

**RPS**

**Proposed Submission  
Local Plan Examination  
Hearing Statement –  
Matter 4**

In respect of

Huntingdonshire District Council  
Proposed Submission Local Plan  
Examination

On behalf of

Abbey Properties Cambridgeshire  
Limited and De Bene Esse Ltd

Respondent No. 753723

RPS Ref: JCG22793

15 June 2018

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ADDING VALUE

# QUALITY MANAGEMENT

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Date:	<b>June 2018</b>
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# 1 INTRODUCTION

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- 1.1 We are instructed by our clients, Abbey Properties Cambridgeshire Limited and De Bene Esse Ltd to submit Hearing Statements and appear at the Huntingdonshire Local Plan Examination on their behalf in relation the Huntingdonshire Proposed Submission Local Plan and associated evidence base.
- 1.2 RPS previously submitted representations on behalf of our clients to the Huntingdonshire Local Plan to 2036: Proposed Submission, the November 2017 Call for Sites, the Local Plan to 2036 Consultation Draft 2017 and a number of Housing and Employment Land Availability Assessments produced between 2016 and 2017.
- 1.3 The representations to the Local Plan Consultation Draft 2017 and to the Proposed Submission Plan are enclosed (**Appendix A** and **Appendix B**) with this Statement for ease of reference.
- 1.4 This Statement details our clients' responses to Matter 4 of the Matters and Issues identified by the Inspector. RPS has also prepared a Hearing Statement in respect of Matter 3 and we reserve our position to submit further Hearing Statements in relation to Matters 6-15 at the appropriate juncture.
- 1.5 To complement this Hearing Statement, our clients have appointed Regeneris Consulting, a specialist economic development and regeneration consultancy, to respond to a number of the Inspector's questions on the Huntingdonshire OAN. Their response forms **Appendix C** to this Statement and itself contains a range of appendices.
- 1.6 We request that Regeneris attend the relevant Hearing Session alongside ourselves to represent our clients' interests and help the Inspector establish the soundness or otherwise of the draft Local Plan and the evidence base upon which it is derived.

## 2 RESPONSE TO THE MATTERS AND ISSUES IDENTIFIED BY THE INSPECTOR

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2.1 The Inspector has posed a number of questions in respect of the 15 Examination Matters. This Hearing Statement seeks to respond to questions of relevance to our client's interest in respect of Matter 4. These responses are provided below and should be read alongside Appendix C produced by Regeneris Consulting.

### **Matter 4 – Overall Provision for Housing**

*Whether the Local Plan has been positively prepared and whether it is justified, effective and consistent with national policy in relation to the overall provision for housing*

#### Question 1

2.2 Question 1 enquires whether it is justified to identify an updated OAN for housing for Huntingdonshire rather than the wider HMA. This approach is consistent with that seemingly agreed across the seven HMA Authorities, and the Local Plans for East Cambridgeshire and Forest Heath have been tested at Examination and found to be sound on this basis. The Inspectors' Report into the Cambridge and South Cambridgeshire Local Plans is expected in the near future.

2.3 Such an approach is not entirely consistent with the NPPF which refers at paragraph 47 to Local Planning Authorities using *'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'*. It also does have its shortcomings as set out in the submissions by Regeneris at Appendix C. However, in the context of this Local Plan we do consider the approach, focused on the district, is justified.

#### Question 2

2.4 Question 2 seeks comment on whether the methodology employed in the Huntingdonshire OAN Update 2017 is appropriate and provides a robust basis for establishing the OAN. We contend that the approach taken is not robust for the following reasons elaborated on in Appendix C:

- There is a reliance on the 2013 SHMA which is considered to be based on out of date evidence
- Only limited assessment of past household formation rate (HFR) trends has been undertaken
- No adjustment is made to HFR in the projections as these are deemed similar to those of England and comparator areas. This approach is self perpetuating and will not serve to address the 'housing crisis' in the UK
- There are clear grounds to adjust HFRs for younger households, notably the 25-34 year old cohort

- Adjustments to population and household projections to account for economic growth have been made on a flawed basis
- A 4% uplift to the starting projections to respond to jobs growth has not been justified and appears highly conservative
- A 5% uplift to account for market signals adjustments has not been shown to be the appropriate level or to have any effect on easing affordability issues

2.5 The adopted methodology therefore underestimates the district's OAN.

Question 3

2.6 Question 3 asks whether the Council are justified in not adjusting the demographic led figure derived from the 2014 based household projections.

2.7 We consider that this is not justified for the reasons set out by Regeneris Consulting in their response at Appendix C.

Question 4

2.8 Question 4 seeks an explanation as to how economic/job growth forecasts and changes to working age population have been taken into account.

2.9 The Council has applied a 4% uplift to the starting point projections to respond to future change in jobs and the labour force, but we consider this to understate the growth potential. This is further explained in Appendix C.

Question 5

2.10 Question 5 queries how market signals have been taken into account in determining the OAN, what they show, what the basis is for the 5% uplift and whether this uplift is appropriate, and whether the uplift for economic/jobs growth should be included within this figure.

2.11 We submit that a 5% uplift is not appropriate and is too low having regard to house price data and affordability ratios. A 5% adjustment to the Council's proposed OAN amounts to an extra 960 dwellings in 25 years or only 38 per annum. At current levels of housing stock, an increase of 38 dwellings a year over and above assessed demand from the household projections figures (765 dpa) would represent just a 0.05% uplift. This is not going to impact positively on levels of affordability in the district.

2.12 Appendix C provides further exploration of the reasons why we consider this is not an appropriate uplift.

Question 6

2.13 Question 6 questions whether the OAN should be increased to assist in the delivery of affordable housing.

2.14 Yes, for the reasons set out by Regeneris in Appendix C.

- 2.15 Furthermore, we have undertaken an exercise of reviewing the delivery of affordable housing across the draft allocated sites within the emerging Local Plan. We have also reviewed the published Council AMRs to ascertain how many affordable houses have been completed in the relevant monitoring year and across a 5 year period (April 2012-March 2017). These tables form **Appendix D**.
- 2.16 Given the provision for affordable housing review mechanisms in S106 Agreements associated with a number of these developments, most notably the strategic sites, a range of assumptions have been made. This results in a best case and worst case scenario of affordable housing provision. The best case is 6,548 affordable housing units over the Plan period and the worst case is 4,958 units. Against an acknowledged need in the draft Local Plan (para 4.3) of 7,900 affordable homes, the shortfall ranges from between 1,442 and 2,942 units. This is substantial on either scenario; a shortfall of between 18%-37% of the affordable housing need.
- 2.17 The second table in Appendix D establishes from the published AMRs that only 542 affordable homes have been delivered over the 5 year monitoring period. At no point over this time has the 40% affordable housing target been met. The highest percentage achieved on qualifying sites (as defined in the AMR) was 32.6% in 2016-17, and the highest in terms of overall completions was 22.3% in 2014-15. The averages over the 5 year period were 23.32% and 14.02% respectively. This is clearly well below the 40% target.
- 2.18 We therefore contend that the Plan should allocate substantially more sites in order to boost significantly the supply of affordable housing in the district. It is not reasonable, effective, or positive planning to expect 'exception sites' to make up this level of shortfall.
- 2.19 For these reasons, alongside those set out in Appendix 3 on affordability issues, the OAN should be increased to assist in the delivery of affordable housing.

#### Question 7

- 2.20 Question 7 asks whether the OAN is appropriate and justified and whether there is a basis to arrive at an alternative figure.
- 2.21 We aver that there is a clear argument why the Council's OAN of 804 dpa is inappropriate and that the alternative figure promoted by Regeneris Consulting in Appendix C of 950 dpa would be a more robust position on which to base the draft Local Plan.

#### Question 8

- 2.22 Question 8 relates to whether the Local Plan is justified in seeking to make provision to meet its OAN, whether there is a case to make provision for a higher or lower number, and how this compares with historic rates of delivery.
- 2.23 According to paragraph 4.10 of the draft Local Plan, the Council consider that the total number of housing completions since 2011, commitments as at 1 April 2017, and the allocations provided in the Plan account for approximately 22,500 new homes or 112% of the Objectively Assessed Need. However, this is based on the assumption that sites will come forward without delay and does not address the historic under delivery within the District.

- 2.24 As has been agreed at a number of recent S78 planning appeal inquiries, the Council has failed to deliver sufficient housing to meet current annual average targets every year since 2012/13 and has achieved a total of 67% of their annual average target between 2012-2017. This was considered sufficient evidence of persistent under delivery for Inspectors to apply a 20% buffer as required by paragraph 47 of the NPPF in order “*to provide a realistic prospect of achieving the planned supply and ensure choice and competition in the market for land*”. The same principles should be applied to the Local Plan target and sufficient allocations be promoted to meet 120% (24,120 new homes) of the Objectively Assessed Need if that figure is found to be sound. This will ensure that the Local Plan is consistent with the requirements of national policy to provide confidence that the Council has a realistic prospect of achieving the OAN figure and there is sufficient choice and competition in the market.
- 2.25 Additionally, the Council has been overly optimistic in relation to the delivery of houses and forecast delivery rates have not been achieved over successive years. In 2016/17 there were 682 completions against a 2015 AMR forecast of 940. The 2016 AMR further revised this forecast to 567. A similar pattern emerges for the years 2017/18 where the 2016 AMR forecast of 1,135 has now been dramatically reduced to 689. There is therefore clear evidence regarding the robustness of the Council’s assumptions in relation to the number of units which are being delivered. The Council should ensure they make provision for a higher number of units which should enable more dwellings to be delivered. As set out in our Hearing Statement in relation to Matter 3, we consider that these dwellings should be allocated on a wider range of smaller sites which can be delivered earlier in the Plan period.
- 2.26 Furthermore, we have concerns regarding the timely delivery of a number of the current proposed allocations and whether the Council can provide the 22,500 new homes suggested during the Plan period. We will address these issues further in relation to Matters 6, 7, 8, 9, 10, 11 and 12.

Question 9

- 2.27 Question 9 asks whether the approach of the Local plan towards housing provision and jobs growth/employment land provision is consistent.
- 2.28 Regeneris Consulting provide the response to this question in Appendix C.



### 3 CONCLUSION

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- 3.1 On behalf of our clients, we have a number of concerns in relation to the soundness of Huntingdonshire's Local Plan to 2036: Proposed Submission 2017. This Hearing Statement has been produced in response to Matter 4: Questions 1 through to 9.
- 3.2 This Statement should be read in conjunction with the submissions of Regeneris Consulting on behalf of our clients. Their responses to the questions forms Appendix C to this Statement.
- 3.3 We consider that the draft Local Plan is unsound as it is based on a OAN figure which has not been properly justified and does not boost significantly the supply of housing as advocated in paragraph 47 of the NPPF.
- 3.4 We submit the OAN figure for Huntingdonshire should be 950dpa.

**APPENDIX A – REPRESENTATION LETTER TO  
CONSULTATION DRAFT DATED AUGUST 2017**

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**Our Ref: 19995/RMG/MB**  
**Your Ref:**

**E-mail: [mark.buxton@cgms.co.uk](mailto:mark.buxton@cgms.co.uk)**  
**Date: August 2017**

Local Plans Team  
Pathfinder House  
St Mary's Street  
Huntingdon  
PE29 3TN

Dear Sir/Madam,

**REPRESENTATIONS TO THE HUNTINGDONSHIRE LOCAL PLAN TO 2036:  
CONSULTATION DRAFT 2017**

RPS CgMs are instructed to submit representations on behalf of our client, Abbey Properties Cambridge Limited ('Abbey Properties'), to the Huntingdonshire Consultation Draft Local Plan.

This letter sets out our objections to, and where relevant, support for, the Consultation Draft Local Plan.

**Objectively Assessed Needs (OAN)**

Paragraph 4.8 identifies that the emerging Local Plan will support the overall provision of at least 21,000 new homes. Paragraph 4.34 states the emerging draft Local Plan identifies that 20,100 homes are required to meet the forecast population growth between 2011 and 2036 according to the Objectively Assessed Need for Huntingdonshire (2017). This equates to 804 dwellings per annum.

To be positively prepared the Plan should be based on a strategy which seeks to meet objectively assessed development and infrastructure requirements. While we welcome Huntingdonshire District Council's intention to target an overall provision of new homes above their assessed OAN, the Plan only contains a single sentence (at paragraph 4.1) setting out that the Council has taken this approach. We consider further justification for this approach should be contained within the Plan to accord with the tests of soundness reflected in NPPF paragraph 182.

We also highlight that if the Council seeks to provide at least 21,000 new homes during the plan period they will need to provide in excess of 804 dwellings per annum. We therefore consider that the Council should make it clear how many dwellings are required per annum to achieve the provision of at least 21,000 new homes over the course of the plan period in order for the Plan to be considered sound.

Furthermore, we consider that the Council has underestimated its Objectively Assessed Need for housing in the district. Abbey Properties has commissioned its own assessment of OAN for Huntingdonshire which it considers to be an appropriate Housing Target for the District. This figure has been created using PopGroup Modelling software in order to determine the objective assessed housing need. The software incorporates a wide range of socio-economic data which is sensitive to local circumstances and satisfies the requirements of the NPPF. The

assessment has been submitted to the Council on a number of occasions in support of Outline Planning Applications: 16/01530/OUT, 17/01161/OUT and 17/00931/OUT. A further update has also been commissioned.

This work assessed a variety of different scenarios and concluded that taking account of the Demographic, Economic, Affordability and Market Signals for Huntingdonshire there is clear evidence of a housing need of between 23,809 and 27,068 to be met between 2011 and 2036.

Therefore, we consider that a housing need of 23,809 dwellings is a robust and sound figure based on the sensitivity testing and should be the minimum level of housing need countenanced by Huntingdonshire District Council.

### **Policy LP 1 - Strategy For Development**

The policy concentrates development in locations which provide the greatest access to services and facilities and directs substantial development to two strategic expansion locations: Alconbury Weald and St Neots East. We consider this strategy inhibits growth and does not provide a sufficiently flexible approach to bring further sites forward. The Policy also fails to comply with the NPPF which requires Local Planning Authorities *“to boost significantly the supply of housing”* (Paragraph 47).

The policy does not proactively address the key reasons behind the persistent under delivery of houses within the District during the previous plan period. The Local Plan again places over reliance on the delivery of a small number of large strategic sites which take a long time to bring forward, have substantial infrastructure requirements, and are more likely to be delayed.

We therefore consider that the Distribution of Growth should be planned more positively across the District with greater allowance made for additional small and windfall sites to support the larger strategic sites. The Housing White Paper ‘Fixing our Broken Housing Market’ advocates such an approach.

