

Gladman Developments Ltd

Matter 3 Hearing Statement North Essex Joint Strategic Plan

Meeting Housing Needs Questions 5, 6 and 7



December 2017

1. MATTER 3 – MEETING HOUSING NEEDS

1.1. Q5. 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?

1.1.1. Yes. It is considered that for the sake of clarity and to accord with the guidance set out in the Framework, Policy SP3 should make reference to the appropriate buffer.

1.2. Q6. How will any undersupply of housing against the relevant requirement since 2013 be accounted for in the Section 1 Plan?

1.2.1. Any undersupply which has occurred since 2013 needs to be taken into consideration through the North Essex Strategic Plan in Policy SP3 in terms of the minimum housing requirements apportioned to each of the three authorities.

1.2.2. The three individual authorities can then allocate any additional sites necessary within their Part 2 Local Plans to accommodate this undersupply.

1.2.3. These sites, when allocated, should be small-scale sites associated with the smaller settlements in each of the districts so that they are deliverable in the short term and to guarantee that they will contribute units in the first five years of the Plan.

1.2.4. The unmet need for housing that is the result of the undersupply since 2013 represents a real need for housing in the immediate future that will not be met unless the additional sites can be delivered quickly.

1.3. Q7. 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? (b) review of the housing requirement figures in order to provide for possible future unmet need from other local authority areas?

1.3.1. It is essential that the North Essex Strategic Plan includes a review mechanism to ensure that any significant failure in housing delivery can be addressed in an expeditious manner. It is important for the review mechanism to be meaningful, implementable and have teeth to ensure that any review is delivered in as short a timeframe as possible.

1.3.2. Any review clause should therefore be based upon an end date which is in the control of the LPA i.e. the date of submission of the Plan review. This approach would provide certainty that any need

to accommodate unmet housing needs from other authorities would be addressed in an expeditious manner.

- 1.3.3. Gladman consider that the wording of the review mechanism therefore needs to be clear, easily understandable, enforceable and should set a number of triggers and targets which means it will be “effective”. The wording of the review mechanism should contain a start date, an end date that is in the control of the Local Planning Authorities and should set out the consequences of failing to meet the target dates.
- 1.3.4. The triggers should be determined based on the annual monitoring of completions set against the targets for dwelling delivery within the Strategic Plan. If, through the monitoring regime, it is recognised that housing delivery is falling short of expected rates over a two-year rolling period then this should trigger a review. The definition of what constitutes failing delivery should also be defined in the Strategic Plan and it is suggested that this is based on 20% below the expected delivery rate in any two consecutive years.

NORTH ESSEX LOCAL PLAN EXAMINATION 2018

MATTER 3 HEARING STATEMENT

On behalf of
Gladman Developments

NORTH ESSEX LOCAL PLAN EXAMINATION 2018

This statement has been prepared by Barton Willmore on behalf of Gladman Developments.

MATTER 3 – MEETING HOUSING NEED (POLICY SP3)*Main Issues:*

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?

