full as required by paragraph 47 of the NPPF.

The figures suggested by the HBF are based on the approach set out in the PPG using the DCLG housing projections as the demographic starting point. As is stated in the PPG these provide a robust starting point for the assessment of housing need and we do not consider there to be any good reason to amend these figures. We have then suggested that the market signals indicate a higher uplift for Braintree when compared to the other authorities on the basis of its worse overall affordability compared to both Colchester and Tendring. However, the worsening position that is seen across the HMA when compared to national trends indicates that uplifts should be applied to each of the authorities in the HMA.

Finally, we would suggest that the Government's consultation paper Planning for the Right Homes in the Right Places provides the only indication as to the degree of uplift required to take account of market signals. Whilst any Government consultation paper can only be given limited weight the direction of travel that is provided in this paper is an important and material consideration. What can be taken from the paper is that where affordability is worst when compared to national trends then the uplift should be highest. Therefore uplifts of at least 15% across the HMA should be considered a minimum. As

we have set out in our response to question 2 the standard methodology would see a much high figure than any of those being proposed. This, therefore, points to the housing requirement being significantly higher than the one set out in SP3.

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?

In particular:

(a) Is the estimate of 5,462 newly-forming households annually, at Stage 2 of the analysis, consistent with the findings of the PBA Study?

(b) Having regard to the definition of affordable housing in the NPPF Glossary, is there justification for excluding single adults under 35 from those considered to be in need of affordable housing (at the “Refining the model in a local context” stage of the analysis), if they can afford shared accommodation in the private rented sector or can afford the LHA shared room rate?

No comment.

5) Should policy SP3 make it clear that the five-year supply of housing land must include an appropriate buffer in accordance with NPPF paragraph 47?

No comment.

6) How will any undersupply of housing against the relevant requirement since 2013 be accounted for in the Section 1 Plan?

It will be important that the Council’s in the HMA have a shared approach to monitoring and reporting on delivery against the needs of the HMA. If delivery and land supply is to be considered separately by each authority they will need to ensure that there is no double counting where strategic developments cuts across LPA boundaries.

7) Should policy SP3 include mechanisms for:

(a) review of the housing delivery strategy in the event of a failure to maintain the required level of housing supply?

Yes. It is important for all plans to have clear contingency plans with regard to delivery. This is something the Government is promoted in the Housing White Paper through the proposed Housing Delivery Test. This test will highlight where LPAs that are not delivering the required level of development and require them to consider how they can improve provision. Establishing in the Local Plan the key actions the Council will undertake should it fail to maintain supply is an important element of this process and ensure appropriate mechanism are in place to enable a more rapid response.

(b) review of the housing requirement figures in order to provide for possible future unmet need from other local authority areas?

Yes. It is difficult to isolate precise boundaries HMAs and as such it may be possible for any of these three authorities to meet the needs of another neighbouring HMA. Scope should be given within this policy to review and increase the requirement in order to meet needs arising in neighbouring areas.

Mark Behrendt
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