### **Policy LP 5 - Spatial Planning Areas**

We disagree with the Council’s position on developments on unallocated sites. We consider that this policy is too restrictive and fails to recognise that the built-up areas of identified Spatial Planning Area are unable to accommodate viable and sustainable further growth. We therefore consider this policy is unsound.

The built-up area act as a proxy for the settlement boundaries. These have not been positively planned or adequately reviewed in this Local Plan and therefore do not allow for future growth. This results in limiting and restricting much needed housing growth. Moreover the built-up areas are based on outdated policy, the 2002 Local Plan Alterations, and are no longer relevant nor are they supported by the evidence base.

The supporting text *states “allocations for new development reflect existing known opportunities within each spatial planning area”*. These areas are planned to cater for 70% of future housing growth. However the boundaries reflected in LP5 limit the opportunities to provide the future housing need of Huntingdonshire, as well-located and strategically placed housing settlements are not identified. These settlement boundaries should be reviewed as the areas defined are out of date.

We advise, with consideration to paragraph 151 of the NPPF, that to contribute to sustainable development less constrained boundaries are necessary. We consider there to be further sites suitable for residential development which are appropriately located with excellent access to services and public transport.

### **Policy LP 6 – Key Service Centres**

The Council identifies in its objectives that there should be a good supply of suitable land for growth and the promotion of high quality, well designed and locally distinctive sites. We support this objective but consider that certain policies fail to support this and are therefore unsound.

Policy LP 6 states that a “*proposal for development on a site in addition to those allocated in this plan will be supported where it is located within a built-up area of a Key Service Centre*”. However, we consider the Policy and emerging Plan has failed to support this aim by effectively retaining the existing settlement boundaries originally defined with the 1995 Local Plan and 2002 Local Plan Alterations through the Built-up Areas definition. Any sites suitable and viable for development would have already been identified and developed during the preceding years. We consider evidence of this can be seen through the Council’s failure to meet its annual housing target in 4 of the last 5 years. Therefore, we considered that this policy is unreasonable and fails to plan positively for the District.

As a result the emerging Local Plan relies too heavily upon a small number of large strategic sites which take a long time to bring forward, affecting housing delivery in the district. Notably the Council has failed to meet its identified need over the last 4 years; a position the Inspector at the recent Lucks Lane Inquiry (Appeal Ref: APP/H0520/W/16/3159161) concluded constituted ‘*persistent under delivery*’. Furthermore we disagree with the ‘built up area’ definition. Excluding sites which are not ‘Previously Developed Land’ or ‘relate to surrounding countryside rather than buildings’ limits the number of sustainable sites which could deliver sustainable development.

Paragraph 157 of the NPPF requires Local Plans to plan positively for the development and infrastructure required in the area. This means indicating broad locations for strategic development. We consider there are other suitable sites which can positively meet housing need in the District. Therefore, we submit that the Council should identify further locations where development will be supported when it is well-related to the built-up area. This is over and above the policy support espoused in Community Planning Proposals and Rural Exceptions Housing policies.

### **Policy LP8 - Countryside**

This policy states all development in the countryside must “*avoid the irreversible loss of the best and most versatile agricultural land (grade 1 to 3a) where possible.*”

While we recognise that this policy is supported by the NPPF, we consider this policy fails to recognise that there are suitable sites for development particularly in agricultural grade 3a. Selective planned development of these sites will not harm the countryside nor materially affect the amount of the best and most versatile agricultural land within the District and would furthermore provide opportunities for the Council to meet its housing need. We therefore argue that limiting development in the countryside is too restrictive and does not plan positively.

Moreover, the policy position appears to be a direct contradiction to the majority of the Council's Strategic Allocations and the 2017 HELAA. A number of sites being promoted and allocated by the Council are former agricultural land comprising of either Grade 2 to 3a.

We consider that the policy should be reworded to more accurately reflect the Council's Strategic Allocations and positively plan for the District.

### **Policy LP9 - Flood risk**

This policy determines the locations suitable for development and states proposals will only be supported where the flood risk has been addressed. This requires that *"all reasonable opportunities to reduce overall flood risk have been taken"*.

We support this policy but consider there is an inconsistency with this policy and a number of Strategic Allocations. We consider that the Council needs to address this inconsistency and ensure that it correctly implements the Sequential and Exception Tests as set out in the NPPF.

### **Policy LP23 – Affordable Housing Provision**

The policy sets out the provision of affordable housing to delivered on site. It targets the delivery of 40% affordable housing on sites where 11 homes or 1,001sqm residential floorspace or more is proposed except where it can be demonstrated that the target is not viable.

We support the principle of this policy, however, we consider that the range of affordable housing types, sizes and tenures should be clearly set out within the main policy text rather than a referring back to the Housing Register, the Cambridge sub-region Strategic Housing Market Assessment and other local sources. The Policy currently fails to provide certainty for developers seeking to establish the tenure mix and associated costs. The policy is also likely to create uncertainty during periods when evidence is being updated or in situations when the evidence documents contradict each other. We therefore consider that the Council should state the percentage of affordable housing types, sizes and tenures sought within the Local Plan.

Furthermore we have concerns in relation to bullet point c. This requires affordable housing to be dispersed across the development in *'small clusters of about 15 dwellings'*. This can only reasonably apply to the largest strategic allocations in the District. Furthermore, it exceeds the 11 unit threshold. For example, it would be impossible for a 12 unit scheme to meet this policy requirement.

We consider that 15 dwellings constitutes more than what would typically be considered a *'small cluster'* on the majority of sites. We consider this will result in the majority of the affordable units being located in one area of the site. We are also unaware of any evidence which supports this figure. We therefore consider this element of the policy to be unsound and not supported by evidence. We would wish to see this element of the policy amended with a reduced figure which can be reasonably considered to be a *'small cluster'* in the context of the proposed development. Amending the draft policy to refer to clusters of up to 15 units and removing the reference to a *'small cluster'* maybe an acceptable solution. We consider that this would also provide flexibility for smaller sites where the number of units proposed means a cluster of 15 dwellings is not possible or suitable.

We consider that the policy should also recognise that a site's location within the District and its local housing market characteristics could be a material consideration affecting the percentage

and mix of affordable housing which can be provided on site. The District Council should recognise that the different settlements within the District have different markets for affordable housing with some areas more attractive to affordable housing providers than others. The policy wording or supporting text should reflect that, where it is supported by viability evidence, the location of sites will be a material consideration to justify a reduction in the amount of affordable housing proposed on site.

### **Policy LP28 - Rural Exceptions Housing**

Policy LP28 offers flexibility to proposals outside the built-up area and provides a positive opportunity to meet housing need as a rural exception. The policy requires providing “*affordable housing for people with a local connection*” with the aim of increasing diversity in housing tenures and to meet Huntingdonshire’s housing need.

We support this policy in so far that it recognises that development might be necessary outside of the built-up area. The policy could enable the Council to support sites outside the built-up area of settlement to come forward to help meet the District’s housing need. The policy also recognises the need to provide both affordable and market housing on site to ensure such sites are viable. This could help offset the restrictions of LP1 Strategy for development and LP5 ‘Spatial Planning Areas’.

We are concerned however over the lack of clarity in this policy. The policy states the scale and location of the proposal must demonstrate the availability of services and infrastructure and the effect on the character of the immediate locality. This does not provide sufficient clarity to the development industry over issues such as the location of these exception sites or what scale will be acceptable.

### **Allocations**

We object that a number of sites which we consider to be sustainable and suitable for development have not been included within the emerging plan allocations. We therefore consider the allocations in the Plan to be unsound.

Separate representations on the HELAA and ‘Call for Sites’ forms have been submitted for each of these sites. We consider it is necessary for the HELAA and proposed allocations to be reviewed and additional sites included for the emerging plan to be considered sound.

A brief description and analysis of the additional sites we consider should be allocated is provided below:

#### *Biggin Lane, Ramsey*

Biggin Lane is located to the west of Ramsey and we consider could be developed for at least 141 dwellings. The site is assessed within the HELAA and was found to be suitable for only low density development before being considered as ‘not suitable’ within the summary table for Ramsey. We consider this is inconsistent and the HELAA has failed to consider a realistic capacity for the site.

We note that the majority of Biggin Lane comprises grade 3b agricultural land and is exclusively located within Flood Zone 1. We also consider the site has been incorrectly assessed within the Council’s Sustainability Appraisal for the reasons set out in our separate representation letter. *Old Ramsey Road, St Ives*

Old Ramsey Road is located to the north west of St Ives and despite representations being submitted to the 2016 HELAA Additional Sites Consultation, the site has been omitted from the HELAA 2017.

The site is approximately 10.81 hectares and we consider is suitable for 131 dwellings. The site is located entirely with Flood Zone 1 and could provide at least 40% affordable units. The site has been fully assessed through a number of technical reports submitted in support of Outline Planning 17/00931/OUT which demonstrate that the site is sustainable.

*Thrapston Road, Brampton*

The site is located to the north of Brampton and has in part been included with the HELAA, but limited to the frontage site only and therefore considered to have a capacity of just 8 dwellings. The site was not therefore considered for allocation as it fell below the capacity threshold of 10 dwellings. The full site was not assessed due to concerns relating to flood risk.

However, we consider that the HELAA has failed to reflect the Council's updated Strategic Flood Risk Assessment which identifies the site almost entirely within Flood Zone 1. The site performs well in the Sustainability Appraisal and we consider should only result in 6 negative impacts of the 32 criteria tested.

We therefore consider that the Thrapston Road site should be reassessed within the HELAA and allocated for 63 dwellings.

**Conclusion**

Overall we disagree with elements of the Council's Draft Local Plan. We believe the Plan to unduly limit potential future development sites. In addition we advise further consideration into its settlement boundaries is needed to deliver sites to meet, and potentially exceed, the OAN for housing and to provide sustainable and inclusive communities for the future.

RPS CgMs reserves the right to appear and speak at the Examination should the emerging Local Plan continue to fail to satisfactorily address our concerns over issues of soundness.

Please do not hesitate to contact either myself or my colleague Robert Mackenzie-Grieve if you require any information on, or wish to further discuss, this representation.

Yours Sincerely



Mark Buxton  
Director



**APPENDIX B – REPRESENTATION LETTER TO PROPOSED  
SUBMISSION PLAN DATED 5/2/18**

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**Date: 5<sup>th</sup> February 2018**

Local Plans Team  
Pathfinder House  
St Mary's Street  
Huntingdon  
PE29 3TN

***By email only***

Dear Sir/Madam,

**REPRESENTATIONS TO THE HUNTINGDONSHIRE LOCAL PLAN TO 2036: PROPOSED SUBMISSION**

RPS are instructed to submit representations on behalf of our client, Abbey Properties Cambridge Limited ('Abbey Properties'), to the Huntingdonshire Local Plan Proposed Submission.

This letter sets out our representations to the Proposed Submission version of the Local Plan and should be read alongside the representations made to the July 2017 Consultation Draft. Previous representations were submitted under the name of RPS CgMs.

We set out at the end of each representation whether we consider the policy/allocation meets the tests of soundness and the reasons why.

**LP1 – Amount of Development: OBJECT**

Policy LP 1 sets out the amount of development which is required in Huntingdonshire.

According to the Policy at least 20,100 new homes (both market and affordable) are required within the District. We consider that this policy fails to meet the Objectively Assessed Housing Need for the District for the reasons set out in the 'Huntingdonshire Housing Requirement and OAN' report by Regeneris Consulting attached to this letter.

According to the Regeneris Report the Council's OAN evidence contains the following shortcomings:

- A lack of consistency between the figures and aspects of the method in the 2013 SHMA and 2017 CRG study;
- The absence of any substantive consideration of the implications of Huntingdonshire's stand-alone OAN study for housing need figures in the wider Housing Market Area;
- The lack of a thorough assessment of past trends in household formation rates;
- Flaws in the Council's approach to economic growth adjustments in the OAN; and
- An adjustment for market signals which falls far short of an increase in the future housing supply relative to assessed demand which might reasonably be expected to result in an easing of affordability problems.

Regeneris consider that a minimum OAN of 23,750 (950 dpa) should be planned for the district and we support and endorse their conclusions.

Test of Soundness	Yes/No	Reasons
Positively Prepared	No	Not meet objectively assessed development requirements
Justified	No	Not the most appropriate strategy
Effective	No	No evidence of joint working on strategic priorities
Consistent with National Policy	No	Not accord with, inter alia, para 47 of NPPF

**LP2 – Strategy for Development: OBJECT**

This policy seeks to protect the intrinsic character and beauty of the countryside surrounding settlements and therefore seeks to apply a blanket protection to the whole of the countryside. This is inconsistent with the NPPF which is clear that account should be taken of the different roles and character of different areas. The NPPF only uses the term ‘protect’ in reference to valued landscape and designated areas. We therefore consider that this addition to Policy LP2 from previous draft versions of the Local Plan is inconsistent with National Guidance.

The policy further concentrates development in locations which provide the greatest access to services and facilities and directs substantial development to two strategic expansion locations: Alconbury Weald and St Neots East. This means that approximately 75% of housing growth is proposed to be located within the four spatial planning areas.

We consider this strategy potentially inhibits growth and does not provide a sufficiently flexible approach to encourage other sites to come forward. The Policy therefore arguably fails to comply with the NPPF which requires Local Planning Authorities “to boost significantly the supply of housing” (Paragraph 47).

The policy does not proactively address the key reasons behind the persistent under delivery of houses within the District earlier in the plan period. The Local Plan again places over reliance on the delivery of two large strategic sites which take a long time to bring forward, have substantial infrastructure requirements, and are more likely to be delayed.

We therefore consider that the distribution of growth should be planned more positively across the District with greater allowance made for additional small and windfall sites to support the larger strategic sites. The Housing White Paper ‘Fixing our Broken Housing Market’ advocates such an approach.

Test of Soundness	Yes/No	Reasons
Positively Prepared	No	Not meet objectively assessed development requirements
Justified	No	Not the most appropriate strategy
Effective	N/A	
Consistent with National Policy	No	Not accord with, inter alia, para 47 of NPPF

**LP7 – Spatial Planning Areas: OBJECT**

We disagree with the Council’s position on developments on unallocated sites. We consider that this policy is still too restrictive and fails to recognise that the built-up areas identified as Spatial Planning Area settlement are unable to accommodate sufficient viable and sustainable further growth to meet the Objectively Assessed Need. We therefore consider this policy is unsound.

The built-up area effectively acts as a proxy for the settlement boundaries. These have not been positively planned or adequately reviewed within the Local Plan and therefore do not allow for future growth. This results in limiting and restricting much needed housing growth. Moreover the built-up areas appear to be based on outdated policy, the 2002 Local Plan Alterations, and are no longer relevant nor are they supported by the evidence base.

The supporting text states *“allocations for new development reflect existing known opportunities within each spatial planning area”*. These areas are proposed to cater for 75% of future housing growth according to Policy LP2. However, supporting paragraph 4.8 states that to allow for the level of growth currently proposed the use of some greenfield land will be required to deliver the necessary scale of development. The policy wording of LP7 does not reflect this need and limits the opportunities to deliver the future housing need of Huntingdonshire, as well-located and strategically placed housing settlements are not identified. These settlement boundaries should be reviewed as the areas defined are out of date.

Test of Soundness	Yes/No	Reasons
Positively Prepared	No	Not meet objectively assessed development requirements
Justified	No	Not the most appropriate strategy
Effective	No	No evidence of joint working on strategic priorities
Consistent with National Policy	No	Not accord with, inter alia, para 47 of NPPF

**LP11 – The Countryside: OBJECT**

This policy requires that all development in the countryside must *“avoid the irreversible loss of the best and most versatile agricultural land (grade 1 to 3a) where possible.”*

While we recognise that this policy is supported by the NPPF through directing development to poorer quality land, we consider this policy fails to recognise that there are suitable sites for development particularly in agricultural land grade 3a. Selective planned development of these sites will not harm the countryside nor should it materially affect the amount of the best and most versatile agricultural land within the District. It would furthermore provide opportunities for the Council to meet its identified housing need. We therefore contend that the countryside policy is too restrictive and fails to plan positively.

Moreover, the policy position appears to be a direct contradiction to the majority of the Council’s Strategic Allocations and the 2017 HELAA. A number of sites being promoted and allocated by the Council are best and most versatile agricultural land comprising Grade 2 to 3a.

Furthermore we object to the policy seeking to protect the intrinsic character and beauty of the countryside. As stated above this is inconsistent with the NPPF which is clear that account should be taken of the different roles and character of different areas.

We consider that the policy should be reworded to more accurately reflect the Council's Strategic Allocations and positively plan for the District.

Test of Soundness	Yes/No	Reasons
Positively Prepared	No	Not meet objectively assessed development requirements
Justified	No	Not the most appropriate strategy
Effective	N/A	
Consistent with National Policy	No	Not accord with, inter alia, para 47 of NPPF

**LP25 – Affordable Housing Provision: OBJECT**

This policy sets out the provision of affordable housing to be delivered on site. It targets the delivery of 40% affordable housing on sites where 11 homes or 1,001sqm residential floorspace or more are proposed except where it can be demonstrated that the target is not viable.

We do not support this policy and consider, amongst other things, that the range of affordable housing types, sizes and tenures should be clearly set out within the main policy text rather than referring back to the Housing Register, the Cambridge sub-region Strategic Housing Market Assessment and other local sources. The Policy currently fails to provide certainty for developers seeking to establish the tenure mix and associated costs. The policy is also likely to create uncertainty during periods when evidence is being updated or in situations when the evidence base documents contradict each other. We therefore consider that the Council should state the percentage of affordable housing types, sizes and tenures sought within the Local Plan.

We support the removal of the reference in bullet point c to small clusters referring to ‘about 15 dwellings’. However, we still consider the reference to ‘small clusters of dwellings’ is unclear, inconsistent with the supporting text, and difficult to achieve on smaller sites.

Supporting paragraph 7.10 states that affordable housing should be ‘pepper-potted’ around a development and ‘may be provided in small clusters, proportionate to the scale of development’. However, the proposed wording of Policy LP25 is less clear and does not provide sufficient guidance regarding what is considered to be a ‘small cluster’. Furthermore, supporting paragraph 7.14 still refers to small clusters consisting of about 15 dwellings. While paragraph 7.14 acknowledges that clusters of 15 affordable dwellings could be too large on smaller sites we consider this reference currently provides the only indication of what the Council considers to be a ‘small cluster’.

We wish to see this element of the policy amended to provide further clarity on what is considered to be a ‘small cluster’ in the context of the proposed development or to remove the reference altogether. We consider that this would provide a greater degree of flexibility for smaller sites.

We consider that the policy should also recognise that a site's location within the District and its local housing market characteristics could be a material consideration affecting the percentage and mix of affordable housing which can be provided on site. The District Council should recognise that the different settlements within the District have different markets for affordable housing with some areas more attractive to affordable housing providers than others. The policy wording or supporting text should reflect that, where it is supported by viability evidence, the location of sites will be a material consideration to justify a reduction in the amount of affordable housing proposed on site.

Test of Soundness	Yes/No	Reasons
Positively Prepared	No	Not meet objectively assessed development requirements
Justified	No	Not the most appropriate strategy
Effective	N/A	
Consistent with National Policy	No	Not accord with, inter alia, para 47 of NPPF

**LP30 – Rural Exceptions Housing: OBJECT**

Policy LP30 offers some flexibility to proposals outside the built-up area and provides a positive opportunity to meet housing need as a rural exception. The policy seeks to provide “*affordable housing for people with a local connection*” with the aim of increasing diversity in housing tenures and to meet Huntingdonshire’s housing need.

We support this policy in so far as it recognises that development might be necessary outside of the built-up area. The policy could enable the Council to support sites outside the built-up area of settlements to come forward to help meet the District’s housing need. The policy also recognises the need to provide both affordable and market housing on site to ensure developments are viable. This provides a counter-balance to the restrictions on development of LP2 ‘Strategy for Development’ and LP7 ‘Spatial Planning Areas’.

We are concerned however over the lack of clarity in this policy. The policy states the scale and location of the proposal must demonstrate the availability of services and infrastructure and the effect on the character of the immediate locality. This does not provide sufficient clarity to the development industry over issues such as the location of these exception sites or what scale will be acceptable.

We are also concerned that the policy may not assist with the need to provide additional affordable housing within the District due to the overly restrictive criteria for eligibility. We consider that the need for affordable houses across the District, as set out in LP25, should result in the Council allocating more new housing developments in order to achieve 40% affordable housing provision from those sites. This would address an urgent need within the District and provide access to affordable dwellings to all.

Test of Soundness	Yes/No	Reasons
Positively Prepared	No	Not meet objectively assessed development requirements
Justified	No	Not the most appropriate strategy
Effective	N/A	
Consistent with National Policy	No	Not accord with, inter alia, para 47 of NPPF

**Allocations: OBJECT**

We consider that the following allocations should have been included within Huntingdonshire Proposed Submission Local Plan:

*Land off and to the North of 66-100 Thrapston Road, Brampton*

An application for 63 dwellings was dismissed at Appeal in December 2017 (APP/H0520/W/17/3172571) as the site was considered to have a harmful impact on the local landscape and townscape.

However, we do not agree with the Inspector's findings (and we have lodged a judicial review of the decision) on this point and note the Council did not consider this site to comprise part of a valued landscape in its determination of the original planning application. We therefore consider the site is still suitable for 63 dwellings and lies within a sustainable location which would not harm the landscape or setting of Brampton.

With regard to landscape impact the site is undesignated in landscape terms, contains no features of particular value and is enclosed to the public.

The site is approximately 3.25 hectares and is located to the north of Brampton. It is currently a vacant greenfield site with residential properties to the south. To the north, east and west of the site is open land including Hinchingsbrooke Country Park and Alconbury Brook Pond. Existing agricultural and commercial uses are located to the north and north east of the site including Poplars Farm.

The majority of the site comprises semi-improved grassland, tall ruderals and scrub with the site boundaries comprising individual trees, hedgerows and scrub. Development of the site should not have a negative impact on either Hinchingsbrooke Gravel Pits or Portholme SAC. Great Crested Newts have been identified within the pond on site and appropriate mitigation would therefore be required. No reptiles have been recorded on site.

No Tree Preservation Orders are in place on site and one group of trees would require partial removal to create the vehicle entrance. A number of trees are recommended for removal for reasons of good arboricultural practice.

There are no designated heritage assets within the site and a single listed building is located 100m to the south. The closest Scheduled Monument is located 500m west of the site. Development of the site will not affect the setting of these assets due to their distance from the site and the existing screening. There is no suggestion that the site contains archaeological remains that would prohibit development.

The site lies within the Huntingdon Spatial Planning Area (SPA) and presents a sustainable location for residential development in terms of access to local facilities and amenities as well as a good level of public transport provision. The site is well located to access local schools on foot/cycle as well as local shops and larger superstores. The site is also located in close proximity to the cycling routes. The nearest bus stops are located within 250m of the site's frontage to Thrapston Road. Development of the site would not have a detrimental impact on the local highway or sustainable transport networks.

The site is located within Flood Zone 1 and all built development can be proposed outside of the modelled 1 in 1000 year flood extent. SuDs such as permeable paving and detention basins can be incorporated into any scheme to ensure that runoff rates do not exceed greenfield rates.

According to Natural England Agricultural Land Classification the site comprises Grade 3 Agricultural Land; two grades below the best quality agricultural land. The site is also suitable for affordable housing.

For the reasons above we consider that Land off and to the North of 66-100 Thrapston Road is suitable, available and achievable for the provision of new residential development within the next 5 years. Therefore the site should be included as a residential allocation within the Proposed Submission Local Plan.

#### *Thrapston Road Frontage Site*

Additionally, we consider (in the event that the site above is not allocated) that the smaller frontage site, to the east of no.66 Thrapston Road, should be considered for allocation within the Proposed Submission Local Plan.

The site is 0.49ha and capable of accommodating 14 dwellings along the frontage of Thrapston Road.

We consider that this site would address the perceived impact on the valued landscape raised in the Inspector's Appeal Decision referred to above (notwithstanding that a judicial review application has been lodged). A frontage scheme would not extend further north than the existing ribbon development, could not be described as 'in depth' and would not breach the visual boundary of Brampton.

A frontage scheme would continue the established pattern of houses and would complement the village form and settlement pattern. Additionally any impact on the character of the village edge or the landscape would be limited due to the reduced extension of development into the countryside.

The Council assessed the suitability of this site within the May 2013 Environmental Capacity Study. It was concluded at that time that only the eastern part of the site would be suitable for development owing to flood risk issues. As a result the scheme would have been below the 10 dwelling threshold for allocation within the future Local Plan so was not separately identified.

These concerns from May 2013 over flood risk have subsequently been removed owing to the more up-to-date Environment Agency flood risk maps. The Council should therefore look favourably upon new development in this location on the edge of the settlement which relates more to the built-up area than the countryside.

We consider this site should be included within Huntingdonshire Local Plan Proposed Submission.

#### *Old Ramsey Road, St Ives*

The site is approximately 10.81 hectares and is located to the north west of St Ives. It is a greenfield site currently in agricultural use with a residential property, caravan storage business



to the east (in part) and allotments to the south. To the north of the site is agricultural land and RAF Wyton a short distance further north. The site would be accessed via Old Ramsey Road.

The site lies within the St Ives SPA and is currently subject to Outline Planning application 17/00931/OUT and we consider the site is suitable for 131 dwellings.

The site mainly comprises arable land with the boundaries consisting of individual trees, scrubs, and tall ruderals. A stream runs along the northern boundary. The arable land is not in itself of ecological significance. No reptiles were found on site however the site margins do have the potential to support invertebrates, amphibians, reptiles, breeding birds, foraging and commuting bats and hedgehogs. The site also has the potential to support Barn Owls as a Barn Owl box is present on the western boundary.

It is not necessary to remove any trees to enable development but a section of hedgerow on the eastern boundary of the site will need to be removed to facilitate vehicle access. The remaining boundary landscaping can be retained and enhanced through sensitive planting.

There are no designated heritage assets within the study site or the surrounding 1km search area. Evidence provided from the Historic Environment Record demonstrates that the site is considered to have low/negligible potential for significant archaeological evidence from all periods.

Vehicular access to the site could be provided from Old Ramsey Road in the form of a priority junction designed in accordance with DMRB standards. A new footway is proposed to be provided along the western side of Old Ramsey Road. The Transport Assessment establishes that the site enjoys a sustainable location in respect of the services and facilities and in respect of available public transport. A proposed development of 131 dwellings would not be anticipated to have a material impact on the operation of the local highway network.

The site is primarily located in Flood Zone 1 and is not considered to be at a significant risk of flooding from any sources assessed. However, parts of the site adjacent to the ordinary watercourse are at 'medium' to 'high' risk of surface water flooding and therefore any proposed development should be located wholly outside of this area. Sustainable Drainage can also be incorporated into the scheme to ensure that runoff rates do not exceed greenfield rates. This can be done through permeable paving and a retention basin on site.

As the site is located within Flood Zone 1 it is sequentially preferable to a number of sites assessed within the 2017 HELAA. We calculate there are 11 sites with flood risk issues assessed within the HELAA. We consider that these sites are sequentially less preferable to Land off Old Ramsey Road and the Council has failed the sequential test set out in the NPPF by not adequately assessing this site within Flood Zone 1 before actively promoting other sites.

The allocation of some sites within Flood Zone 2 may be necessary in order to meet the Council's Objectively Assessed Need but they should be shown to meet the Sequential and Exception Tests set out in the NPPF. We object to these sites being allocated before all possible sites within Flood Zone 1 have been assessed and allocated where they are identified as being sustainable.

The majority of the site comprises Grade 2 agricultural land. Therefore, we consider the development would not involve the loss of the best quality Grade 1 agricultural land. The site is located in very close proximity to the built up area of St Ives with urban uses immediately to the south east of the site.

The site could also provide additional affordable housing. The Proposed Submission Local Plan sets a target of 40% affordable housing on residential sites. We consider that this site could provide 40% affordable housing (equating to 52 units), or potentially more, while remaining viable. This development site could therefore provide a significant number of the affordable dwellings requirement within St Ives.

A Sustainability Matrix based on the Council's HELAA criteria was prepared and submitted with application 17/00931/OUT and the previously withdrawn application 16/01884/OUT. This found that of the 23 criteria tested, there were 12 positive returns, 10 neutral and only 1 negative (relating to the site not being previously developed land). We therefore object to the fact that a number of sites have been allocated as a result of the 2017 HELAA which have a similar or higher number of negative impacts when assessed against the sustainability criteria.

For the reasons above we consider that land off Old Ramsey Road is suitable, available and achievable for the provision of new residential development within the next 5 years. Therefore the site should be included within the Huntingdonshire Local Plan to 2036: Proposed Submission.

#### *Meeting Lane, Needingworth*

The site is approximately 4.9 hectares and is located on the north west edge of Needingworth.

Needingworth is identified as a small settlement in the draft Local Plan. Draft Policy LP10 'Small Settlements' states that "*a proposal for development on land well-related to the built-up area may be supported where it accords with the specific opportunities allowed for through other policies of this plan*". We contend that land at Meeting Lane is very well related to the existing built up area.

The site is greenfield and accessible from either Meeting Lane or the High Street. The site lies primarily in Flood Zone 1 although access issues need to be satisfactorily resolved. It is located a short distance to the north of two bus stops and Needingworth Post Office. We therefore consider that the site is a sustainable location for development.

The site was assessed within the Housing & Economic Land Availability Assessment December 2017. Overall the appraisal was positive with some of the main positive features including the sites close proximity to Overcote Lane playing fields, Needingworth Village Hall, Post Office and One Stop Shop. The site is also only 700m away from the Holy Church of England Primary School and 1.9km from Needingworth Industrial Estate.

However, the Sustainability Appraisal within the 2017 HELAA concluded that the "*the site is not considered suitable for development as it contributes significantly to the character area of the local area*".

This conclusion seems to run counter to the overall assessment and is seemingly based on the fact the site would be inappropriate for higher density development.

We consider the site to be suitable for up to 50 dwellings and is also capable of providing significant public open space. At 4.9ha such a scale of development would qualify as very low density development, well below the Council's own assessment of 'low density' development of 30 dwellings per ha in the HELAA. We therefore consider this site is suitable for low density residential development.

Furthermore the site is supported locally for additional development in the village with the Parish Council expressing a positive early view of the site’s potential.

*Meadow Lane, Ramsey*

The site is approximately 2.2 hectares and is located to the east of Bury within the Ramsey Spatial Planning Area. The site is currently greenfield with an electricity sub-station adjacent to the south-eastern corner and was previously used as a practice ground by Ramsey Golf Club. The development would be accessed from Meadow Lane off Warboys Road.

The site is approximately 650m from Bury Stores and 750m away from Bury Church of England Primary School. The site is also within 2km of both the High Lode industrial Estate and the proposed employment site at Upwood Airfield.

We consider the site is suitable for 40 dwellings, open space and additional landscaping. The site is not located in an area of flood risk. It lies on the south-eastern edge of the extensive Ramsey Conservation Area adjacent to other housing which falls outside the Conservation Area.

There is scope to provide a high quality and sensitively designed housing scheme on this site which could enhance this part of the conservation area and provide an improved edge to the settlement boundary in this location. It would also help to secure the long-term future of Ramsey Golf Club.

Accordingly, we consider the site should be allocated for low-medium density residential development in the Proposed Submission Local Plan.

A site location plan for this site is attached to this covering letter (area marked by black hatching).

Test of Soundness	Yes/No	Reasons
Positively Prepared	No	Not meet objectively assessed development requirements
Justified	No	Not the most appropriate strategy
Effective	No	Plan will not deliver levels of development needed over its period
Consistent with National Policy	No	Not accord with, inter alia, para 47 of NPPF

**Proposals Map: NOTE/OBJECT**

We consider the key to the Proposals Map is currently misleading. It contains a reference to SPA which is understood in this context to apply to ‘Special Protection Areas’ but could equally apply to ‘Spatial Planning Areas’. We consider this should be clarified and cross reference to relevant Plan policies in the key could assist in this regard.

**Conclusion**

We object to the Council’s Proposed Submission Local Plan for the reasons outlined above. We consider the Plan unduly limits potential future development sites. Further consideration of the settlement boundaries is required to deliver sites to meet, and potentially exceed, the OAN



for housing and to provide sustainable and inclusive communities for the future. We therefore consider the Local Plan, as drafted, fails the tests of soundness

RPS wish to participate at the oral examination on behalf of Abbey Properties Cambridgeshire Limited to ensure that our clients' interests are adequately addressed.

Please do not hesitate to contact either myself or my colleague Robert Mackenzie-Grieve if you require any information on, or wish to further discuss this representation letter.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'Mark Buxton', written in a cursive style.

Mark Buxton  
Director

**APPENDIX C – RESPONSE TO MATTER 4 QUESTIONS BY  
REGENERIS CONSULTING**

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**REGENERIS**

Huntingdonshire Examination in Public:  
Matter 4 Overall Provision for Housing

Regeneris Consulting

6 June 2018

Abbey Properties (Cambridgeshire) Ltd

Huntingdonshire Examination in Public:  
Matter 4 Overall Provision for Housing

6 June 2018

[www.regeneris.co.uk](http://www.regeneris.co.uk)

# 1. Response to Matter 4 Questions

- 1) **Is it justified to identify an updated OAN for housing for Huntingdonshire rather than the wider HMA? What are the implications of this for other authorities in terms of plan preparation and meeting identified needs?**

1.1 Huntingdonshire District Council's decision to identify an OAN for the district only is consistent with the approach apparently agreed amongst the seven HMA authorities. It is a pragmatic approach to addressing the issue of OAN when there are complexities in determining the OAN for a large, multi-authority HMA and from the different stages at which Local Plans for the HMA authorities stand.

1.2 However, it is not possible to conclude that paragraphs 47 and 159 of the NPPF are met by the approach taken by HDC and the other HMA authorities and the figures they have so far produced individually:

- There is at best only a superficial attempt in the HDC's Duty to Cooperate document (Core/06, Table 1 and paras. 3.7-3.21) to consider the alignment of the OANs across the HMA. Although HDC acknowledges that the 2013 SHMA OAN figures for the HMA are out of date and had to be updated (Core/06 para. 3.15), it is clear from Table 1 and para. 3.17 that the process of establishing an up-to-date, full OAN for the HMA is incomplete.
- Whilst there is a brief reference to the now out-of-date 2013 Memorandum of Cooperation on Peterborough's absorption of 2,500 dwellings<sup>1</sup> there is no indication that the implications for planned housing requirements and any unmet need of a full OAN for the HMA have been considered.
- Nor is there any indication that the assumptions made by individual HMA authorities about the flows of people (travel to work) and future employment have been considered collectively as part of the duty to cooperate process.

- 2) **Was the methodology employed in the Huntingdonshire Objectively Assessed Housing Need Update of 2017 appropriate and does it provide a robust basis for establishing the OAN?**

<sup>1</sup> Cambridgeshire & Peterborough Memorandum of Co-operation Supporting the Spatial Approach 2011-2031, 2013. The 2,500 figure is a broad estimate of the share of HMA housing need Peterborough's adopted Development Plan is assumed to absorb, and is based on out of date evidence and policies from the RSS.



1.3 It has weaknesses which mean it falls short of being a robust basis for determining the district's OAN and consequently understates the district's OAN. These weaknesses are:

- HOUS/01 contains only limited assessment of past household formation rate trends and concludes there are no grounds to adjust them, without first having sufficiently considered the evidence for Huntingdonshire. We consider that there are grounds to justify an alternative approach to household formation.
- A flawed approach to determining whether and how far the starting point population and household projections should be adjusted to account for future jobs.
- Its conclusions on the size of the market signals adjustment that should be applied to the starting point projections. We agree that an uplift in the OAN is justified, but there is insufficient evidence to support the Council's conclusion that a small uplift of 5% is either the appropriate level of increase in the OAN or that it would have any effect on improving affordability.
- Reliance on comparison with the methodology and conclusions of the 2013 SHMA to justify the approach taken in CRG 2017 and the lower OAN figure that arises from the Council's 2017 study. The 2013 SHMA is based on out-of-date evidence and there are substantial differences in several of the underlying figures on the population, households and economy that are not explained in HOUS/01.

**3) Is it justified in not making adjustments to the demographic led figure derived from the 2014 based household projections in terms of alternative migration trends, evidence on household formation rates or other factors?**

1.4 HOUS/01 concludes that no adjustment to the 2014-based household projections on the grounds that Huntingdonshire's household formation rates (HFR) in the projections are generally similar to those of England and comparator areas in 2014 (para. 64 and Figure 5). It is based on assumed similarity between different age cohorts for one year only, providing no detailed commentary on what the rates actually are, and no evidence on how past trends and the future projections compare. This is of no value in determining whether adjusted HFRs are necessary.

1.5 In evidence to the Biggin Lane inquiry (APP/H0520/W/17/3174462), the Council's witness provided additional analysis (included as Appendix 2 in this statement, paras. 4.12-4.15) on the household projections by comparing projected changes in HFRs from 2011-36. The conclusion was that there was sufficient similarity between the projections for

Huntingdonshire and comparator areas so that no adjustment was necessary. No analysis has been provided of past trends and adverse factors which may have had a bearing on the government projections, and why there might be reasons to conclude that the 2000s had seen worsening trend in Huntingdonshire compared with both past years and that experienced in other areas.

1.6 Detailed analysis of the household projections was carried out in the Regeneris proof of evidence to the Biggin Lane Inquiry (Attached at Appendix 1, See Appendix D in this statement). It found an adjustment to be justified for these reasons:

- Affordability worsened substantially across England including in Huntingdonshire from the mid 1990s onwards, squeezing the ability of younger people to form independent households.
- The recession from 2008 saw affordability problems exacerbated by rising unemployment, static wage growth and restrictions on the availability of mortgage finance.
- Evidence that the HFR for 25-34 year olds in Huntingdonshire worsened from 2001-11 by a larger percentage than all but South Cambridgeshire and Cambridge in the HMA, the two least affordable local authority areas in the HMA, and by a larger percentage than England (See Appendix 1, Appendix D, Table A1). This also represented a marked worsening compared with the 1991-2000 period.
- Prior to 2012/13, Huntingdonshire was operating with a 'restrained' housing delivery target. A restrained housing target compared with projected household growth would have contributed to constrained household formation in that period.

1.7 There are therefore grounds to adjust HFRs for younger households, and particularly the 25-34 year old cohort. By returning household formation rates in the 25-34 cohort to the level at which they stood in 2001, before the effects of worsening affordability and recession accelerated a downward trend, the implied upward adjustment to the starting point projections gives a housing need figure of 829 dpa.

1.8 Recently published ONS population projections (2016-based) project significantly lower population growth. Taking 2011 as the base year, the new projections suggest annual population growth of 905 compared with 1,350 in the 2014-based projections.

1.9 There are several reasons why they should not be relied upon in preference to the demographic evidence used in HOUS/01 and our submissions:

- It is likely that the change is heavily influenced by two recent years of very low net migration (285 in 2015 and 147 in 2016). This is far below the average (521 a year) from 2001-16, and lower than only 2008-09. This is likely to have been driven in part by completions which have averaged 612 a year since 2011 (MON1 Table 7.5) and where completions of 514 and 534 in 2015 and 2016 were lower than average. Since the projections are driven in part by recent migration trends, very low figures would be carried forward into the new projections.
- New household projections are not released until September 2018, so it is not yet clear what are the implications for household growth and housing, and may be premature to estimate these.
- Lower population and working age population growth implies lower workforce growth. Planning for future jobs growth on the basis of an OAN driven by the 2016-based projections is therefore likely to require a more substantial uplift to the starting point projections than is currently accepted by the Council, or a decision to accept that the economy would support lower jobs growth in future than its forecasts suggest.
- The PPG (para. 016) specifies that housing need assessments do not become outdated each time new projections are issued.

1.10 For these reasons, the 2014-based projections should continue to provide the starting point for OAN.

**4) How have economic/jobs growth forecasts and changes to working age population been taken into account? Is the 4% uplift to take account of this justified?**

1.11 HOUS/01 concludes that the appropriate employment growth figure on which to assess the OAN is 12,370 net additional jobs (495 pa) for 2011-36 which equates to an annual growth rate of c. 0.6%.

1.12 The Council's conclusion that a 4% uplift to the starting point projections is necessary to respond to future change in jobs and the labour force is not justified for several reasons:

- HOUS/01 relies on only one jobs forecast (EEFM) and contains no comparisons with other forecasts or with past trends. Whilst paragraph 018 of the PPG specifies that past trends and/or forecasts should be considered, it is good practice to weigh up a range of evidence in determining future jobs growth to plan for given its importance to the alignment of housing and economic growth.

- Past employment trends data (See this statement Appendix 1, Page 23, Table 7.3), including sources (EEFM) used by the Council itself, shows that Huntingdonshire has over some past periods seen markedly higher growth than the 0.6% future growth per annum assumed in HOUS/01.
- In the 2013 SHMA, a figure of 19,000 jobs 2011-36 (760 a year) was accepted and later formed part of the 2015 Targeted Consultation by the District Council as part of the Local Plan process.
- Important differences between some assumptions that underpin the Council's preferred EEFM forecast and the ONS demographic projections. For example, the EEFM model assumes population growth that is 4,500 lower than that assumed in the ONS projections, but that there will be an extra 4,130 people aged 16-64 compared with c. 2,800 in the 2014-based ONS projections. There is no discussion in HOUS/01 of the reasons for such differences, or (for example) any assessment of apparent changes in commuting ratios in EEFM.

- 1.13 In essence, the Council simply accepts that EEFM is an integrated model and that its preferred jobs forecast figure is robust and should be entirely relied upon for OAN purposes without any critical analysis of its underlying assumptions
- 1.14 Furthermore, it is clear from HOUS/01 (paras. 86-89, para. 142 and Table 10) that the Council itself does not accept the EEFM jobs growth figure as the one linked to its OAN. It makes a 4% upward adjustment to the housing need figure compared with the starting point projection to bring its assumptions about the working age population and the dwellings they would require into line with those of EEFM. The Council accepts that the ONS projections imply a shortfall of working age resident labour to support jobs growth, hence the adjustment of an additional 630 homes compared with the government starting point projections.
- 1.15 However, in HOUS/01's later conclusions on the need for an overall 5% adjustment in its OAN (Table 10) to account for market signals (to 804 dpa), it gives a jobs growth figure of 14,400 (c. 575 pa).<sup>2</sup> This is the result of the Council having accepted that a higher housing number would support a higher number of jobs than the EEFM forecast, although it is not entirely clear how this figure has been reached. It must represent a higher growth rate than the 0.6% in EEFM, although the figure is not given in HOUS/01.

<sup>2</sup> This is rounded from 14,350

1.16 Regeneris's analysis of past jobs growth and a range of forecasts suggests a higher jobs growth figure of 710 jobs per annum (0.8% employment growth pa) applied from 2016-36 is a reasonable growth assumption to make. The EEFM data used by the Council shows that the number of people working in Huntingdonshire increased by 1,000 a year from 2011-16. This yields a housing need figure of 950 dpa when linking assumptions about the future labour force, commuting and unemployment are applied. The detail of those assumptions is set out in Chapter 7 of the Regeneris proof of evidence to the Biggin Lane Inquiry (attached at Appendix 1) and includes:

- Reasonable assumptions that economic activity rates will increase over the period from 2011-36, including in older age groups as the state pension age increases. This generates extra residents in the district's workforce.
  - A fall in unemployment since 2011 which also brings more of the resident population into the active workforce.
  - A ratio of working residents to jobs (1.15) which reflects the important role of Huntingdonshire as a residential location for people commuting to Cambridge and elsewhere, and which allows for the number of people commuting into and out of the district to change as the population and employment base increases.
- 5) **How have market signals been taken into account? What do they show? What is the basis for the 5% uplift? