

North Essex Authorities Joint Strategic (Section 1) Plan

Our ref 16090/SB/NMi/CRo
Date 4 December 2017
To Programme Officer
From Lichfields
Copy Taylor Wimpey UK Limited

Subject Matter 3: Meeting Housing Needs (Policy SP3)

1.0 Background

- 1.1 Lichfields has been instructed by Taylor Wimpey UK Limited [Taylor Wimpey] to make representations to the North Essex Authorities Joint Strategic (Section 1) Plan [JSP]. As our client's land interests are in Tendring, the focus of our representations have centred on this District. As such, this statement does not address how the housing requirement and underpinning evidence relates to the two other North Essex local authorities, although some criticisms will likely have cross-over relevance.
- 1.2 This statement sets out the basis of the representations to be made on behalf of Taylor Wimpey at the forthcoming Examination in Public [EiP] hearing session concerning Matter 3: Meeting Housing Needs (Policy SP3). The Lichfields' report attached at Annex A provides a critique of the *Objective Assessment of Housing Needs* [OAHN] set out in the PBA Objectively Assessed Housing Need Study (November 2016), which underpins the housing requirement set out in the Local Plan. **Lichfields considers that on the basis of the contents of this report, the North Essex Authorities are not providing sufficient land to meet the housing needs of the HMA and further sites should be allocated for housing development as part of the emerging Section 1 Plan.**
- 1.3 The representations in this statement are in addition to and should be read in conjunction with Taylor Wimpey's previous submissions on the Tendring District Local Plan [TDLP] Publication Draft (June 2017) which were prepared by Woolf Bond Planning. Lichfields has recently been appointed by Taylor Wimpey to prepare a Hearing Statement on Matter 3 only and to participate at the Examination, pursuant to the previous representations prepared by Woolf Bond Planning on behalf of Taylor Wimpey in relation to Policy SP3.
- 1.4 Taylor Wimpey is seeking to bring forward a high quality, sustainable residential and employment development on land to the north of Colchester Road, Weeley. This site is not currently allocated in the TDLP. Taylor Wimpey considers that the site should be allocated for a mixed use scheme to include 2.8ha of employment land and approximately 380 dwellings that would help to meet identified needs during the plan period. Woolf Bond Planning will be appearing for Taylor Wimpey at the subsequent examination of Section 2 of Tendring's Submission Local Plan.

2.0 Matter 3: Meeting Housing Needs (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?

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?

- 2.1 Taylor Wimpey considers that the Housing Market Area [HMA] has been appropriately defined in the Peter Brett report.

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?

In particular:

(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?

- 2.2 The process by which Tendring District Council’s OAHN has been derived is unorthodox and does not robustly align with either the NPPF or the Planning Practice Guidance [PPG] on the subject. In particular, the PPG states that the household projections prepared by CLG should form the starting point for estimating housing needs, but that these may require adjustment to reflect future changes and local demographic factors that are not captured in the projections¹. Any such adjustments must be properly evidenced and robustly justified².
- 2.3 The Council’s OAHN evidence fails to accord with the PPG methodology as it does not use the SNPP/SNHP as a baseline position. Instead, PBA applies an adjusted 10 year migration trend that makes a very substantial adjustment for Unattributable Population Change [UPC].
- 2.4 UPC is the result of either misrecording of the total population at the 2001 and/or 2011 censuses, misrecording of migration, or a combination of these factors. The definitive source is unknown, and ONS excluded this from both the 2012-based SNPP and the subsequent 2014-

¹ ID: 2a-015-20140306

² ID: 2a-017-20140306

based iteration³ on the grounds that it could not be demonstrated that UPC measured a bias in the trend data that would continue in the future.

- 2.5 Furthermore, the Council's evidence also makes an error of judgement when it seeks to place all of the blame for the population discrepancy on international and internal migration. The ONS's UPC data tool indicates that rolling forward the population estimates from the 2001 Census was at least partly to blame for the discrepancy in the Mid-Year Population Estimates [MYE].
- 2.6 Given the significant uncertainties concerning what caused the UPC error in the first place; when it occurred between 2001 and 2011; and whether it is still happening in the future (for which there is no robust evidence), it is entirely inappropriate to base the District's Local Plan housing strategy on this scenario. Moreover, unless this is done on a consistent basis within and between HMAs, such UPC adjustments will lead to significant unintended consequences.
- 2.7 Having followed the relevant stages set out in the Practice Guidance, a proper and robust minimum OAHN for Tendring District has been identified by Lichfields, based on the following:
- 1 A starting point, based on the 2014-based SNHP (incorporating a suitable allowance for vacant/second homes), which shows a need for 669 dpa (Scenario A);
 - 2 Taking into account the 2015 / 2016 MYEs, that need increases to 708 dpa (Scenario B);
 - 3 Making suitable adjustments to headship rates in the younger age categories increases the need to 719 dpa (Scenario Ba);
 - 4 Incorporating the ONS's view that between 47% and 57% of the UPC was attributable to net inward migration errors would reduce the demographic need to between 493 dpa (Scenario Da) and 529 dpa (Scenario Ca), incorporating the accelerated headship rates. There is considerable uncertainty regarding this approach, however, with a large margin for error. If the 47%/57% UPC adjustment is applied to long term migration rates (rather than the short term rates informing the 2014-based SNPP), the need would increase to between 548 dpa (Scenario Fa) and 584 dpa (Scenario Ea);
 - 5 An analysis of market signals suggests that a further uplift of 15% to the demographic projections is justified. Uplifting Scenarios Ca-Fa by 15% would result in a demographic-led OAHN range of between 567 dpa and 672 dpa;
 - 6 At face value, affordable housing needs can be met without a further uplift to the OAHN range.
- 2.8 Taking into account all of the above, it is considered that a rounded OAHN range of between 570 dpa and 670 dpa would be appropriate for Tendring District Council. There is clearly considerable uncertainty and a large potential for error concerning the extent of any UPC adjustment to be made to the 2014-based SNPP, and the appropriate alignment with economic growth in the District.
- 2.9 Within this range, and given the prevailing uncertainty regarding the UPC issue, it is considered that the mid-point of my range, 620 dpa, should be adopted as the OAHN.
- 2.10 This figure represents a suitable and cautious balance between the housing need generated by the adjusted demographic scenarios (570 dpa - 670 dpa) and would enable affordable housing needs to be met in full.

³ONS (January 2014): 2012-based SNPP: Report on Unattributable Population Change

(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?

2.11 Local Plan and appeal Inspectors are commonly recognising the importance of applying an adjustment to take account of a future uplift in household formation⁴. The Inspector at the recent Sladbury’s Lane Inquiry⁵ in Tendring raised concerns that the Council’s evidence should have taken a view as the extent to which household formation rates had been constrained by supply:

“At the Inquiry the Council referred to earlier reports by Edge and Hollis but I note that that work is based on past trend rates projected forward. As the PPG makes clear, such projections may require adjustment if formation rates have been suppressed historically by under-supply and worsening affordability of housing. The PBA study shows that Tendring experienced an increase in house prices of 70% between 2002 and 2012 – the joint highest increase in Essex.” [§27]

2.12 The PBA assessment is vitiated by the fact that they have not tested the results of a “partial catch-up” scenario whereby headship rates are adjusted to reflect longer term trends.

2.13 As discussed in detail in Section 4.0 of our Technical Report, we consider that it is appropriate to apply a ‘Partial Catch Up’ headship rate adjustment to the modelled projections. This would add between 10-11 dpa to all of the scenarios and would increase the 47%/57% UPC adjustment (Scenarios C and D) to 529 dpa and 493 dpa respectively.

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

2.14 The London Plan has an unmet need of between 9,000 and 20,000 homes per annum. This unmet need may manifest itself in Local Authority areas accessible to London, such as Tendring. Recognising this, the NPPF requires such needs to be met in accordance with the duty to cooperate, with surrounding areas having to meet London’s unmet needs.

2.15 PBA makes no addition to the OAHN to meet any of London’s unmet needs.

(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?

2.16 As set out in Lichfields’ analysis of housing market signals (Annex A), we have accepted the 15% level of market signals uplift for the purposes of the recent Tendring appeal evidence, the reality is that it is likely to be too low given the standard methodology and lack of evidence from PBA that says this uplift would improve affordability (as per the PPG).

2.17 The 15% uplift is a conservative level of uplift, as CLG’s “*Planning for the right homes in the Right Places*”⁶, which includes CLG’s proposed approach to a standard method for calculating

⁴ South Worcestershire Development Plan (adopted February 2016), Eastleigh Borough Local Plan 2011-2029, Inspector’s Findings (February 2015), Land to the north west of Boorley Green, Winchester Road, Boorley, Eastleigh (APP/W1715/W/15/3130073) (30 November 2016).

⁵ Planning Inspectorate Reference: APP/P1560/W/17/3169220 Tendring District Council Reference: 15/01351/OUT

⁶ CLG (September 2017): Planning for the Right Homes in the Right Places

local housing need, suggests that a market signals uplift of 24% be applied to Tendring District Council's demographic starting point to address a median workplace-based affordability ratio of 7.9.

- 2.18 In addition, the Chancellor recently announced in his Autumn Budget (22nd November 2017) that the Government was now targeting an annual housing figure of 300,000. This represents at least a 36% increase on the 2014-based household projections for England as a whole over the next 5 years to 2023/24, and there will inevitably be variation nationally with areas with greater housing market pressures needing to provide a higher uplift.

(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?

- 2.19 The PPG requires an assessment of likely job growth to be undertaken, looking at past trends in job growth and/or economic forecasts, whilst also considering growth in the working age population.
- 2.20 The PBA report takes a separate approach to the economic forecasting for Tendring compared to the other North Essex authorities and states⁷:
- "We then turn to Tendring, for which we use a different method, because economic forecasts (like the demographic projections discussed in Chapter 3) are distorted by the UPC".*
- 2.21 We have significant concerns regarding the robustness of the approach used to help justify the 550 dpa for Tendring, and particularly the extent to which a bespoke Experian projection relies on UPC-modified data inputs to generate a much younger age profile. We are also concerned about the increasing reliance on unusual assumptions concerning unemployment and economic activity and the resultant peculiarities in the resultant Experian modelling. All of these points risk under-estimating the number of new homes required to align with future employment growth in Tendring.
- 2.22 The evidence contained within Appendix C of PBA's January 2016 OAHN Study indicates that Experian's model originally assumed a level of population growth of 20,360 between 2013 and 2031, or 1,131 annually. By way of contrast, the 2012-based SNPP indicated an annual population growth of 1,057 over the same time period, whilst the latest 2014-based SNPP projects an even lower rate of population growth, at 1,009 annually for Tendring. It is unclear how Experian's modelling can reconcile a higher level of population growth than that which underpinned the household projections, with a significantly lower dwelling need.
- 2.23 This suggests that 550 dpa is too conservative to align fully with economic growth requirements, and that a higher housing need figure would be necessary to align the housing OAHN with the likely future economic trajectory of Tendring District.

(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?

- 2.24 Tendring Council seeks to ensure that a minimum of 30% affordable housing is achieved on all sites involving the creation of 10 or more (net) homes (Tendring District Council Local Plan – Publication Draft Final, Policy LP5). At this rate of delivery, the 160 dpa target would equate to

⁷ PBA (November 2016): Objectively Assessed Housing Need Study Update §6.2

27% of the Council's 550 dpa target. This suggests that no further uplift would be required in for Tendring. However, this is only justified if the affordable housing need figure is correct. Taylor Wimpey has concerns regarding elements of the methodology that could justify a higher affordable housing need figure as a result (see below).

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?

2.25 Based on Lichfields' OAHN analysis in Annex A we make the following comments:

- 1 For Tendring, making suitable adjustments to the 2014-based SNPP to address the uncertainty surrounding UPC would generate an OAHN range of between 570 dpa to 670 dpa, depending upon the assumptions used concerning the proportion of UPC attributable to net internal migration.
- 2 Given the considerable uncertainty surrounding the demographic projections, it is considered that the mid-point of this range, 620 dpa, should be adopted as the OAHN for Tendring, although it could conceivably be significantly higher.

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)?

2.26 Please see our main response to question 3 above.

(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)?

2.27 Please see our main response to question 3 above.

(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?

2.28 Please see our main response to question 3 above.

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?

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?

- 2.29 An understanding of the level of affordable housing need that exists in a local area represents an important element in the assessment of the OAHN. Taylor Wimpey has significant concerns regarding the robustness of some of the SHMA’s assumptions underpinning the resultant need in Tendring identified in Table 8.1 of the PBA report⁸ including the decision to remove all single person households aged under 35 from the revised calculation of affordable housing need if they can afford the LHA shared room rate.
- 2.30 Furthermore, the SHMA’s conclusions are based on the assumption that 35% of gross household income will be spent on housing (SHMA page 151). It states that this was because it was “*agreed as reflecting current market practise by stakeholders and the consultation event*” and “*primary data on the proportion of income spent on private rents...indicates this is the situation...within the HMA*” (SHMA page 152). The SHMA goes on to undertake sensitivity testing for income thresholds ranging from 25-40%.
- 2.31 We disagree with the SHMA’s use of a 35% income threshold, in light of the findings of a number of Inspectors, as discussed in our Technical Report. Taylor Wimpey considers that , the income threshold should, at its very most, be 30%, although in reality for a household to have a residual income on par with a national equivalent (taking account of differences in the cost of living), the threshold is likely to be in the range of 25-30%.
- 2.32 This and other non-standard adjustments risk under-estimating the true level of affordable housing need, which could necessitate an uplift to the OAHN figures. This has obvious implications for the approach adopted by the PBA Study in concluding no uplift is necessary.

⁸ PBA (November 2016): Objectively Assessed Housing Need Study Update, Table 8.1, page 76

Question 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?

- 2.33 Yes, Policy SP3 should make clear that the five year supply must include an appropriate buffer. This approach accords with the Framework [§47] and will increase the prospects of sufficient sites coming forward to provide the necessary number of houses to tackle long-term persistent under-delivery.

Question 6

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

- 2.34 The Councils in the HMA should take an aligned approach to monitoring and reporting on delivery against the needs of the HMA and measures should be taken to ensure that there is no double counting where strategic developments cuts across LPA boundaries.

Question 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?

- 2.35 Taylor Wimpey considers that in the first instance the most appropriate way on guaranteeing housing supply is to identify deliverable sites through the Local Plan process. Taylor Wimpey considers that land to the north of Colchester Road, Weeley should be allocated on this basis.
- 2.36 However, if the authorities wish to include a mechanism for reviewing the housing delivery strategy, Taylor Wimpey suggests that a trigger for release is included in the policy which would allow 'reserve' sites to be added to land supply if certain circumstances are met, such as a lack of a 5 year supply or delivery rate being below the housing trajectory (such as adopted West Lancashire Local Plan Policy RS6 which is attached at Annex B). This would ensure greater flexibility as it would remove the need for a formal plan review process to be undertaken if additional sites that aren't allocated for housing are need to boost the borough's housing supply.

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

- 2.37 No comment.

3.0 Conclusions

- 3.1 For the reasons set out above and in the Lichfields' report attached at Annex A, Taylor Wimpey considers that the assessment of objectively assessed need is flawed and fails to cater fully for demand against the requirements of the Framework. The PBA report makes a number of assumptions and judgements which are flawed, or which do not properly respond to the requirements of policy and guidance. As a result, the concluded OAHN is not robust and is inadequate to meet need and demand within the HMA.
- 3.2 On the basis of our OAHN analysis, set out in Annex A, we consider that a rounded OAHN range of between 570 dpa and 670 dpa would be appropriate for Tendring District. Within this range,

and given the prevailing uncertainty regarding the UPC issue, the mid-point of the range, **620 dpa**, should be adopted as the OAHN for the Local Plan.

3.3

In order to address the issues above and ensure that the policy criteria set out within Policy SP3 are sound, it is requested that TDC:

- 1 Updates its housing evidence to meet the full objectively assessed need for housing. In particular, there is a need to undertake a more robust, evidence-based, approach to assessing the need for housing in Tendring over the period 2013-2033, using the CLG's latest household projections as the starting point.
- 2 Amend Policy SP3 to ensure the delivery of sufficient levels of housing to meet demand in the HMA, with a figure of at least 620 dpa for Tendring District.