- 1.1 **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?**
- 1.2 No further comment.
- 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 do they 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 principal 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, giving 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 present 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**
 - 748 to 1,057 (**midpoint 903, a 45% uplift**) dwellings per annum in **Braintree**
 - 1,039 to 1,681 (**midpoint 1,360, a 57% uplift**) dwellings per annum in **Colchester**
 - 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)
 - 716 dwellings per annum in Braintree (a 15% uplift)
 - 866 dwellings per annum in Colchester (a 0% uplift)
 - 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)
 - **835** dwellings per annum in **Braintree** (34% uplift)
 - **1,095** dwellings per annum in **Colchester** (26% 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 findings 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 and continuing to fall each year thereafter, by about 0.01% per annum.
- 1.24 To put such an increase in context, the addition of 300,000 dwellings per annum across England between 2016 and 2017 equates to a 1.25% increase in stock, falling by about 0.01% per annum thereafter.
- 1.25 **Question 1 (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, the PBA Study is not justified, 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 Unlike demographic analysis for the other North Essex districts, The EB/018 Tendering projection is based on housing delivery over the period 2004 to 2009. This is not an appropriate basis to evaluate housing need over the remainder of the plan period, bearing in mind that it is now 2017 and that the official ONS population estimate for 2016 is 142,600 persons; higher than the EB/018 projection and the 2014-based projections.
- 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 The recent *'Planning for the right homes in the right places: consultation proposals'* retains the household projections as the appropriate and most robust starting point for assessing housing need; *'the Office for National Statistics' projections for numbers of households in each local authority are the most robust estimates of future growth'* [RHRP, page 10, paragraph 16].
- 1.30 **Question 1 (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?**
- 1.31 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.
- 1.32 Whilst we do not agree with the EB/018 market signals adjustment made to the Braintree household projection based starting point estimate of housing need, at 15% it is clearly enough to reduce average household size and as such can be said to represent an unsuppressed demographic assessment of housing need.
- 1.33 The same cannot be said of the EB/018 economic led housing need assessment for Colchester of 920 per annum. This has been arrived at by first calculating the level of population growth required to supply forecast employment growth. The resultant population projection is then allocated to households using the suppressed 2014-based household formation rates, as such it cannot be said to be fully objectively assessed housing need and underestimates housing need (by about 5%, rule of thumb).

- 1.34 As with Braintree, the point is academic, because full housing need must at least equal the market signals assessment of housing need, which EB/018 significantly underestimates.
- 1.35 **Question 1 (c). Is the PBA Study justified in not making any adjustments to its household growth estimates to take account of out-migration from London?**
- 1.36 No further comment.
- 1.37 **Question 1 (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?**
- 1.38 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.
- 1.39 In summary, an uplift is made to Braintree in response to adverse market signals, but is made without consideration of the need to improve affordability. The Barton Willmore analysis and the Stage 2 recommended uplift provide a strong basis for a significantly greater uplift than 15%.
- 1.40 No uplift is made to Colchester, despite worsening affordability. In line with the extant methodology an uplift should be made.
- 1.41 The uplift applied to the Tendring demographic starting point is not made to address market signals, rather it is made because the 480 dwellings per annum starting point has a high potential for error. An uplift should be made in light of worsening affordability in Tendring. In line with the extant guidance said uplift should be to the household projections.
- 1.42 **Question 1 (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?**
- 1.43 No further comment.

- 1.44 **Question 1 (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?**
- 1.45 An increase in the objectively assessed housing need would provide for increased affordable housing delivery, in the context of the EB/019 sensitivity test showing affordable housing need based on the assumption that rent payable constitutes no more than 30% of gross household income. That is, 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 [EB/019, pages 152, 154 and 155; tables A7.1a, c and d].
- 1.46 Barton Willmore has consistently argued that 30% of gross household incomes is the most that should be assumed to be spent on rent for the purpose of assessing affordable housing need. The authors of EB/019 claim anything below 35% is a policy on scenario. This is their judgement and it has no basis in the extant methodology guidance [EB/019, page 93].
- 1.47 35% may well be the reflective of the way the current market works, but the current housing market is broken. The LPA should endeavour to fix it, not perpetuate the problem.
- 1.48 **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 (2,005 dpa 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?**
- 1.49 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, 835 dwellings per annum in Braintree and 1,095 dwellings per annum in Colchester.

- 1.50 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.
- 1.51 **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?**
- 1.52 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. For the reasons set out in response to question 1(f)
- 1.53 **Question 4 (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?**
- 1.54 No further comment.
- 1.55 **Question 4 (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?**
- 1.56 The approach taken does nothing to improve housing supply. It simply *'reflects the level of housing needed by this group in current market conditions'* [EB/019 p157]. Isn't this precisely what we want to change?