Annex A: Lichfields Technical Report on Housing Issues

**North Essex Authorities Joint
Strategic Plan
Technical Report on Housing
Issues**

Taylor Wimpey UK Limited

4 December 2017

LICHFIELDS

LICHFIELDS

Lichfields is the pre-eminent planning and development consultancy in the UK

We've been helping create great places
for over 50 years.

lichfields.uk

© 2017 Nathaniel Lichfield & Partners Ltd, trading as Lichfields. All Rights Reserved. Registered in England, no. 2778116. 14 Regent's Wharf, All Saints Street, London N1 9RL
Formatted for double sided printing.
Plans based upon Ordnance Survey mapping with the permission of Her Majesty's Stationery Office.
© Crown Copyright reserved. Licence number AL50684A
16090/SB/NMi
15095643v6

Contents

1.0	Introduction	1
2.0	Approach to Identifying OAHN	2
	Introduction	2
	Policy Context	2
	Recent Legal Judgements	6
	Conclusion	8
3.0	North Essex Authorities OAHN Evidence	10
	Introduction	10
	Objectively Assessed Housing Need Study	10
4.0	Critique of the Housing Need Evidence	12
	Introduction	12
	Demographic Led Needs	12
5.0	The OAHN for Tendring	23
	Introduction	23
	Demographic-Led Needs	23
	Household Formation Rates	25
	Market Signals	25
	Economic Scenarios	26
	Affordable Housing	27
	Identification of an OAHN for Tendring	28
	CLG Standardised Approach to OAHN	29
6.0	Summary	30
	Context	30
	Conclusions on Tendring District's Housing Need	30
	Recommended Changes	31

Figures

Figure 2.1 Proposed methodology for determination of OAHN	5
Figure 2.2 The Framework and Practice Guidance Approach to Objectively Assessing Housing Needs	9
Figure 4.1 Change in household formation rate by age cohort in Tendring	16

Tables

Table 3.1 Tendring OAHNS Updates 2013-37	11
Table 5.1 Summary of Lichfields' Demographic Modelling Scenarios for Tendring District 2013-37	24
Table 5.2 Summary of Lichfields' Demographic Modelling Scenarios for Tendring District Incorporating Market Signals Uplift 2013-2037	26
Table A1 House Prices	37
Table A2 Affordability (Lower Quartile)	37
Table A3 Monthly Rents	37
Table A4 Overcrowded Households and Concealed Families	38
Table A5 Tendring District Housing Completions	38
Table A.6 Statistical measure of uncertainty for local authority MYEs from 2012 to 2016: Essex Authorities	1

1.0 Introduction

1.1 Lichfields has been commissioned by Taylor Wimpey UK Limited [Taylor Wimpey] to undertake a review of the North Essex Authorities housing requirement that has formed a key part of the evidence base to inform the North Essex Authorities' Section 1 Plan (2017).

1.2 Specifically, this report provides a critique of the Objective Assessment of Housing Needs [OAHN] set out in the Peter Brett Associates Objectively Assessed Housing Need Study (November 2016) [EB/018].

1.3 This report accompanies Lichfields examination statement setting out the basis of the representations to be made on behalf of Taylor Wimpey at the forthcoming Examination in Public [EiP] hearing session concerning Matter 3: Meeting Housing Needs (Policy SP3).

1.4 As our client's land interests are in Tendring, the focus of our representations have centred on this District. As such, this technical report does not address how the housing requirement and underpinning evidence relates to the two other North Essex local authorities.

1.5 Lichfields considers that on the basis of the contents of this report, the North Essex Authorities are not providing sufficient land to meet the housing needs of the HMA and further sites should be allocated for housing development as part of the emerging Section 1 Plan.

1.6 The remainder of this report is set out as follows:

- 1 **Section 2.0** - This section considers the approach which needs to be taken to calculating Objectively Assessed Housing Need [OAHN] and sets out the requirements of the Framework, the Practice Guidance and relevant High Court judgments in this context;
- 2 **Section 3.0** – This section provides an overview of North Essex Authorities OAHN Evidence;
- 3 **Section 4.0** - Provides a critique of the North Essex Authorities' OAHN evidence and identifies the key issues within the evidence base;
- 4 **Section 5.0** – Sets out Lichfields' approach to assessing the OAHN for the North Essex Authorities.
- 5 **Section 6.0** - Summarises the key issues and Lichfields conclusions on the OAHN.

2.0 Approach to Identifying OAHN

Introduction

- 2.1 This section sets out the requirements of the Framework and the Practice Guidance in objectively assessing housing needs. This will provide the benchmark against which the SHMA Assessment Update will be assessed, to ensure the necessary requirements are met. In addition, relevant High Court judgments have been referenced to set out the requirements of an OAHN calculation in a legal context.

Policy Context

National Planning Policy Framework

- 2.2 The Framework outlines a two-step approach to setting housing requirements in Local Plans. Firstly, to define the full objectively assessed need for development and then secondly, to set this against any adverse impacts or constraints which would mean that need might not be met. This is enshrined in the approach defined in the Framework which sets out the presumption in favour of sustainable development:

“For plan-making this means that:

- *LPAs should positively seek opportunities to meet the development needs of their area;*
- *Local Plans should meet objectively assessed needs, with sufficient flexibility to adapt to rapid change, unless:*
 - *any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole; or*
 - *specific policies in this Framework indicate development should be restricted.”¹*

- 2.3 The Framework goes on to set out that in order to 'boost significantly' the supply of housing, LPAs should:

“use their evidence base to ensure that their Local Plan meets the full objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in the framework...”²

- 2.4 The Framework sets out the approach to defining such evidence which is required to underpin a local housing requirement. It sets out that in evidencing housing needs:

“LPAs should have a clear understanding of housing needs in their area. They should:

- *prepare a SHMA to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The SHMA should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which:*
 - *meets household and population projections, taking account of migration and demographic change;*

¹ Framework - §14

² Framework - §47

- *addresses the need for all types of housing, including affordable housing and the needs of different groups in the community...; and*
- *caters for housing demand and the scale of housing supply necessary to meet this demand...”³*

2.5 Furthermore, the core planning principles set out in the Framework⁴ indicate that a planned level of housing to meet objectively assessed needs must respond positively to wider opportunities for growth and should take account of market signals, including housing affordability.

National Planning Practice Guidance

2.6 The Framework is supplemented by the Practice Guidance which provides an overarching framework for considering housing needs, but also acknowledges that:

“There is no one methodological approach or use of a particular dataset(s) that will provide a definitive assessment of development need”⁵.

2.7 The Guidance states that household projections published by CLG should provide the starting point estimate of overall housing need⁶.

2.8 Although the Practice Guidance notes that demographic trends should be applied as a starting point when assessing the OAHN, it goes on to state that consideration should also be given to the likely change in job numbers. This supports the importance that the Framework⁷ places on the economy and the requirement to *“ensure that their assessment of and strategies for housing, employment and other uses are integrated, and that they take full account of relevant market and economic signals”*. A failure to take account of economic considerations in the determination of the OAHN would be inconsistent with this policy emphasis.

2.9 Housing need, as suggested by household projections, should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings. Relevant signals may include land prices, house prices, rents, affordability (the ratio between lower quartile house prices and the lower quartile income or earnings can be used to assess the relative affordability of housing), rate of development and, overcrowding⁸:

“Appropriate comparisons of indicators should be made. This includes comparison with longer term trends (both in absolute levels and rates of change) in the: housing market area; similar demographic and economic areas; and nationally. A worsening trend in any of these indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections.”⁹

2.10 In areas where an upward adjustment is required, plan makers should set this adjustment at a level that is reasonable. The more significant the affordability constraints (as reflected in rising prices and rents, and worsening affordability ratio) and the stronger other indicators of high demand (e.g. the differential between land prices), the larger the improvement in affordability needed and, therefore, the larger the additional supply response should be¹⁰.

³ Framework - §159

⁴ Framework - §17

⁵ Practice Guidance – ID:2a-005-20140306

⁶ Practice Guidance – ID:2a-015-20140306

⁷ Framework - §158

⁸ Practice Guidance – ID:2a-019-20140306

⁹ Practice Guidance – ID:2a-020-20140306

¹⁰ Practice Guidance – ID:2a-020-20140306

- 2.11 The Guidance recognises that market signals are affected by a number of economic factors, and plan makers should not attempt to estimate the precise impact of an increase in housing supply. Rather they should increase planned supply by an amount that, on reasonable assumptions and consistent with principles of sustainable development, could be expected to improve affordability, and monitor the response of the market over the plan period¹¹.
- 2.12 The Practice Guidance concludes by suggesting that the total need for affordable housing should be identified and converted into annual flows by calculating the total net need (subtracting total available stock from total gross need) and converting total net need into an annual flow.
- 2.13 The total affordable housing need should then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments:
- “An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes.”¹²*

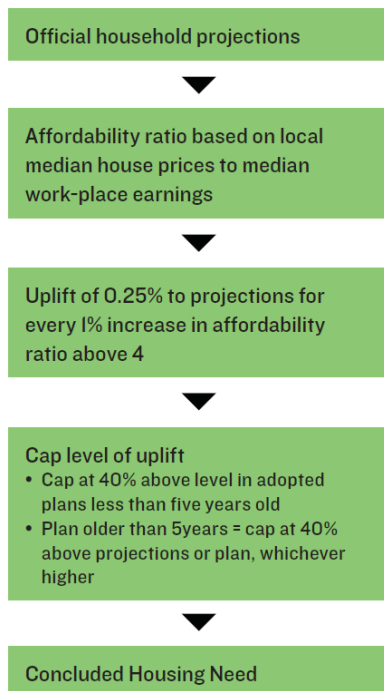
CLG Consultation on a Standardised Approach to OAHN

- 2.14 On 14th September 2017 CLG published “*Planning for the right homes in the Right Places*”. The consultation seeks views on a number of changes to planning policy and legislation following on from the Government’s Housing White Paper, “*Fixing Our Broken Housing Market*” (2017). Of particular relevance to this Addendum is CLG’s proposed approach to a standard method for calculating local housing need, including transitional arrangements (see §§1.13, 1.14, A.21 and A.23 of the White Paper).
- 2.15 The proposed approach in the consultation document to a standard OAHN methodology consists of three components. The starting point would continue to be a demographic baseline using the latest CLG household projections (over a 10-year time horizon), which is then modified to account for market signals (the median price of homes set against median earnings). The modelling proposes that each 1% increase in the ratio of house prices to earnings above 4 results in a ¼% increase in need above projected household growth.
- 2.16 The uplift is then capped to limit any increase an authority may face when they review their plan:
- a *“for those authorities that have adopted their local plan in the last five years, we propose that their new annual local housing need figure should be capped at 40 per cent above the annual requirement figure currently set out in their local plan; or*
 - b *for those authorities that do not have an up-to-date local plan (i.e. adopted over five years ago), we propose that the new annual local housing need figure should be capped at 40 per cent above whichever is higher of the projected household growth for their area over the plan period (using Office for National Statistics’ household projections), or the annual housing requirement figure currently set out in their local plan.”* [§25]
- 2.17 The various stages are set out in Figure 2.1.

¹¹ ibid

¹² Practice Guidance – ID: 2a-029-20140306

Figure 2.1 Proposed methodology for determination of OAHN



Source: Lichfields

2.18 In terms of the ability of LPAs to deviate from this proposed new methodology, this is discouraged unless there are compelling circumstances not to adopt the approach. For example:

“Plan makers may put forward proposals that lead to a local housing need above that given by our proposed approach. This could be as a result of a strategic infrastructure project, or through increased employment (and hence housing) ambition as a result of a Local Economic Partnership investment strategy, a bespoke housing deal with Government or through delivering the modern Industrial Strategy. We want to make sure that we give proper support to those ambitious authorities who want to deliver more homes. To facilitate this we propose to amend planning guidance so that where a plan is based on an assessment of local housing need in excess of that which the standard method would provide, Planning Inspectors are advised to work on the assumption that the approach adopted is sound unless there are compelling reasons to indicate otherwise. We will also look to use the Housing Infrastructure Fund to support local planning authorities to step up their plans for growth, releasing more land for housing and getting homes built at pace and scale.” [§46] (Lichfields’ emphasis)

“There should be very limited grounds for adopting an alternative method which results in a lower need than our proposed approach. The reasons for doing so will be tested rigorously by the Planning Inspector through examination of the plan.” [§47]

2.19 Lichfields notes the following with regard to the weight that can be attached to CLG’s proposed new method:

- 1 **Status of the document:** CLG’s document is currently out for consultation, has yet to be finalised and is likely to be subject to significant numbers of objections from interested parties;
- 2 **Proposed Transitional Arrangements:** The Consultation document [Page 20] states

that if a Plan has been submitted for Examination on or before 31st March 2018 or before the Framework is published (whichever is later), Officers should continue with their plan preparation using the current approach.

Recent Legal Judgements

- 2.20 There have been several key recent legal judgments of relevance to the identification of OAHN, and which provide clarity on interpreting the Framework:
- 1 ‘(1) Gallagher Homes Limited and (2) Lioncourt Homes Limited v Solihull Metropolitan Borough Council [2014] EWHC 1283’ referred to as “Solihull”;
 - 2 ‘Satnam Millennium Limited and Warrington Borough Council [2015] EWHC 370’ referred to as “Satnam”; and,
 - 3 ‘Kings Lynn and West Norfolk Borough Council v (i) Secretary of State for Communities and Local Government and (ii) Elm Park Holdings [2015] EWHC 1958’ referred to as “Kings Lynn”.

Solihull

- 2.21 “Solihull” is concerned with the adoption of the Solihull Local Plan and the extent to which it was supported by a figure for objectively assessed housing need.
- 2.22 The judgment of Hickinbottom J in Solihull sets out a very useful summary of the staged approach to arriving at a housing requirement, providing some useful definitions of the concepts applied in respect of housing needs and requirements [§37]:

*“i) **Household projections:** These are demographic, trend-based projections indicating the likely number and type of future households if the underlying trends and demographic assumptions are realised. They provide useful long-term trajectories, in terms of growth averages throughout the projection period. However, they are not reliable as household growth estimates for particular years: they are subject to the uncertainties inherent in demographic behaviour, and sensitive to factors (such as changing economic and social circumstances) that may affect that behaviour...”*

*“ii) **Full Objective Assessment of Need for Housing:** This is the objectively assessed need for housing in an area, leaving aside policy considerations. It is therefore closely linked to the relevant household projection; but is not necessarily the same. An objective assessment of housing need may result in a different figure from that based on purely demographics if, e.g., the assessor considers that the household projection fails properly to take into account the effects of a major downturn (or upturn) in the economy that will affect future housing needs in an area. Nevertheless, where there are no such factors, objective assessment of need may be – and sometimes is – taken as being the same as the relevant household projection.”*

*“iii) **Housing Requirement:** This is the figure which reflects, not only the assessed need for housing, but also any policy considerations that might require that figure to be manipulated to determine the actual housing target for an area. For example, built development in an area might be constrained by the extent of land which is the subject of policy protection, such as Green Belt or Areas of Outstanding Natural Beauty. Or it might be decided, as a matter of policy, to encourage or discourage particular migration reflected in demographic trends. Once these policy considerations have been applied to the figure for full objectively assessed need for housing in an area, the result is a “policy on” figure for housing requirement. Subject to it being determined by a proper process, the housing requirement figure will be the target*

against which housing supply will normally be measured.”

- 2.23 Whilst this is clear that a housing requirement is a “policy on” figure and that it may be different from the full objectively assessed need, Solihull does reiterate the principles set out in Huston, namely that where a Local Plan is out of date in respect of a housing requirement (in that there is no Framework-compliant policy for housing provision within the Development Plan) then the housing requirement for decision taking will be an objective assessment of need [§88]:

“I respectfully agree with Sir David Keene (at [4] of Hunston): the drafting of paragraph 47 is less than clear to me, and the interpretative task is therefore far from easy. However, a number of points are now, following Hunston, clear. Two relate to development control decision-taking.

- i) *“Although the first bullet point of paragraph 47 directly concerns plan-making, it is implicit that a local planning authority must ensure that it meets the full, objectively assessed needs for market and affordable housing in the housing market, as far as consistent with the policies set out in the NPPF, even when considering development control decisions.”*
- ii) *“Where there is no Local Plan, then the housing requirement for a local authority for the purposes of paragraph 47 is the full, objectively assessed need.”*

Satnam

- 2.24 “Satnam” highlights the importance of considering affordable housing needs in concluding on full OAHN. The decision found that the adopted OAHN figure within Warrington’s Local Plan was not in compliance with policy in respect of affordable housing because (as set out in §43) the assessed need for affordable housing need was never expressed or included as part of OAHN.

- 2.25 The decision found that the “*proper exercise*” had not been undertaken, namely:

- “(a) having identified the OAN for affordable housing, that should then be considered in the context of its likely delivery as a proportion of mixed market/affordable housing development; an increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes;”*
- (b) the Local Plan should then meet the OAN for affordable housing, subject only to the constraints referred to in NPPF, paragraphs 14 and 47.”*

- 2.26 In summary, this judgment establishes that full OAHN has to include an assessment of full affordable housing needs.

Kings Lynn

- 2.27 Whilst “Satnam” establishes the fact that full OAHN must include affordable housing needs, “Kings Lynn” establishes how full affordable housing needs should be addressed as part of a full OAHN calculation. The judgment identifies that it is the function of a SHMA to address the needs for all types of housing including affordable, but not necessarily to meet these needs in full. The justification of this statement is set out below in §35 to §36 of the judgment.

“At the second stage described by the second sub-bullet point in paragraph 159, the needs for types and tenures of housing should be addressed. That includes the assessment of the need for affordable housing as well as different forms of housing required to meet the needs of all parts of the community. Again, the PPG provides guidance as to how this stage of the assessment

should be conducted, including in some detail how the gross unmet need for affordable housing should be calculated. The Framework makes clear these needs should be addressed in determining the FOAN, but neither the Framework nor the PPG suggest that they have to be met in full when determining that FOAN. This is no doubt because in practice very often the calculation of unmet affordable housing need will produce a figure which the planning authority has little or no prospect of delivering in practice. That is because the vast majority of delivery will occur as a proportion of open-market schemes and is therefore dependent for its delivery upon market housing being developed. It is no doubt for this reason that the PPG observes at paragraph ID 2a-208-20140306 as follows:

"i The total affordable housing need should then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes."

"This consideration of an increase to help deliver the required number of affordable homes, rather than an instruction that the requirement be met in total, is consistent with the policy in paragraph 159 of the Framework requiring that the SHMA "addresses" these needs in determining the FOAN. They should have an important influence increasing the derived FOAN since they are significant factors in providing for housing needs within an area."

2.28 The judgment is clear that the correct method for considering the amount of housing required to meet full affordable housing needs is to consider the quantum of market housing needed to deliver full affordable housing needs (at a given percentage). However, as the judgment sets out, this can lead to a full OAHN figure which is so large that a LPA would have *"little or no prospect of delivering [it] in practice"*. Therefore, it is clear from this judgment that although it may not be reasonable and therefore should not be expected that the OAHN will include affordable housing needs in full, an uplift or similar consideration of how affordable needs can be 'addressed' is necessary as part of the full OAHN calculation. This reflects the Framework¹³.

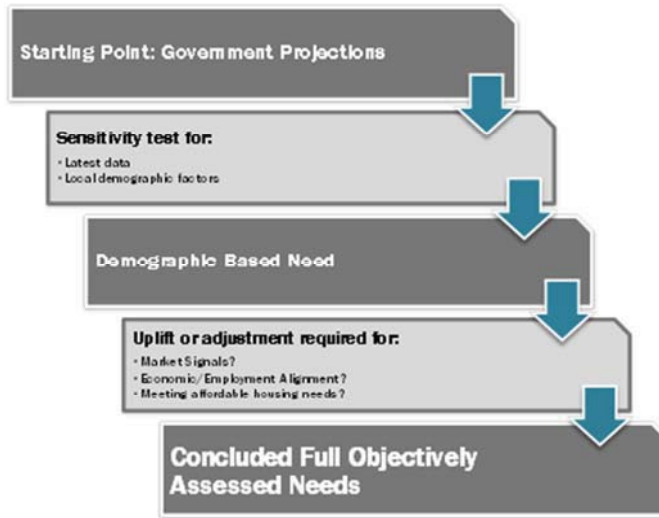
Conclusion

2.29 It is against this policy context that the housing need for the North Essex Authorities must be considered. In practice, applying the Framework and Practice Guidance to arrive at a robust and evidenced OAHN is a staged and logical process. An OAHN must be a level of housing delivery which meets the needs associated with population, employment and household growth, addresses the need for all types of housing including affordable and caters for housing demand.

2.30 Furthermore, a planned level of housing to meet OAHN must respond positively to wider opportunities for growth and should take account of market signals, including affordability. This approach has been supported by the recent Legal Judgements summarised above. This approach is summarised in Figure 2.2.

¹³ Framework - §158

Figure 2.2 The Framework and Practice Guidance Approach to Objectively Assessing Housing Needs



Source: Lichfields based upon the Framework / Practice Guidance

3.0 North Essex Authorities OAHN Evidence

Introduction

3.1 The following section describes the context for consideration of the OAHN for Tendring District.

3.2 The PBA Objectively Assessed Housing Needs Study, published in January 2016 and updated in November 2016, advises that the OAHN for Tendring District for the period 2013-2037 should be between 500 and 600 dpa, and recommended using 550 dpa where a single figure is required. On 3rd November 2016 the Council's Local Plan Committee resolved to agree a figure of 550 dpa for the purposes of the Local Plan. This is identified in Policy SP3: Meeting Housing Needs of the Draft Tendring District Local Plan: 2013-2033 and Beyond as 550 dwellings per annum [dpa], with the total minimum housing supply in the 20-year Plan Period (2013-2033) equating to 11,000.

Objectively Assessed Housing Need Study

3.3 The PBA report, dated November 2016¹⁴, provides an assessment of housing need for Braintree, Chelmsford, Colchester and Tendring. It builds on previous OAHN studies undertaken by PBA, John Hollis and Edge Analytics¹⁵. For Tendring it concludes that:

“The 2014-based official projection sets a ‘demographic starting point’ for Tendring of 675 dpa. This is very close to the 705 in the same version of the projections. Our technical audit shows that the 2014 projections are affected by the same errors as the 2012 ones, and hence they overstate housing need in the same way. The ONS is currently reviewing mid-year population estimates for the years since the 2011 Census, in order to eliminate these systematic errors. But the results will only become available in 2017.

For now, our analysis of the latest demographic data suggests that the correct ‘demographic starting point’ remains 480 dpa, with a large potential error. Our analysis of past provision and market signals shows that Tendring’s position has not changed, so we still consider that a market signals uplift to 550 dpa is justified. As before, Experian’s analysis suggests that there is no need for ‘future jobs’ uplift.

In summary, our best assessment of housing need for Tendring over the plan period remains 550 dpa.” [paragraphs 8.36-8.38]

3.4 The key aspect of PBA’s modelling revolves around the extent to which the official ONS and CLG population/household projections are robust for Tendring District. PBA considers that both the 2012-based and 2014-based Sub-National Population Projections [SNPP] / Sub-National Household Projections [SNHP] are unsound, as they are both founded on what they view to be unreliable migration data resulting from recording errors over the inter-Censal period 2001-2011. These errors are considered by PBA to be reflected in the ONS’s Mid-Year Population Estimates [MYE] over-estimating the District’s population by around 10,500 residents over the intervening ten-year period to 2011.

3.5 By assuming that this over-estimation was entirely due to migration errors and adjusting past trend projections accordingly (i.e. by making a very substantial allowance for Unattributable

¹⁴ PBA (November 2016): Objectively Assessed Housing Need Study Update

¹⁵ These reports include Edge Analytics (2015): Greater Essex Demographic Forecasts 2013-2037 Phase 7 Main Report ; HDH Planning & Development (December 2015) Strategic Housing Market Assessment Update; PBA OAHNS July 2015; and PBA OAHNS January 2016 Update

Population change, or UPC), the Council's consultants concluded that a more appropriate demographic starting point for the OAHN would be 480 dpa, a significant reduction on the level of need generated by the 2014-based SNHP alone. This figure was subsequently uplifted by 15% (to address worsening housing market signals), to 550 dpa. PBA considered that this could meet the full need for affordable housing and also provide a sufficiently unconstrained supply of labour to meet Experian's bespoke job projections (also adjusted for UPC).

- 3.6 For context, Table 3.1 set out the conclusions reached in the various OAHN documents that are drawn together by PBA in its November 2016 Update to justify a housing need of 550 dpa in Tendring District.

Table 3.1 Tendring OAHNS Updates 2013-37

	Demographic Starting Point (2014 SNHP)	EPOA 10 year UPC-adjusted population projection	Hollis Population Scenario (based partly on past housing completions)	2005-15 / 2010-15 Long Term Migration trends	Market Signals Uplift (15%)	Affordable Housing Uplift	Experian Tendring Bespoke Scenario
Housing Need	675 dpa	479 dpa	480 dpa	120 / 310 dpa	480 x 1.15 = 550 dpa	160 affordable dpa, therefore no uplift required @30%	Sufficient labour supply within 550 dpa, therefore no need to uplift OAHN
Sources	<i>PBA OAHNS Update November 2016</i>	<i>Edge Analytics (2015): Greater Essex Demographic Forecasts 2013-2037 Phase 7 Main Report</i>	<i>PBA OAHNS Update January 2016</i>	<i>PBA OAHNS Update November 2016 (Hollins' Appendix Tendring Note)</i>	<i>PBA OAHNS Updates January / November 2016</i>	<i>HDH Planning & Development (December 2015) SHMA Update (reported in PBA OAHNS Update Nov 2016)</i>	<i>PBA OAHNS Update November 2016, Appendix C</i>

- 3.7 The PBA report¹⁶ notes that for Tendring, the affordable need is well below the OAHN calculated. Therefore there is no reason for the authority to adjust its figure to take account of affordable need.

¹⁶ PBA (November 2016): Objectively Assessed Housing Need Study Update, §7.3

4.0 Critique of the Housing Need Evidence

Introduction

- 4.1 The PopGroup modelling work for Tendring referred to in this report has been produced to inform a forthcoming planning appeal inquiry.
- 4.2 *Policy SP3: Meeting Housing Needs*, identifies the level of housing growth that Tendring District Council [TDC] considers is necessary to meet the District's objectively assessed housing needs [OAHN]. This is identified in the Policy as 550 dwellings per annum [dpa], with the total minimum housing supply in the 20-year Plan Period (2013-2033) equating to 11,000. The 550 dpa target is underpinned by housing evidence produced by a variety of consultants since 2015, with the most recent OAHN evidence contained within Peter Brett Associate's [PBA's] "Objectively Assessed Housing Needs Study Update" (November 2016).
- 4.3 This section critiques the approach taken by PBA in its November 2016 OAHN Update. A conclusion on an OAHN for Tendring based on this latest evidence and the findings of Lichfields' own OAHN analysis is set out in Section 5.0.
- 4.4 Taylor Wimpey has serious concerns with the methodology adopted by the Council and their consultants, and ultimately the justification behind the 550 dpa housing target for Tendring. At this time we raise the following initial concerns regarding the robustness of the Council's 550 dpa housing target.

Demographic Led Needs

- 4.5 For Braintree and Colchester, the PBA report uses the 2014-based projections (CLG 2014), published in July 2016 as the demographic starting point. This approach is considered to be appropriate.
- 4.6 The process by which Tendring District Council's OAHN has been derived is unorthodox and does not robustly align with either the NPPF or the Planning Practice Guidance [PPG] on the subject. In particular, the PPG states that the household projections prepared by CLG (and based upon ONS's SNPP) should form the starting point for estimating of housing needs, but that these may require adjustment to reflect future changes and local demographic factors that are not captured in the projections¹⁷. Any such adjustments must be properly evidenced and robustly justified¹⁸.

UPC Adjustments to the 2014-based SNHP

- 4.7 The November 2016 OAHNS Update, produced by PBA, acknowledges that the starting point for housing needs in Tendring over the period between 2013 and 2037 is the CLG's 2014-based SNHP, which, with an adjustment for vacant / second homes, would generate a figure of 675 dpa.
- 4.8 Whilst the dwelling vacancy rate is considered to be slightly lower than the 7.4% used by PBA to generate the 675 dpa starting point (which would have only a very minor impact on the OAHN), we agree with the Report's use of this scenario as the starting point for identifying OAHN in Tendring.

¹⁷ 2a-015-20140306

¹⁸ 2a-017-20140306

- 4.9 PBA’s OAHN evidence then moves away from the 2014-based SNHP by applying an adjusted 10 year migration trend that makes a very substantial adjustment for Unattributable Population Change [UPC].
- 4.10 UPC is the result of either mis-recording of the total population at the 2001 and/or 2011 censuses, mis-recording of migration, or a combination of these factors. The definitive source is usually unknown, and ONS excluded this from both the 2012-based SNPP¹⁹ and the subsequent 2014-based iteration on the grounds that it could not be demonstrated that UPC measured a bias in the trend data nationally that would continue in the future²⁰.
- 4.11 The 2014-based SNPP is based on trends (in births, deaths and migration) observed over the 5-6 preceding years. ONS’s report on UPC²¹ states that migration errors are likely to have a bigger impact in the early 2000s due to improvements in estimating migration over time. Hence, although it is accepted that UPC between the 2001 and 2011 Censuses was large in Tendring District at 10,533 residents, It is noted that the 2014-based SNPP draws trends from a period when methods of estimation were improved (rather than the early 2000s) and are less likely to have been influenced by UPC errors as a result, as recognised by ONS²²:
- “The effect of UPC would have less of an effect on the 2014-based subnational population projections since three years of the trend data are not affected by UPC. Following the approach taken with the 2012-based projections, the 2014-based subnational population projections do not include an adjustment for UPC.”*
- 4.12 It is also considered that the Council’s housing evidence makes an error of judgement when it seeks to place all of the blame for the population discrepancy on international and internal migration. The ONS’s UPC data tool (published in July 2015) indicates that rolling forward the population estimates from the 2001 Census caused at least part of the discrepancy in the Mid-Year Population Estimates [MYE] (see Appendix 1). It is considered that PBA’s key assumption has the potential to over-estimate the scale of adjustment necessary, and suppresses the OAHN as a consequence.
- 4.13 For example, the 479 dpa that originated in the Edge Analytics 2015 report and which has laid the foundation for the Council’s 480 dpa figure ever since, related to a PG-10yr scenario based on the District’s past 10 years’ migration history, factoring in the full UPC adjustment and attributing this in its entirety to international migration. This assumption appears improbable as the Council’s own evidence (summarised on page 9 of Appendix B to PBA’s January 2016 OAHN Study Update) indicates that the level of inflows/outflows of residents from abroad is a fraction of the level of population movements into/out for the District from elsewhere in the UK. Edge’s assumption resulted in a change from +90 net overseas inflow, to -764 overseas net outflow.

¹⁹ONS (January 2014): 2012-based SNPP: Report on Unattributable Population Change

²⁰Ibid, page 3

²¹Ibid, page 4

²²ONS (May 2016): Methodology: 2014-based Subnational Population Projections: Questions and Answers

- 4.14 With regard to this matter we refer to correspondence received from ONS (Appendix 2) on the issue. Tendring District's UPC between 2001 and 2011 has been examined in some depth by ONS, with the following conclusions drawn:
- 1 The population estimate rolled forward from 2001 was 10,533 higher than the 2011 Census based population estimate (page 1);
 - 2 ONS has assumed that the births and deaths calculations are 'fine', and that any negative impact of international migration is likely to be low due to there being relatively few international moves (5,197 in, and 3,732 out over the decade = net 1,465) (page 1);
 - 3 It is likely that internal migration had a potentially larger impact than the other components due to the volume of moves (65,284 in, 48,404 out, net = 16,880) (page 1);
 - 4 Tendring's age / sex distribution discrepancies are unusual as they are spread relatively evenly across a wide part of the age range, with a particularly large amount of discrepancy at the end of the age distribution:

"Given the low volume of moves for older people due to both internal migration and international migration, for these individuals it is difficult to see how this error could have been caused by migration. Much more likely is that we started off with a base population that was slightly over-estimated and this discrepancy was carried through the entire decade. It is also interesting that the discrepancy is relatively symmetrical for males and females (5,682 males, 4,851 females). If the problem were overwhelmingly internal migration based we might also expect the discrepancy to be substantially larger for males than females." [page 2]
 - 5 ONS concludes that around 4,500 of the UPC discrepancy is due to the 2001 Census base. Some of the remaining difference may also be due to sampling error relating to the 2011 Census. Therefore 'at most' the remaining 5-6,000 of the discrepancy is likely to be due to migration [page 3].
- 4.15 It is considered that weight should be given to the ONS view that around 4,500 of the discrepancy is likely to have been due to errors in the recording of the 2001 Census, which would not affect the 2014 figures. Even if migration errors were to account for all of the remaining 6,000, and even if this error were distributed evenly across the period (which is considered to be unlikely for the reasons set out above), it was clearly erroneous for Edge Analytics to assign *"all of the UPC between 2003 and 2011 to international migration, leading to an annual average net international outflow of 764 persons"*²³.
- 4.16 There is a risk that making a UPC adjustment to just one of the districts within the HMA will lead to significant unintended consequences, particularly where downward adjustments are made, because the necessary implications of such variances change the migration assumptions between areas. In short, adjustments of this kind will result in unmet needs occurring unless a downward adjustment in one area is accounted for by an upward adjustment elsewhere.
- 4.17 Self-evidently, no such comparable upwards adjustments are occurring in the other districts across the HMA. For Braintree and Colchester, the PBA report uses the 2014-based projections (CLG 2014), published in July 2016 as the demographic starting point. This approach is considered to be acceptable.
- 4.18 Given the significant uncertainties concerning what caused the UPC error in the first place; when it occurred between 2001 and 2011; and whether it is still happening in the future, it is considered that it is entirely inappropriate to base the District's Local Plan housing strategy

²³PBA (January 2016 Update): OAHNS, Appendix B: Tendring OAN Validation Report, paragraph 3.1

entirely on a UPC-adjusted scenario with an OAHN of 550 dpa, particularly if this has been based on ascribing the adjustment entirely to migration. Moreover, unless this is done on a consistent basis within and between HMAs, such UPC adjustments will lead to significant unintended consequences.

- 4.19 It is understood that ONS is intending to publish a new series of population estimates for the period 2011 to 2016 in May/June 2018 to improve the robustness of the subsequent 2016-based SNPP, which will be published in May 2018. It is likely that this will provide a more definitive view of the likely ongoing impact of the UPC. In the meantime it is considered that caution should be taken when speculating as to the precise nature of any UPC adjustment to avoid suppressing the true level of need for housing in the District.

Recent Population Growth

- 4.20 The Council's housing consultants consider that for Tendring District the official ONS SNPP and CLG SNHP are not robust and over-state levels of growth due to UPC mis-recording net migration. The passage of time since the SNPP base date means that new MYE data is now available by which the SNPP can be verified and updated to reflect the actual population. The PPG requires this information to be taken into consideration when adjusting household projection-based estimates of OAHN²⁴.
- 4.21 The 2016 MYE indicate that the total population of Tendring District was approximately 1,400 higher than projected by both the 2012-based and 2014-based SNPPs. Furthermore, the rate of growth between 2013 and 2016 has been significantly higher than either of the SNPPs projected, whilst the contribution of net migration to population growth has been between c.1,610 and c.1,980 higher than the SNPPs projected.
- 4.22 This not only provides justification for applying a level of growth that is above that anticipated by either the 2012- or 2014-based SNPPs (since these projections have already been significantly exceeded in the first three years); it also very clearly demonstrates that the SNPPs have not over-estimated potential population growth and that no downward adjustment is therefore required to take account of UPC.

The use of 2014-based SNHP Household Formation Rates

- 4.23 With regard to household formation rates, the Practice Guidance states that:
- "The household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends. For example, formation rates may have been suppressed historically by under-supply and worsening affordability of housing".²⁵*
- 4.24 Setting aside the approach taken to deriving an adjusted population projection for Tendring District, the modelling undertaken by PBA and Edge Analytics have applied the 2014-based SNHP household formation rates (or in the latter's case, the 2012-based SNHP household formation rates), with the results essentially remaining the same.
- 4.25 It is noted that the CLG SNHPs are trend based and identify the change in the number of households that would be expected in the event that the levels of change that have been experienced in the past were to continue in the future.

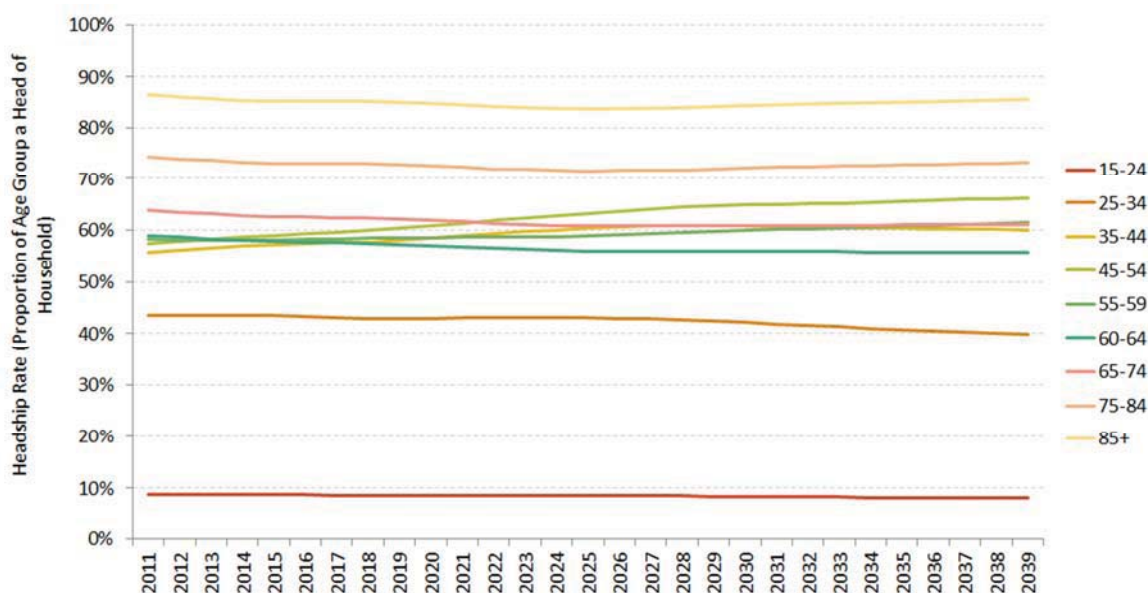
²⁴ 2a-017-20140306

²⁵ 2a-015-20140306

4.26 The 2014-based SNHP draws upon longer term trends since 1971 but the methodology applied by CLG means that they have a greater reliance upon trends experienced over the last 10 years²⁶. The implication of this ‘recency bias’ is that the latest household projections continue to be affected by recently observed trends during the period of suppressed household formation associated with the impacts of the economic downturn, constrained mortgage finance and past housing under-supply, as well as the preceding time of increasing unaffordability which also served to suppress household formation. They do not take any account of the impact of future government or local policies, changing economic conditions or other factors that might have an impact upon demographic behaviour or household formation.

4.27 The household projections project forwards constrained levels of household formation. In order to assess how many new houses will actually be required in Tendring over the Local Plan period, it is appropriate to consider the extent to which household formation rates might be expected to increase in the future. The 2014-based SNHP anticipate a different level of change in headship rates for different age cohorts, as set out in Figure 4.1.

Figure 4.1 Change in household formation rate by age cohort in Tendring



Source: CLG 2014-based Sub-National Household Projections

4.28 The different household formation rates by age cohort reflects the fact that very few people aged between 15 and 24 are likely to be able to establish their own households and that the 25 to 34 age cohort is similarly (and increasingly) likely to face pressures in establishing households. The 2014-based SNHP suggests that household formation rates amongst 25-34 year olds is likely to decrease over the plan period. By contrast, the household formation rate is likely to be very high amongst older people (noting that these figures do not include those that live within institutions such as nursing homes). It is clearly apparent that the household formation rate for the age cohort 25-34 is steeply declining for Tendring District between 2011 and 2039 in the latest 2014-based SNHP.

4.29 It is noted that the suggested streamlined approach to OAHN contained within the recommendations of the Local Plan Expert Group²⁷ advocates an approach to household

²⁶ This is explained in the CLG’s (July 2016) *Household Projections 2014-based: Methodological Report*.

²⁷ LPEG (March 2016): Report to the Communities Secretary and to the Minister of Housing and Planning

formation rates which adjusts formation rates for younger age groups based on a partial return to those projected in the 2008-based projections:

“Our suggested amendments to the NPPG refer to the current set of population and household projections (2012-based) and our suggested methodology identifies the need to make adjustments to household formation rates for 25-44 age groups to move half way towards the rate in the 2008-based projections – a measure required to ensure the needs of those age groups (who will include those who are most likely to be starting families) are properly reflected in arriving at an estimate of FOAHN. Such an adjustment is appropriate in the context of using such projections to estimate housing need within the context of the NPPF.”²⁸

4.30 The implication of the approach taken by PBA is that demographic-led needs (of 480 dpa excluding the market signals uplift) are lower than might otherwise have been the case had a more robust approach to household formation rates been applied.

4.31 Local Plan and appeal Inspectors are commonly recognising the importance of applying an adjustment to take account of a future uplift in household formation²⁹. The Inspector at the recent Sladbury’s Lane Inquiry³⁰ in Tendring raised concerns that the Council’s evidence should have taken a view as the extent to which household formation rates had been constrained by supply:

“At the Inquiry the Council referred to earlier reports by Edge and Hollis but I note that that work is based on past trend rates projected forward. As the PPG makes clear, such projections may require adjustment if formation rates have been suppressed historically by under-supply and worsening affordability of housing. The PBA study shows that Tendring experienced an increase in house prices of 70% between 2002 and 2012 – the joint highest increase in Essex.”
[§27]

4.32 The PBA assessment it therefore vitiated by the fact that they have not tested the results of a “partial catch-up” scenario whereby headship rates are adjusted to reflect longer term trends.

4.33 Lower levels of household formation rates between 2001 and 2011 (which informed both the 2014- and 2012-based SNHPs) are likely to reflect recent constraints on housing availability and affordability (both through supply-side factors such as house building and demand-side factors such as mortgage availability and household incomes) which have unduly suppressed household formation. Any rate of household formation which continues to perpetuate such suppressed household formation rates is essentially suppressing a household’s ability to form in the future (thereby reducing estimates of need).

4.34 This has not been taken into account by the Councils housing consultants in their OAHN modelling. Future scenarios should seek to accelerate headship rate formation to better reflect longer term trends, particularly for younger age groups.

Market Signals

4.35 The Framework sets out the central land-use planning principles that should underpin both plan-making and decision-taking. It outlines twelve core principles of planning that should be

²⁸ LPEG (March 2016): Report to the Communities Secretary and to the Minister of Housing and Planning, Discussion paper No. 2, page 16

²⁹ South Worcestershire Development Plan (adopted February 2016), Eastleigh Borough Local Plan 2011-2029, Inspector’s Findings (February 2015), Land to the north west of Boorley Green, Winchester Road, Boorley, Eastleigh (APP/W1715/W/15/3130073) (30 November 2016).

³⁰ Planning Inspectorate Reference: APP/P1560/W/17/3169220 Tendring District Council Reference: 15/01351/OUT

taken account of, including the role of market signals in effectively informing planning decisions. Paragraph 17 states that:

“Plans should take account of market signals, such as land prices and housing affordability, and set out a clear strategy for allocating sufficient land which is suitable for development in their area, taking account of the needs of the residential and business communities.”

4.36 The Practice Guidance goes on to indicate that appropriate comparison of these should be made with upward adjustment being applied where such market signals indicate an imbalance in supply and demand and need to increase housing supply to meet demand and tackle affordability issues:

“This includes comparison with longer term trends (both in absolute levels and rates of change) in the housing market area; similar demographic and economic areas; and nationally. Divergence under any of these circumstances will require upwards adjustment to planned housing numbers compared to ones based solely on household projections.

In areas where an upward adjustment is required, plan makers should set this adjustment at a level that is reasonable. The more significant the affordability constraints (as reflected in rising prices and rents, and worsening affordability ratio) and the stronger other indicators of high demand (e.g. the differential between land prices), the larger the improvement in affordability needed and, therefore, the larger the additional supply response should be.”³¹

4.37 Section 5.0 of PBA’s November 2016 OAHNS Update analyses past provision and market signals in the four Essex districts, and applies a 15% uplift for Tendring and Braintree, and no uplift at all for Colchester. The market signals for Tendring are considered in turn below (with Lichfields’ commentary included where relevant).

4.38 Attached at Appendix 3 is Lichfields’ own assessment of market signals in the district.

Tendring

4.39 The analysis indicates that between 2008/09 and 2014/15, Tendring Council under-delivered against its housing target every year. Furthermore, house price growth in the district has outstripped the region and England in the early 2000s, whilst the ratio of lower quartile house prices to lower quartile workplace earnings in 2015 in Tendring was higher than the national average (7.5 compared to 7.0). PBA³² summarises the consequent market signals uplift for Tendring as follows:

“For Tendring, market indicators are more favourable than the national average, except for affordability, which is close to the national average. Taken in isolation, this would suggest no justification for a market signals uplift. But the evidence of past delivery suggests otherwise, as discussed earlier. Another issue for Tendring is that the starting point demographic projection is highly uncertain, due to the UPC. We suggest an uplift of 15% to that demographic projection, which brings the OAN to 550 dpa.”

4.40 The Practice Guidance is clear that a market signals uplift should be a supply-led response to be provided over and above the figure indicated by the demographic-led need (i.e. that arising from population and household growth)³³.

³¹ 2a-020-20140306

³² PBA (November 2016): Objectively Assessed Housing Need Study Update, §§5.102

³³ 2a-019-20140306, 2a-020-20140306

4.41 Lichfields' analysis of housing market signals (Appendix 3) indicates that, based on 2016 data, median house prices have increased by 222% since 1999 compared to 203% across England as a whole, whilst resident-based Lower Quartile affordability ratios in the District have now increased from the 7.5 figure quoted by PBA for 2015, to 7.8 in 2016, significantly higher than the national rate of 7.2. Workplace-based lower quartile affordability ratios for Tendring District are even higher, at 8.6 (an increase of 39% since 2002). Furthermore although in the past year TDC has over-delivered housing when set against its completion target, this should be set within the context that every year up to that point since the recession it has significantly under-delivered on housing completions.

4.42 The PPG sets out a clear two-stepped process to addressing market signals within the calculation of OAHN:

- 1 Firstly, to determine **whether** a market signals uplift is necessary. This is set out in PPG ID2a-019 within the first sub-paragraph as follows:

“Appropriate comparisons of indicators should be made... A worsening trend in any of these indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections.”

- 2 Secondly, when a market signals uplift is required, to identify at **what scale** this should be set, with guidance advising that it should be set at a level that could be expected to improve affordability. This is set out in PPG ID2a-019 within the second and third sub-paragraphs as follows:

“In areas where an upward adjustment is required, plan makers should set this adjustment at a level that is reasonable... they should increase planned supply by an amount that, on reasonable assumptions and consistent with principles of sustainable development, could be expected to improve affordability, and monitor the response of the market over the plan period.”

4.43 There is common ground with regard to stage 1, i.e. that a market signals uplift should be applied in Tendring. However, regarding Stage 2, the Study has not directly engaged with the PPG requirement to consider what scale of uplift could, on reasonable assumptions, be expected to improve affordability. There is no evidence in the Study to show that 15% would be sufficient to improve affordability in Tendring.

4.44 Whilst for the purposes of the recent Tendring appeal we have accepted the 15% market signals uplift, the reality is that PBA have not provided robust evidence to demonstrate that 15% is sufficient to improve affordability as required by the PPG. It is therefore likely to be a very conservative figure.

4.45 Furthermore, as noted in Section 3.0, CLG's *“Planning for the right homes in the Right Places”*³⁴, which includes CLG's proposed approach to a standard method for calculating local housing need, suggests that a market signals uplift of 24% be applied to Tendring District Council's demographic starting point to address a median workplace-based affordability ratio of 7.9.

Economic Led Needs

4.46 The PPG requires an assessment of likely job growth to be undertaken, looking at past trends in job growth and/or economic forecasts, whilst also considering growth in the working age population.

³⁴ CLG (September 2017): Planning for the Right Homes in the Right Places

4.47 The PBA report takes a separate approach to the economic forecasting for Tendring compared to the other North Essex authorities and states³⁵:

“We then turn to Tending, for which we use a different method, because economic forecasts (like the demographic projections discussed in Chapter 3) are distorted by the UPC”.

4.48 We have significant concerns regarding the robustness of the approach used to help justify the 550 dpa for Tendring, and particularly the extent to which a bespoke Experian projection relies on UPC-modified data inputs to generate a much younger age profile. We are also concerned about the increasing reliance on unusual assumptions concerning unemployment and economic activity and the resultant peculiarities in the resultant Experian modelling. All of these points risk under-estimating the number of new homes required to align with future employment growth in Tendring.

4.49 The Practice Guidance³⁶ sets out that plan-makers should:

“...make an assessment of the likely change in job numbers based on past trends and/or forecasts and also having regard to the growth of working age population in the HMA...”

4.50 Potential job growth should be considered in the context of potential unsustainable commuting patterns and as such plan-makers should consider how the location of new housing could help address this.

4.51 PBA, in its November 2016 OAHNS Update³⁷, states the following:

“We commissioned from Experian a bespoke forecast, in which population assumptions were taken from our 550-dpa demographic scenario. The scenario was based on Experian’s January 2016 forecast. It predicted that labour demand (2013-35) would be 490 net new jobs p.a., and that demand would be met in full if 550 dpa were provided. On this basis there was no justification for a ‘future jobs’ uplift to the 550 scenario. This conclusion still holds in the light of more recent information, because the latest Experian scenario (September 2016) shows less job growth than the January 2016 scenario, probably due to Brexit. Since the 550 dpa scenario provides enough workers to meet the demand forecast in January 2016, it also provides enough workers to meet the smaller demand forecast in September 2016”.

4.52 Unfortunately, the latest PBA Report does not offer any detailed clarity as to the commuting or economic activity rates (by age cohort) that underpin the November 2016 analysis. This means that it is not possible to appraise the robustness of the approach that has been adopted or the conclusions contained within the PBA November 2016 OAHNS Update regarding the alignment of jobs and housing.

4.53 However, the evidence contained within Appendix C of PBA’s January 2016 OAHN Study indicates that Experian’s model originally assumed a level of population growth of 20,360 between 2013 and 2031, or 1,131 annually. By way of contrast, the 2012-based SNPP indicated an annual population growth of 1,057 over the same time period, whilst the latest 2014-based SNPP projects an even lower rate of population growth, at 1,009 annually for Tendring. It is unclear how Experian’s modelling can reconcile a higher level of population growth than that which underpinned the household projections, with a significantly lower dwelling need.

³⁵ Ibid. §6.2

³⁶ 2a-018-20140306

³⁷ PBA (November 2016): Objectively Assessed Housing Need Study Update, §6.31

Meeting London's Unmet Needs

- 4-54 The London Plan has an unmet need of between 9,000 and 20,000 homes per annum. This unmet need may manifest itself in Local Authority areas accessible to London, such as Tendring. Recognising this, the NPPF requires such needs to be met in accordance with the duty to cooperate, with surrounding areas having to meet London's unmet needs.
- 4-55 PBA makes no addition to the OAHN to meet any of London's unmet needs.

Affordable Housing Needs

- 4-56 An understanding of the level of affordable housing need that exists in a local area represents an important element in the assessment of the OAHN. Taylor Wimpey has significant concerns regarding the robustness of some of the SHMA's assumptions underpinning the resultant need in Tendring, Braintree and Chelmsford identified in Table 8.1 of the PBA report³⁸ including the decision to remove all single person households aged under 35 from the revised calculation of affordable housing need if they can afford the LHA shared room rate.
- 4-57 Furthermore, the SHMA's conclusions are based on the assumption that 35% of gross household income will be spent on housing (SHMA page 151). It states that this was because it was "agreed as reflecting current market practise by stakeholders and the consultation event" and "primary data on the proportion of income spent on private rents ... indicates this is the situation...within the HMA" (SHMA page 152). The SHMA goes on to undertake sensitivity testing for income thresholds ranging from 25-40%.
- 4-58 We disagree with the SHMA's use of a 35% income threshold, in light of the findings of a number of Inspectors, for example:
- 1 In East Hampshire, the Council proposed to use a 30% income threshold for affordable housing needs. The East Hampshire Local Plan Inspector stated that:

"instead of planning positively to help assuage acute housing affordability pressures by, say increasing supply, the SHMA appears to advocate an approach which down plays demand. It may well be that, in order to live in a decent home, people are forced to spend more. However, it is not right, in my view, to plan on the basis that it is acceptable for those in need to have their already limited incomes squeezed just so they can live in a decent home (and the need for affordable housing reduced for the purposes of plan making)." (para 18).

This is effectively what the SHMA is doing by referencing the current level of income spent on affordable housing. Households in Tendring may currently be forced to spend up to 35% of their income on housing, but this does not justify a continuation.
 - 2 In Eastleigh, the Local Plan Inspector (para 33 of his Interim Findings) stated that:

"I see no justification for the Council assuming that more than 30% of income could reasonably be spent on housing. Some households may be forced to do so, but that does not make it a justified approach to assessing need."
- 4-59 Taking into account all of the above, the income threshold should, at its very most, be 30%, although in reality for a household to have a residual income on par with a national equivalent (taking account of differences in the cost of living), the threshold is likely to be in the range of 25-30%.

³⁸ PBA (November 2016): Objectively Assessed Housing Need Study Update, Table 8.1, page 76

- 4.60 This and other non-standard adjustments risk under-estimating the true level of affordable housing need, which could necessitate an uplift to the OAHN figures. This has obvious implications for the approach adopted by the PBA Study in concluding no uplift is necessary.

5.0 The OAHN for Tendring

Introduction

5.1 This section sets out Lichfields' own analysis of Tendring's OAHN, using the PopGroup demographic modelling tool. PopGroup is a software model that uses a variety of robust and nationally-consistent data inputs to project population, household and labour force change for areas and social groups. PopGroup incorporates a cohort component methodology for its population projection model (essentially the interplay between births, deaths and migration to/from an area over time); a household formation rate model for its household projection model and an economic activity rate model for its labour-force projection. The evidence used is primarily trend-based, although a wide range of different future scenarios can be modelled by changing assumptions and inputs to the model depending upon the future outcome desired (i.e. a target level of job growth, reduced housing vacancy rates and so on). PopGroup is widely used by analysts and planners in both the public and private sectors, and in academia for research and teaching purposes. Lichfield's incorporation of PopGroup at the heart of its 'HEaDROOM' housing need assessment framework has been endorsed by a number of Inspectors at appeal and Local Plan Examinations in Public, such as at Cannock Chase.

Demographic-Led Needs

5.2 This assessment is based on the following:

- 1 A modelling period of 2013-2037 to align with the Council's OAHN evidence base;
- 2 The use of the latest 2014-based Sub-National Population Projections (SNPP);
- 3 Re-basing the 2014-based SNPP to take into account the latest 2015 and 2016 Mid-Year Population Estimates;
- 4 The application of headship rates from the 2014-based SNHP, testing the implications of a partial catch-up to the 2008-based SNHP headship rates amongst the youngest age cohorts (15-34 year olds given the decline projected in more recent projections);
- 5 An allowance for vacant/second homes to translate households into dwellings (at 6.57%);
- 6 We have then undertaken sensitivity testing to examine the potential impact which the UPC has had on migration flow data underpinning the 2014-based SNHP, with four scenarios modelled:
 - a 47% UPC (c.5,000) attributable to over-estimating net internal migration levels. This has involved adjusting the District's Age-Specific Migration Rates over the past 5 years informing the 2014-based SNPP and recalibrating the model accordingly, keeping other inputs consistent with the 2014-based SNPP (re-based to the 2016 MYE);
 - b As above, but assuming a higher 57% UPC (c.6,000) attributable to over-estimating net internal migration levels;
 - c 47% UPC (c.5,000) attributable to over-estimating net internal migration levels as per a) above, but adjusting the Age-Specific Migration Rates over the past 10 years to 2014 to reflect longer term trends;
 - d as per b) above, but adjusting the Age-Specific Migration Rates over the past 10 years to 2014 to reflect longer term trends.
- 7 Outside the PopGroup demographic modelling the case for uplifts to address worsening market signals and affordable housing needs has been assessed.

- 5.3 In this instance, we have therefore modelled the implications of ONS’s view that net migration was over-estimated by between 5,000 (47% of the UPC) and 6,000 (57%). We accept that there are dangers to modelling such adjustments at District-only level, particularly if this has not been done on a consistent basis across and between HMAs. Such adjustments will lead to significant unintended consequences particularly where downward adjustments are made as it will result in unmet needs occurring unless a downward adjustment is accounted for by an upward adjustment elsewhere (which is patently not happening elsewhere in the Essex HMA). In any case, what might be claimed to be statistical fluctuations / anomalies seen when looking at individual local authorities are often levelled out when looking across the HMA. The obvious implication of individual Local Authorities ‘going it alone’ in this way is the reason why the Practice Guidance emphasises the importance of the household projections as being “statistically robust and based on nationally consistent assumptions”.
- 5.4 For these (and other) reasons it is considered that the outcomes of scenarios C-F in Table 5.1 should very much be considered worse-case scenarios, and that given the prevailing uncertainty, the actual demographic starting point could well be higher.

Table 5.1 Summary of Lichfields' Demographic Modelling Scenarios for Tendring District 2013-37

Net Change, 2013-37		A) 2014-based SNPP	B) 2014-based SNPP rebased to 2016	C) 47% UPC	D) 57% UPC	E) 47% UPC LT Migration	F) 57% UPC LT Migration
Population Change		24,708	26,537	18,027	16,451	20,155	18,587
2014-based SNHP Headship Rates	Households	15,000	15,879	11,643	10,841	12,876	12,067
	Dwellings	16,055	16,995	12,461	11,603	13,781	12,916
	Dpa	669	708	519	483	574	538
Partial Catch Up Headship Rates	Households	15,232	16,118	11,865	11,060	13,097	12,287
	Dwellings	16,303	17,251	12,699	11,838	14,018	13,151
	Dpa	679	719	529	493	584	548

Source: Lichfields using PopGroup

- 5.5 The Table indicates that the initial demographic starting point, based on the unadjusted 2014-based SNPP and with no accelerated headship rate adjustment (Scenario A), would be 625 households per annum over the period 2013-37. By applying a suitable adjustment for vacant/second homes, this would result in a need for 669 dpa (which is slightly lower than the 675 dpa figure quoted in PBA’s housing evidence due to my use of a slightly different, and lower, vacancy rate). By accelerating the household formation rates amongst younger age groups, the housing need would increase to 679 dpa, rising still further to 719 dpa (Scenario B) if the 2014-based SNPP is re-based to take into account the latest 2015 and 2016 MYE.
- 5.6 The adjustments to the Age Specific Migration Rates to reflect a discrepancy in migration flows between 2001 and 2011 of between 5,000 (47%) and 6,000 (57%) reduces the housing need significantly, to 519 dpa (Scenario C) and 483 dpa (Scenario D) respectively.
- 5.7 Both Scenarios C and D have been modelled on the basis that the UPC error persisted at a similar level into the 2012, 2013 and 2014 MYEs.
- 5.8 This is considered to be very much a worst case scenario, for a number of reasons. In particular, ONS themselves consider that if the UPC is caused by international migration, “it is likely that

the biggest impacts will be seen earlier in the decade between 2001 and 2011 and will have less of an impact in the later years when improvements were introduced to migration estimates”³⁹..

- 5.9 Furthermore, the ONS has produced a measure of statistical uncertainty to give users of local authority MYEs information about their quality. ONS uses the cohort component approach to create the local authority MYEs. The cohort component method uses the 2011 Census for the population base and then incorporates natural change (births and deaths), net international migration and net internal migration, and other adjustments (for example, asylum seekers). The census, international and internal migration are considered by ONS to be the main sources of uncertainty in the MYEs⁴⁰.
- 5.10 The ONS has produced measures of uncertainty for each local authority for the years 2012 to 2016 (with the Essex authorities summarised in Appendix 4). These show, for each local authority, how the principal measure of uncertainty has changed over time. Essentially, this tool indicates that the level of certainty that can be attributed to the accuracy of Tendring’s MYEs for 2012-2016 is high. Indeed, out of all 348 districts in England and Wales, only 3 have a lower uncertainty measure than Tendring District as a percentage of its population by 2016. All of this goes to indicate that any approach that continues to apply a significant downward adjustment to net migration into Tendring in the latest MYEs is likely to under-estimate actual population growth.
- 5.11 To further demonstrate the uncertainty surrounding the UPC migration adjustments, a further sensitivity test has been run, that takes the Age Specific Migration Rate (adjusted for 47% and 57% UPC attributable to internal migration) over a longer term (over 10 years, rather than 5 years as per the 2014-based SNPP). As can be seen from Table 5.2, this would increase the level of housing need to between 538 dpa (Scenario F) and 574 dpa (Scenario E).

Household Formation Rates

- 5.12 As set out in this report, it is considered that the 2014-based SNHP household formation rates have been suppressed in the 15-34 age cohorts by persistent under-delivery and the worsening affordability of housing.
- 5.13 As such it is considered that it is appropriate to apply a ‘Partial Catch Up’ headship rate adjustment to the modelled projections for Braintree, Colchester and Tendring. As set out in Table 5.2, for Tendring, this would add between 10-11 dpa to all of the scenarios and would increase the 47%/57% UPC adjustment (Scenarios C and D) to 529 dpa and 493 dpa respectively.

Market Signals

- 5.14 As set out above, it is considered that uplifting the demographic projections in Tendring by 15% to address market signals is reasonable at this time. Applying this uplift to the Lichfields’ demographic-led scenarios would increase Scenarios C and D to 608 dpa and 567 dpa respectively, (including the PCU headship rate adjustment).

³⁹ ONS (27th May 2016): Quality and Methodology Information, Subnational Population Projections

⁴⁰ ONS (March 2017): *Measures of Statistical Uncertainty*, page 2, Appendix 12

Table 5.2 Summary of Lichfields' Demographic Modelling Scenarios for Tendring District Incorporating Market Signals Uplift 2013-2037

		A) 2014-based SNPP	B) 2014-based SNPP rebased to 2016	C) 47% UPC	D) 57% UPC	E) 47% UPC LT Migration	F) 57% UPC LT Migration
2014-based SNHP Headship Rates	Dpa	669	708	519	483	574	538
	Dpa including 15% market Signals Uplift	769	814	597	555	660	619
Partial Catch Up Headship Rates	Dpa	679	719	529	493	584	548
	Dpa including 15% market Signals Uplift	781	827	608	567	672	630

Source: Lichfields using PopGroup

5.15 Whilst we consider that the above market signals uplift is not unreasonable, we consider that it is very much a conservative figure. Indeed, the Chancellor recently announced in his Autumn Budget (22nd November 2017) that the Government was now targeting an annual housing figure of 300,000. This represents at least a 36% increase on the 2014-based household projections for England as a whole over the next 5 years to 2023/24, and there will inevitably be variation nationally with areas with greater housing market pressures needing to provide a higher uplift.

Economic Scenarios

5.16 The Practice Guidance⁴¹ sets out that plan-makers should:

“...make an assessment of the likely change in job numbers based on past trends and/or forecasts and also having regard to the growth of working age population in the HMA...”

5.17 Furthermore, it suggests that:

“Where the...labour force supply is less than the projected job growth, this could result in unsustainable commuting patterns...and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing...could help address these problems.”

5.18 Ordinarily we would incorporate economic forecasts into my PopGroup modelling to enable me to draw conclusions as to whether a further adjustment should be made to the demographic starting point. However, as set out by PBA in paragraph 6.31 of its November 2016 OAHNS Update, Experian’s standard Local Area economic projections incorporate demographic inputs from the SNPP and/or MYE. As the SNPP may have been distorted by UPC issues, there is a legitimate risk that the standard Experian econometric projections may be unreliable for Tendring District. As a result we have chosen not to model this as a scenario in this particular instance.

5.19 However, as set out in Section 4.0, we have a number of concerns with the bespoke Experian projection that has been modelled for Tendring and which has informed PBA’s OAHN analysis. In particular, Appendix C to PBA’s January 2016 Update suggests that to sustain a net increase of 9,080 workforce jobs (504 annually), the population would need to increase by 20,360

between 2013 and 2031. However, the 2014-based SNPP suggests that Tendring District will grow by just 18,160 residents over that 18-year time frame, equating to around 10,900 households incorporating the 2014-based SNHP, or 605 hpa (648 dpa with a suitable vacancy rate applied).

- 5.20 It is not clear how a higher level of population growth (+20,360) could equate to a much lower OAHN of 550 dpa. Although PBA states in its November 2016 Update that a September 2016 Experian scenario shows less job growth than the January 2016 scenario, unhelpfully, the level of job growth associated with this new projection is not specified and nor is the associated level of population growth.
- 5.21 This suggests that 550 dpa is too conservative to align fully with economic growth requirements, and that a higher housing need figure would be necessary to align the housing OAHN with the likely future economic trajectory of Tendring District.

Affordable Housing

- 5.22 Affordable housing needs are a component part of the OAHN for an HMA. The Framework sets out in paragraph 47 that LPAs should ensure “*the full, objectively assessed needs for market and affordable housing in the housing market area*” (my emphasis) are met as far as is consistent with the Framework. The Practice Guidance provides a steer as to how to go about assessing affordable housing needs and then how to consider that as part of the OAHN.

Evidence on Affordable Housing Needs

- 5.23 A full assessment of affordable housing need has not been carried out, in part due to difficulty in obtaining the relevant data. However, we note that private rented housing (with or without housing benefit) does not meet the definitions of affordable housing. It would be helpful if PBA could clarify whether they have discounted the affordable housing requirement for the Private Rented Sector, and if so, why it was appropriate for them to do so in this instance given that making an allowance for PRS does not accord with a number of Local Plan EiP Inspectors reports, and notably the Oadby and Wigston High Court judgement⁴².
- 5.24 Taking the evidence contained in Tendring Council’s latest SHMA Update (November 2016) at face value indicates a net affordable housing need totalling 160 dpa within Tendring District. Paragraph 7.7 of the November 2016 SHMA clarifies that when setting policy requirements (targets) in Local Plans, the councils should have additional regard to affordable housing need as assessed in the SHMA. The Council seeks to ensure that a minimum of 30% affordable housing is achieved on all sites involving the creation of 10 or more (net) homes (Tendring District Council Local Plan – Publication Draft Final, Policy LP5). At this rate of delivery, the 160 dpa target would equate to 27% of the Council’s 550 dpa target. This suggests that no further uplift would be required for Tendring.
- 1.1 However, this is only justified if the affordable housing need figure is correct. Taylor Wimpey has concerns regarding elements of the methodology that could justify a higher affordable housing need figure as a result. The SHMA’s conclusions are based on the assumption that 35% of gross household income will be spent on housing (SHMA page 151). It states that this was because it was “*agreed as reflecting current market practise by stakeholders and the consultation event*” and “*primary data on the proportion of income spent on private rents...indicates this is the situation...within the HMA*” (SHMA page 152). The SHMA goes on to undertake sensitivity testing for income thresholds ranging from 25-40%.

⁴² [2015] EWHC 1879 (Admin) §34 ii), §50

- 1.2 We disagree with the SHMA’s use of a 35% income threshold, in light of the findings of a number of Inspectors.
- 1 In East Hampshire, the Council proposed to use a 30% income threshold for affordable housing needs. The East Hampshire Local Plan Inspector stated that:

“It may well be that, in order to live in a decent home, people are forced to spend more. However, it is not right, in my view, to plan on the basis that it is acceptable for those in need to have their already limited incomes squeezed just so they can live in a decent home (and the need for affordable housing reduced for the purposes of plan making).” (para 18).

This is effectively what the SHMA is doing by referencing the current level of income spent on affordable housing. Households in Tendring may currently be forced to spend up to 35% of their income on housing, but this does not justify a continuation.
 - 2 In Eastleigh, the Local Plan Inspector (para 33 of his Interim Findings) stated that:

“I see no justification for the Council assuming that more than 30% of income could reasonably be spent on housing. Some households may be forced to do so, but that does not make it a justified approach to assessing need.”
- 1.3 Taking into account all of the above, the income threshold should, at its very most, be 30%, although in reality for a household to have a residual income on par with a national equivalent (taking account of differences in the cost of living), the threshold is likely to be in the range of 25-30%.
- 5.25 This and other non-standard adjustments risk under-estimating the true level of affordable housing need, which could necessitate an uplift to the OAHN figures. This has obvious implications for the approach adopted by the PBA Study in concluding no uplift is necessary.

Identification of an OAHN for Tendring

- 5.26 Having followed the relevant stages set out in the Practice Guidance, a proper and robust minimum OAHN for Tendring District has been identified, based on the following:
- 1 A starting point, based on the 2014-based SNHP (incorporating a suitable allowance for vacant/second homes), which shows a need for 669 dpa (Scenario A);
 - 2 Taking into account the 2015 / 2016 MYEs, that need increases to 708 dpa (Scenario B);
 - 3 Making suitable adjustments to headship rates in the younger age categories increases the need to 719 dpa (Scenario Ba);
 - 4 Incorporating the ONS’s view that between 47% and 57% of the UPC was attributable to net inward migration errors would reduce the demographic need to between 493 dpa (Scenario Da) and 529 dpa (Scenario Ca), incorporating the accelerated headship rates. There is considerable uncertainty regarding this approach, however, with a large margin for error. If the 47%/57% UPC adjustment is applied to long term migration rates (rather than the short term rates informing the 2014-based SNPP), the need would increase to between 548 dpa (Scenario Fa) and 584 dpa (Scenario Ea);
 - 5 An analysis of market signals suggests that a further uplift of 15% to the demographic projections is justified. Uplifting Scenarios Ca-Fa by 15% would result in a demographic-led OAHN range of between 567 dpa and 672 dpa;
 - 6 Taken at face value, affordable housing needs can be met without a further uplift to the OAHN range, although we consider that there are methodological irregularities in PBA’s approach which could suggest that a higher level of affordable housing need could be appropriate.

- 5.27 Taking into account all of the above, it is considered that a rounded OAHN range of between 570 dpa and 670 dpa would be appropriate for Tendring District Council. There is clearly considerable uncertainty and a large potential for error concerning the extent of any UPC adjustment to be made to the 2014-based SNPP, and the appropriate alignment with economic growth in the District.
- 5.28 Within this range, and given the prevailing uncertainty regarding the UPC issue, it is considered that the mid-point of the range, 620 dpa, should be adopted as the OAHN.
- 5.29 This figure represents a suitable and cautious balance between the housing need generated by the adjusted demographic scenarios (570 dpa - 670 dpa) and would enable affordable housing needs to be met in full.

CLG Standardised Approach to OAHN

- 5.30 As noted in Section 2, CLG has recently published for consultation “*Planning for the right homes in the Right Places*” (2017) which includes CLG’s proposed approach to a standard method for calculating local housing need, including transitional arrangements.
- 5.31 Whilst relatively limited weight can be attached to this document at present given its consultation status, for the North Essex Authorities, if adopted as CLG proposes, the approach would mean that the OAHN over the period 2016-2026 is as follows:
- Tendring 749 dpa
 - Braintree 835 dpa
 - Colchester 1,095 dpa
- 5.32 For Tendring, this is based on an annual average household growth of 604 dpa between 2016 and 2026, uplifted by 24% to address the fact that the latest median workplace-based affordability ratio is 7.9. For Braintree, this is based on an annual average household growth of 649 dpa, is uplifted by 29% to address a median workplace-based affordability ratio of 8.6. For Colchester, an annual average household growth of 846 dpa has been uplifted by 29% to address a ratio of 8.7.
- 5.33 All three housing need figures are significantly higher than those identified in Policy SP3.

6.0 Summary

Context

- 6.1 The Framework sets out that LPAs should use their evidence base to ensure they meet the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in the Framework.
- 6.2 The PBA report makes a number of assumptions and judgements which Lichfields considers to be flawed, or which do not properly respond to the requirements of policy and guidance. As a result, the concluded OAHN is not robust and is inadequate to meet need and demand within the HMA.

Conclusions on Tendring District's Housing Need

- 6.3 In summary, against the requirements of the Framework, Taylor Wimpey considers that the assessment of objectively assessed need is flawed and fails to cater fully for demand as summarised below:

Tendring

- 6.4 The Council's OAHN evidence fails to accord with the PPG methodology as it does not use the SNPP/SNHP as a baseline position. Instead, PBA applies an adjusted 10 year migration trend that makes a very substantial adjustment for Unattributable Population Change [UPC].
- 6.5 UPC is the result of either misrecording of the total population at the 2001 and/or 2011 censuses, misrecording of migration, or a combination of these factors. The definitive source is unknown, and ONS excluded this from both the 2012-based SNPP and the subsequent 2014-based iteration⁴³ on the grounds that it could not be demonstrated that UPC measured a bias in the trend data that would continue in the future.
- 6.6 The 2014-based SNPP is based on trends (in births, deaths and migration) observed over the 5-6 preceding years. ONS's report on UPC⁴⁴ states that migration errors are likely to have a bigger impact in the early 2000s due to improvements in estimating migration over time. Hence, although UPC between the 2001 and 2011 Censuses was relatively large in Tendring District, the 2014-based SNPP draws trends from a period where methods of estimation were improved (rather than the early 2000s) and are likely to remain a robust and suitable starting point for projecting population growth.
- 6.7 Furthermore, the Council's evidence also makes an error of judgement when it seeks to place all of the blame for the population discrepancy on international and internal migration. The ONS's UPC data tool (published in July 2015) indicates that rolling forward the population estimates from the 2001 Census was at least partly to blame for the discrepancy in the Mid-Year Population Estimates [MYE].
- 6.8 Given the significant uncertainties concerning what caused the UPC error in the first place; when it occurred between 2001 and 2011; and whether it is still happening in the future (for which there is no robust evidence), it is entirely inappropriate to base the District's Local Plan housing strategy on this scenario. Moreover, unless this is done on a consistent basis within and between HMAs, such UPC adjustments will lead to significant unintended consequences.

⁴³ONS (January 2014): 2012-based SNPP: Report on Unattributable Population Change

⁴⁴ibid

- 6.9 It should be noted that adjustments for UPC have previously been considered by Local Plan Inspectors, and the notion of adjusting or correcting migration to address UPC has been comprehensively rejected for both the Eastleigh Local Plan⁴⁵ and the Vale of Aylesbury Plan Strategy⁴⁶.
- 6.10 Having followed the relevant stages set out in the Practice Guidance, a proper and robust minimum OAHN for Tendring District has been identified. It is considered that a rounded OAHN range of between 570 dpa and 670 dpa would be appropriate for Tendring District Council. There is clearly considerable uncertainty and a large potential for error concerning the extent of any UPC adjustment to be made to the 2014-based SNPP, and the appropriate alignment with economic growth in the District.
- 6.11 Within this range, and given the prevailing uncertainty regarding the UPC issue, it is considered that the mid-point of the range, 620 dpa, should be adopted as the OAHN.
- 6.12 This figure represents a suitable and cautious balance between the housing need generated by the adjusted demographic scenarios (570 dpa - 670 dpa) and would enable affordable housing needs to be met in full.

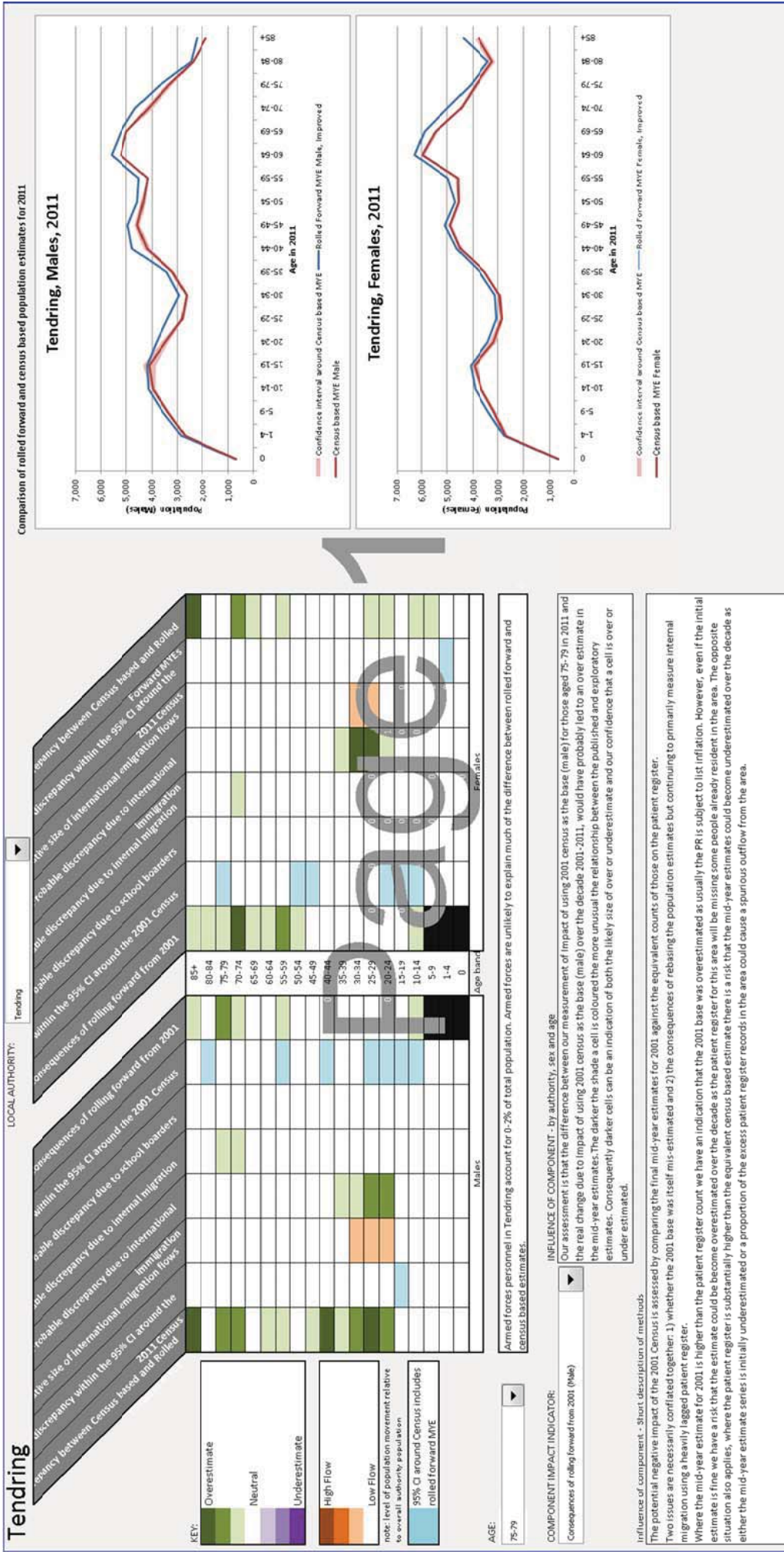
Recommended Changes

- 6.13 On the basis of our OAHN analysis, we consider that a rounded OAHN range of between 570 dpa and 670 dpa would be appropriate for Tendring District. Within this range, and given the prevailing uncertainty regarding the UPC issue, the mid-point of the range, **620 dpa**, should be adopted as the OAHN for the Local Plan.
- 6.14 In order to address the issue above and ensure that the policy criteria set out within Policy SP3 are sound, it is requested that the Council:
- 1 Updates its housing evidence to meet the full objectively assessed need for housing. In particular, there is a need to undertake a more robust, evidence-based, approach to assessing the need for housing in Tendring over the period 2013-2033, using the CLG's latest household projections as the starting point.
 - 2 Amend Policy SP3 to ensure the delivery of sufficient levels of housing to meet demand in the HMA.

⁴⁵Eastleigh Borough Local Plan, Inspector's Report, February 2015

⁴⁶Vale of Aylesbury Plan Strategy Examination, Inspector's Report on DtC and Soundness Tests, January 2014

Appendix 1: ONS's UPC data tool for Tendring District (July 2015)



Appendix 2: Correspondence received from ONS

Thoughts on issues with the population estimates for Tendring between 2001 and 2011

1. Population estimate rolled forward from 2001 was 10,533 higher than the 2011 Census based population estimate; the rolled forward estimates 7.6% higher than the Census based estimate.
2. Assume Births and deaths are fine
3. Assume any negative impact of international migration is low due to there being few international migration moves (5,197 in, 3732 out over the decade, net=1465).
4. Internal migration has a potentially larger impact than the other components due to the volume of moves (65,284 in, 48,404 out, net=16,880). Our traditional view of this has been that areas that gain population over a period are more prone to underestimation than overestimation on the basis that.
 - a. Assuming human behaviour is relatively constant we miss moves at a constant rate both into and out of any location. Rates of missingness will vary by age and sex but should vary little for inflows and outflows.
 - b. On a net inflow we will miss more moves, in absolute terms, on the inflow than the outflow.

For an area like Tendring, with net inward internal migration, we'd probably end up underestimating as a consequence. But, Tendring tends to have net internal migration of relatively well behaved people in their middle/old age, we tend not to miss moves for these age groups as they interact well with GPs.

If we are missing flows out of Tendring, measured primarily via GP registrations it would follow that we must also be missing some flows into Tendring as these are measured via the same method. Given that flows in are in excess of flows out we would expect to miss more flows into Tendring than flows out of Tendring.

5. The relationship between the PR and mid-year estimate/Census in 2001 provides us with two possible avenues for believing that the 2001 Census may have overstated the population – or more accurately - how the 2001 Census and 2001 PR may have lead to overestimation of the 2011 MYE.

The first is relatively obvious; the 2001 Census sits above all of our comparator admin data (mainly the PR and state pension's recipients) for a large number of age groups. The 2001 One Number Census QA pack for Tendring shows this <http://www.ons.gov.uk/ons/guide-method/census/census-2001/data-and-products/quality-of-the-census-data/local-authority-data-quality/england/s-t/tendring-onc-qa-pack.pdf>. The charts at the end of the document show Tendring had an unusual relationship between the PR and the Census in 2001; generally the PR sits above the Census estimates, in Tendring the PR sits below the Census for the majority of age/sex groups above 45. These are the charts I supplied via email previously.

The second is a bit more complicated and is not actually about the 2001 estimate being overestimated. If we imagine that the 2001 census for Tendring was perfect, this means that the patient register is missing large numbers of people. We drive our internal migration estimates using data from the patient register, any moves involving people resident in

Tendring in 2001 (and captured/estimated by the Census) but absent from the 2001 patient register will have been missed. Therefore we will miss outflows from Tendring, and the most likely consequence of this is that we will overestimate the population. I suspect the first case (the Census being overestimated) to be more likely than the second case (the PR understating the population) for Tendring. The second scenario tends to occur in inner London local authorities with very high levels of internal migration for 20-40 year olds who are less likely to interact regularly with GPs.

Further, the 95% confidence intervals give us a range within which we would expect the population estimate to fall 95 times out of 100. 5 times out of 100 the estimates could fall outside of this range. The confidence interval around the Census estimates should not be taken as a guarantee that an estimate is within a particular range. Following the 2001 Census a number of adjustments were made to the mid-year population estimates to account for inaccuracies in the 2001 Census. Some of the issues with the 2001 Census are discussed in this paper <https://www.ons.gov.uk/ons/guide-method/method-quality/specific/population-and-migration/pop-ests/local-authority-population-studies/2001-census---local-authority-population-studies--full-report.pdf>. The 2011 Census learnt from a lot of the difficulties of the 2001 Census and produced more robust population estimates as a result.

6. The age/sex distribution of the discrepancy for Tendring is quite informative. Generally speaking the discrepancies between Census based and rolled forward estimates are greatest for the young adult population. This reflects the high level of population churn for this group and the difficulty in measuring internal migration for this group given their generally good health and their poor levels of interaction with the health service. Tendring's discrepancies are different, they tend to be spread relatively evenly a wide part of the age range with a particularly large amount of discrepancy at the end of the age distribution. Given the low volume of moves for older people (say 70+), due to both internal migration and international migration, for these individuals it is difficult to see how this error could have been caused by migration. Much more likely is that we started off with a base population that was slightly overestimated and this discrepancy was carried through the entire decade.

It is also interesting that the discrepancy is relatively symmetrical for males and females (5,682 males, 4,851 females). If the problem were overwhelmingly internal migration based we might also expect the discrepancy to be substantially larger for males than females.

7. As you may be aware we are in the process of changing some of methods ([see appendix 2 for details](#)). One of these changes involves removing part of internal migration process called "scaling factors", these were used to adjust the level of raw internal migration flows picked up using the patient register and HESA to account for moves by people who did not appear on the beginning and end patient register (those who were born, died, immigrated or emigrated during 12 months preceding the mid-year point) and those who moved more than once during the year. In effect this applied a multiplier to the levels of in inflows and outflows to each local authority. The removal of these scaling factors has, very recently, revealed some interesting side effects of the scaling process. For Tendring the impact of

scaling factors would have been to make internal migration flows increasingly positive and may have been a partial contributor to the unattributable difference found in 2011.

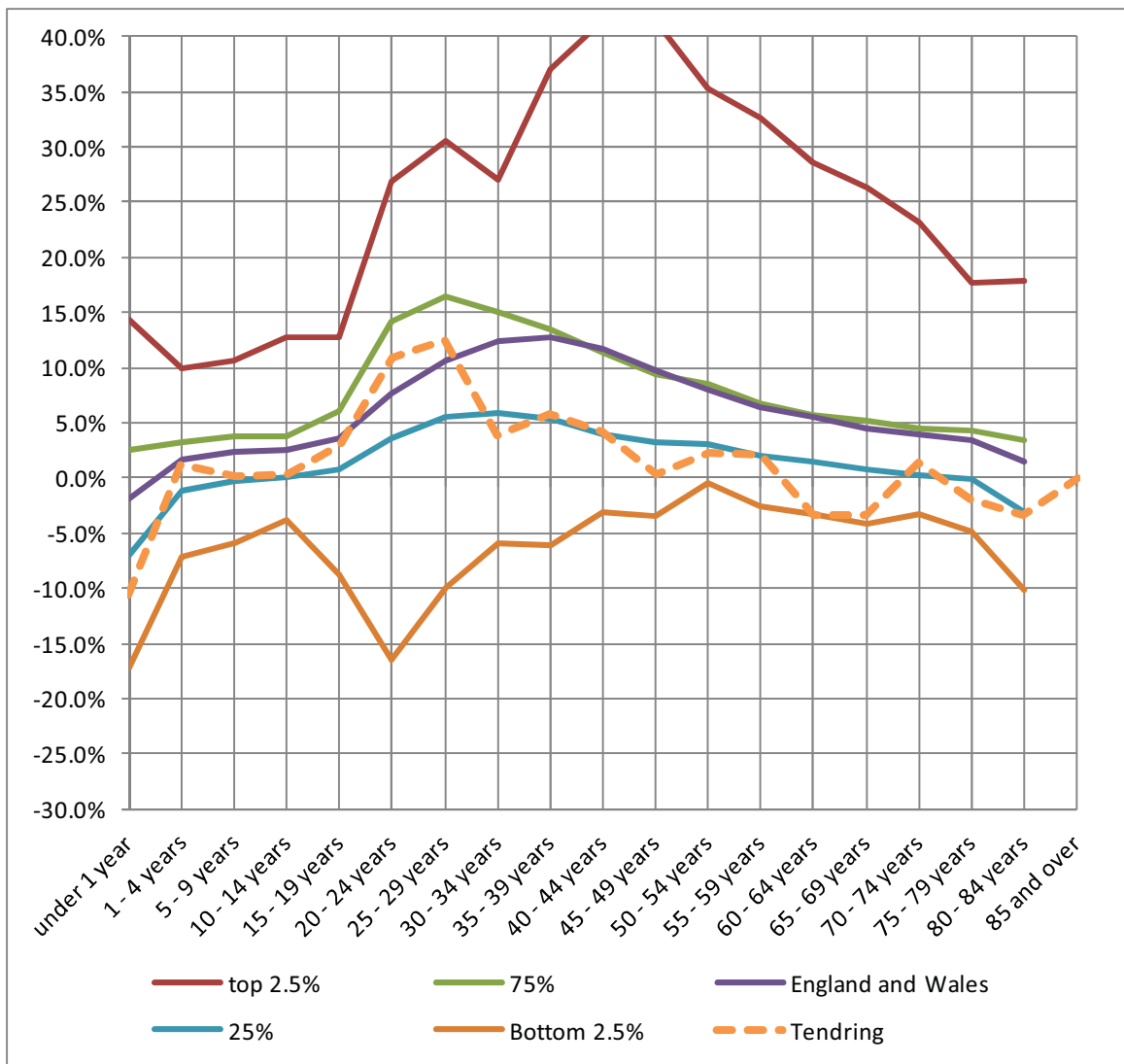
8. We think the evidence suggests that around 4,500 of the discrepancy is due to the 2001 Census base. Some of the remaining difference may be due to sampling error relating to the 2011 Census but this is still likely to leave 5-6,000 of the difference unexplained.

We would therefore think that the discrepancy due to migration is likely to at most 5-6,000. The impact of scaling that I mentioned in point 7 *may* account for 3-4,000 of the difference. Our traditional viewpoint on LAs such with net internal inflows has been that any internal migration discrepancy would have lead to an underestimate of the population rather than an overestimate.

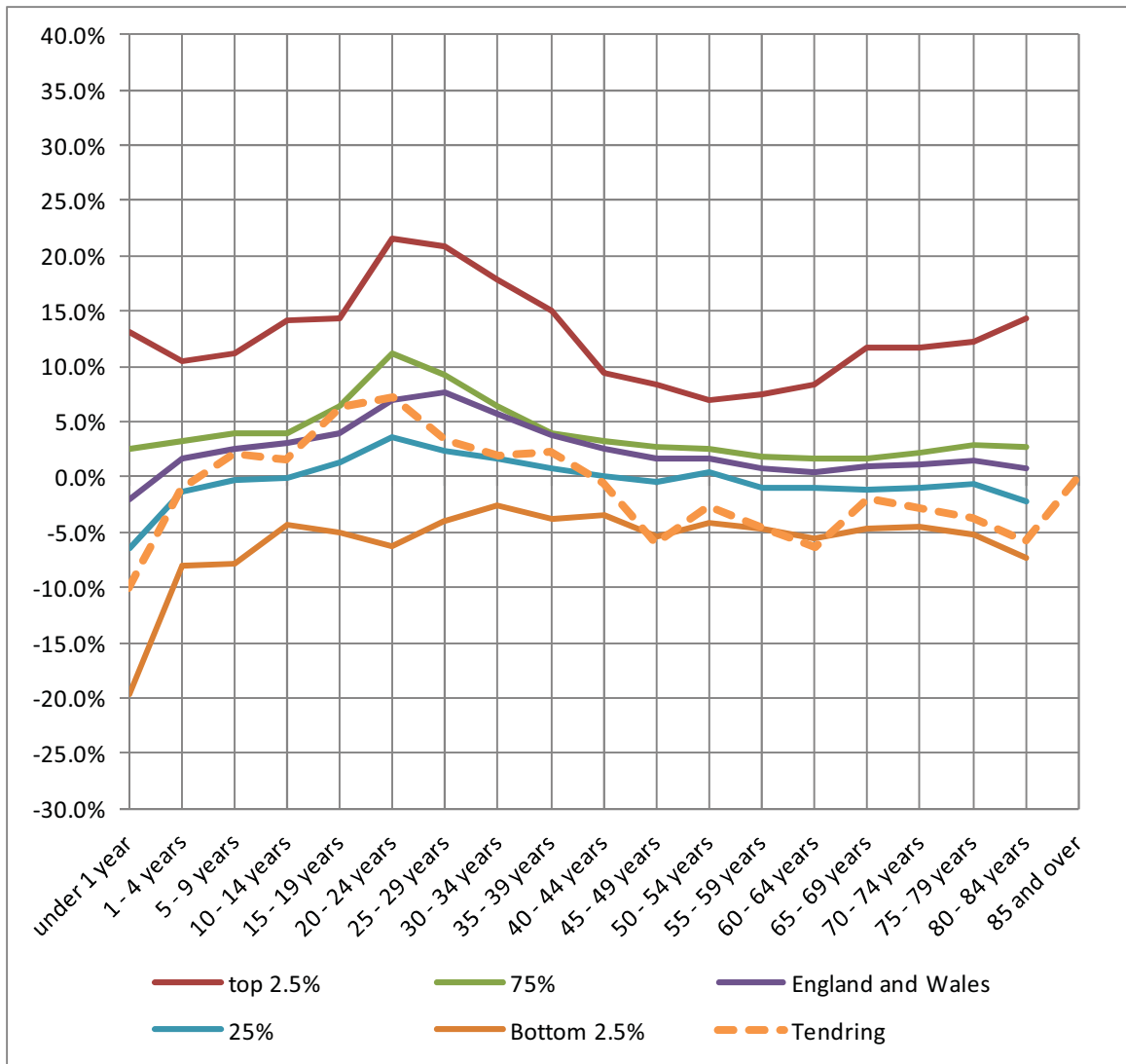
I've mentioned, as part of 7, that because we don't simply use GP patient registrations, it is possible for us to both over-estimate the inflows and the outflows. The findings I mentioned in point 7 are only about 2 weeks old, assuming these don't change (a flaw in the analysis could yet be found) it suggests that overestimation of the inflow was a more significant driver of the discrepancy than underestimation of the outflow.

This would leave around 2-3,000 of the difference unexplained. The "[understanding discrepancies tool](#)" I previously linked you to suggests that international immigration may have been overestimated for young these are the charts I included (I've added the 2011 equivalents as well).

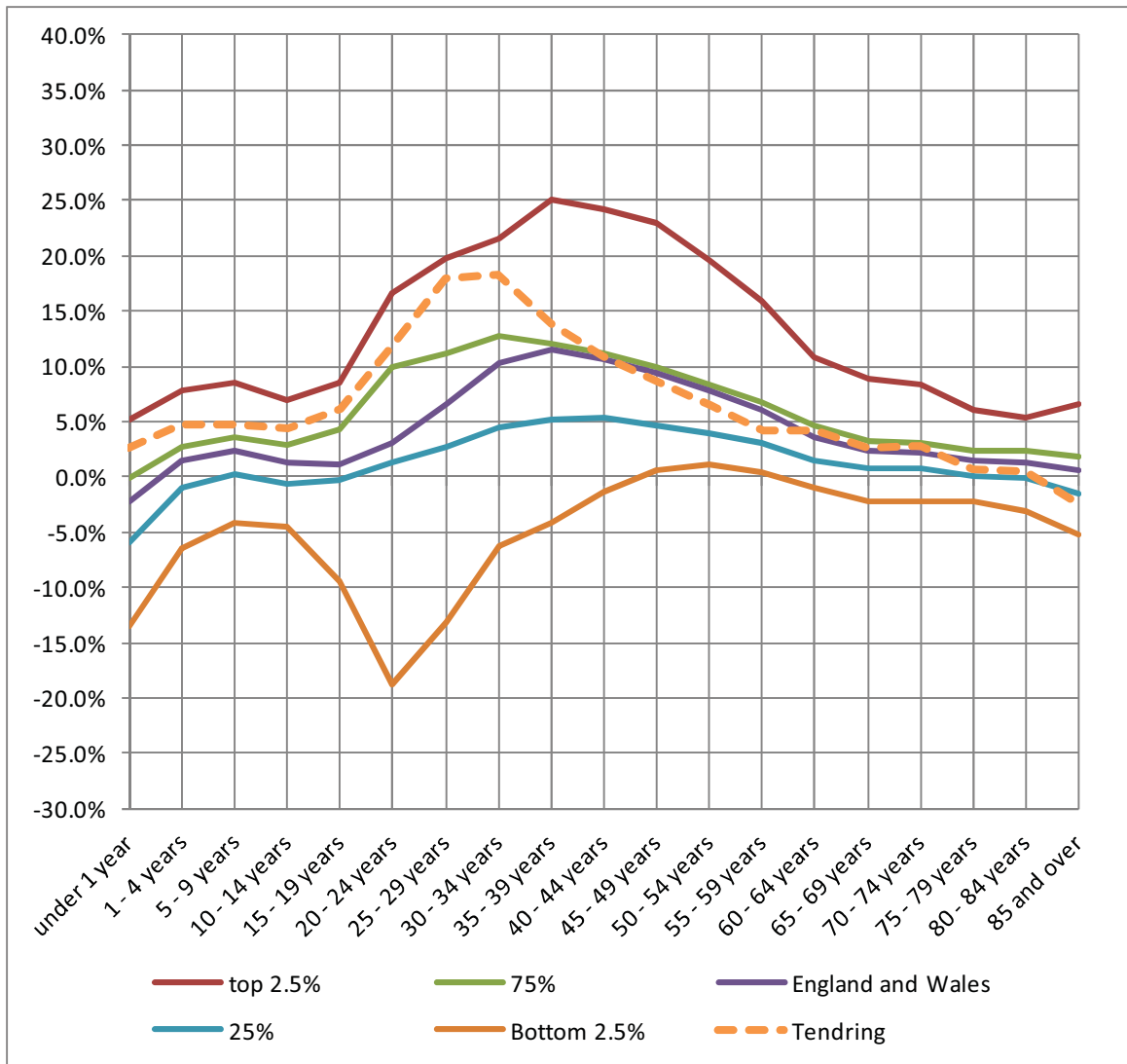
% difference between PR and Census for LAs, 2001 (males)



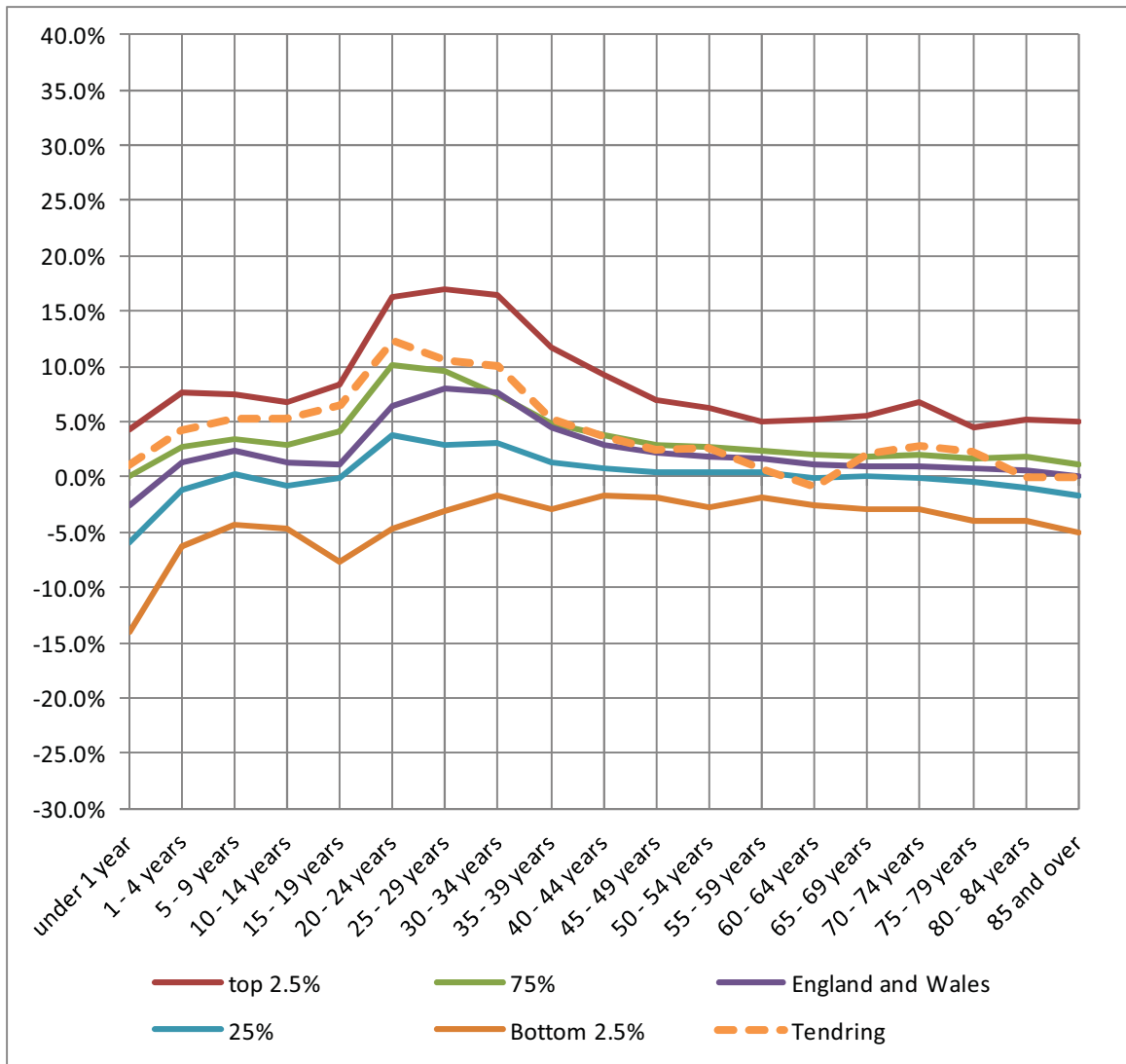
% difference between PR and Census estimate for LAs, 2001 (females)



% difference between PR and Census estimate for LAs, 2011 (males)



% difference between PR and Census estimate for LAs, 2011 (females)



adults (those aged 20-39).

Appendix 3: Lichfields Housing Market Signals Data

Table A1 House Prices

	Time period	Tending	England
Average (median)	1999	£60,000	£74,000
Average (median)	2016	£193,000	£224,000
Change (£)	1999-2016	£133,000	£150,000
Change (%)	1999-2016	222%	203%

6.15 Source: ONS Price Paid Data (2017)

Table A2 Affordability (Lower Quartile)

	Time period	Tending	England
Resident-based Affordability			
Affordability Ratio	2002	5.3	4.5
Affordability Ratio	2016	7.8	7.2
Change (absolute)	2002-2016	2.5	2.7
Change (%)	2002-2016	47%	59%
Workplace-based Affordability			
Affordability Ratio	2002	6.2	5.2
Affordability Ratio	2016	8.6	7.2
Change (absolute)	2002-2016	2.4	2.0
Change (%)	2002-2016	39%	37%

Source: ONS Affordability Data (2017)

Table A3 Monthly Rents

	Time period	Tending	England
Median	June 2011	£595	£570
Median	March 2017	£650	£675
Change (absolute)		£55	£105
Change (%)		9.2%	18.4%

Source: VOA Private Rental Market Statistics (2017)

Table A4 Overcrowded Households and Concealed Families

		Time period	Tendring	England
Overcrowded Households				
Overcrowding Rate		2011	5.1%	8.7%
Change (% points)		2001-11	0.1%	1.6%
Change (number)		2001-11	+94	+471,084
Concealed Families				
Concealed rate		2011	1.2%	1.9%
Change (% points)		2001-11	0.4%	0.7%
Change (number)		2001-11	+158	+114,700

Source: 2011/2011 Census

Table A5 Tendring District Housing Completions

	RSS Re-based & TDC OAN Targets	Completions	Annual Difference	Cumulative Difference
2001/02	425	459	34	
2002/03	425	407	-18	16
2003/04	425	253	-172	-156
2004/05	425	420	-5	-161
2005/06	425	557	132	-29
2006/07	425	556	131	102
2007/08	425	495	70	172
2008/09	425	376	-49	123
2009/10	425	319	-106	17
2010/11	425	217	-208	-191
2011/12	425	232	-193	-384
2012/13	425	244	-181	-565
2013/14	550	204	-346	-346
2014/15	550	267	-283	-629
2015/16	550	245	-305	-934
2016/17	550	658	108	-826

Source: Tendring District Annual Monitoring Report 2015-2016 Table 1 (2016) / 2017 SHLAA

Appendix 4: Measures of Statistical Uncertainties for Essex Authorities

Table A.6 Statistical measure of uncertainty for local authority MYEs from 2012 to 2016: Essex Authorities

	Uncertainty measure (% population) 2012	Uncertainty measure (% population) 2013	Uncertainty measure (% population) 2014	Uncertainty measure (% population) 2015	Uncertainty measure (% population) 2016
Basildon	0.66	0.98	1.43	1.98	2.54
Braintree	0.49	0.53	0.59	0.69	0.80
Brentwood	1.12	1.89	2.69	3.73	4.78
Castle Point	0.91	0.93	0.99	1.07	1.19
Chelmsford	0.68	1.04	1.48	2.03	2.54
Colchester	0.73	1.17	1.51	1.86	2.36
Epping Forest	0.71	1.13	1.61	2.27	2.96
Harlow	0.64	0.77	0.90	1.14	1.46
Maldon	0.95	0.98	1.02	1.16	1.25
Rochford	1.04	1.22	1.40	1.72	2.03
Tendring	0.44	0.48	0.52	0.56	0.62
Uttlesford	0.88	1.06	1.29	1.66	2.05

Source: ONS (November 2017): Research-based statistical measure of uncertainty for local authority mid-year population estimates from 2012 to 2016 for England and Wales

Bristol
0117 403 1980
bristol@lichfields.uk

Cardiff
029 2043 5880
cardiff@lichfields.uk

Edinburgh
0131 285 0670
edinburgh@lichfields.uk

Leeds
0113 397 1397
leeds@lichfields.uk

London
020 7837 4477
london@lichfields.uk

Manchester
0161 837 6130
manchester@lichfields.uk

Newcastle
0191 261 5685
newcastle@lichfields.uk

Thames Valley
0118 334 1920
thamesvalley@lichfields.uk



Annex B: West Lancashire Local Plan Policy RS6

7.59 Although some temporary accommodation will not require planning permission, in most cases permission will be required. Operators should always check with the Council's Planning Department, but normally planning permission is required in the following cases:

- If the workers will be housed for longer than a normal planting, growing, or picking season;
- If caravans and other related buildings (e.g. canteens and toilets) are to be kept on site permanently;
- If a change of use to an existing building is involved; or
- If hardstandings and permanent services (e.g. water supply or septic tank) need to be constructed.

7.60 The Council wishes to assist in supporting a healthy rural economy within the context of national and local planning policies. Permanent buildings or caravans which are kept on site for a number of months can reduce the open character of the Green Belt and have an adverse impact on the landscape and the amenity of local residents. Therefore, the above policy has been introduced to limit the impact of this type of development on the local area.

7.61 The Council has also produced Supplementary Planning Guidance on Accommodation for Temporary Agricultural Workers, which is relevant to the implementation of this policy.

Other Local Planning Policy and supporting documents

- Accommodation for Temporary Agricultural Workers SPG (2007)

7.6 Policy RS6: A "Plan B" for Housing Delivery in the Local Plan

Context

7.62 Policy GN2 sets out several sites across the Borough that are safeguarded from development for the needs of a "Plan B", should it be required. Appendix E sets out the key issues in relation to delivery and risk for each individual policy. For Policies SP1 and RS1, these delivery issues often revolve around a similar concern – what if a key site or location for residential development cannot be delivered? Ultimately, this leaves the outcome of the locally-determined target for residential development not being met, unless a viable alternative can be found.

7.63 Therefore, while it is hoped that all aspects of the Local Plan will be deliverable, and they have been selected because the Council believes that they are, it is prudent to have a "Plan B" prepared in case a key site(s) for residential development does not come forward for development during the plan period. Policy RS6 provides the Council with the ability to enact such a "Plan B" should it become apparent through monitoring that the Local Plan's residential targets are not being met.

7.64 An additional consideration is the fact that the Local Plan covers a long period (15 years) and, in relation to the locally-determined targets, it is not unreasonable to expect some change in the evidence for those targets over the 15 years, potentially resulting in new targets. Therefore, the Local Plan should be flexible enough to address these changes, as well as any other reasonable change in circumstance, without a wholesale review of the Plan.

Policy RS6

A "Plan B" for Housing Delivery in the Local Plan

The "Plan B" sites safeguarded in Policy GN2 will only be considered for release for housing development if one of the following triggers is met:

- Year 5 review of housing delivery

If less than 80% of the pro rata housing target has been delivered after 5 years of the Plan period, then the Council will release land from that safeguarded from development for "Plan B" to enable development to an equivalent amount to the shortfall in housing delivery.

- Year 10 review of housing delivery

If less than 80% of the pro rata housing target has been delivered after 10 years of the Plan period, then the Council will release land from that safeguarded from development for "Plan B" to enable development to an equivalent amount to the shortfall in housing delivery.

- The housing target increasing as a result of new evidence

If, at any point during the 15 year period of the Plan, the Council chooses to increase its housing target to reflect the emergence of new evidence that updates the existing evidence behind the housing target and which would undermine the existing target, then an appropriate amount of land will be released from that safeguarded from development for "Plan B" to make up the extra land supply required to meet the new housing target for the remainder of the Plan period.

Justification

7.65 The Council believe that the locally-determined targets that have been set in this Local Plan are fair and reasonable in light of all the available evidence at this time. However, it is possible that targets for residential development will rise, meaning that new locations for development would need to be identified, and so in this situation the "Plan B" would also provide the flexibility required to accommodate this rise.

7.66 In essence, the Council's "Plan B" for the Local Plan involves the release of land from the Green Belt and its allocation as safeguarded land under Policy GN2. This land would be safeguarded from development until the above triggers in Policy RS6 are reached. Until these triggers are reached the land will be protected from development in a similar way to Green Belt (see Policy GN2) and in such a way as to not prejudice the possible future development of this land if the "Plan B" is triggered.

7.67 The supply of land safeguarded from development for the “Plan B” in Policy GN2 (which has a total capacity of 830 dwellings) is more than sufficient to allow for at least 15% extra on top of the 15-year housing target being proposed in the Local Plan (15% of 4,860 dwellings = 729 dwellings). This percentage is based on the need to ensure that even the largest of the housing allocations in the Local Plan is covered by the flexibility of the “Plan B”, should it fail to be delivered.

7.68 Ongoing monitoring of housing delivery in the Plan period will enable the Council to be prepared for any trigger points in Policy RS6 being reached. If it is anticipated a year before any trigger point is reached (i.e. at the end of Years 4 and 9 of the Plan) that housing delivery is at risk of triggering the “Plan B”, the Council will commence a review of the level and nature of any undersupply compared to housing requirements. This review will also review the “Plan B” sites themselves in order to identify which site(s) are most suitable to release for development at that time (if any, depending on the nature of, and reasons for, the undersupply), should the level of undersupply ultimately trigger the “Plan B” in April of the following year. The quantum of release will be sufficient to meet the identified shortfall in housing delivery compared to the housing requirements.

Andrea Copsey - Programme Officer
Examination Office
Longcroft Cottage
Bentley Road
Clacton-on-Sea
Essex
CO16 9BX

Date: 4 December 2017
Our ref: 16090/SB/NMi/15138792v1
Your ref:

By email copseyandrea@gmail.com and post

Dear Mrs Copsey

North Essex Authorities Joint Strategic (Section 1) Plan Examination

I refer to the above matter and attach 2 copies of a statement which has been prepared on behalf of Taylor Wimpey UK Limited in response to the Inspector's Matters, Issues and Questions [MIQ].

This statement and the accompanying technical report attached to it as Annex A set out the basis of the representations to be made on behalf of Taylor Wimpey at the forthcoming Examination in Public [EiP] hearing session concerning Matter 3: Meeting Housing Needs (Policy SP3).

The representations in this statement are in addition to and should be read in conjunction with Taylor Wimpey's previous submissions on the matter on the Tendring District Local Plan [TDLP] Publication Draft (June 2017) which were prepared by Woolf Bond Planning. Lichfields has recently been appointed by Taylor Wimpey to prepare a Hearing Statement on Matter 3 only and to participate at the Examination, pursuant to the previous representations prepared by Woolf Bond Planning on behalf of Taylor Wimpey in relation to Policy SP3.

As confirmed previously, Colin Robinson of Lichfields will be participating at the examination session in relation to Matter 3 on behalf of Taylor Wimpey UK Limited.

Please can you ensure that myself nicholas.mills@lichfields.uk and Colin Robinson colin.robinson@lichfields.uk are included in any correspondence regarding the Examination.

Electronic copies of the statement and this cover letter have also been sent to the above email address.

Please can you confirm receipt of the attached written statement by return.

Yours sincerely



Nicholas Mills
Senior Planner



Copy
Anna Davies – Taylor Wimpey UK Limited
Steven Brown – Woolf Bond Planning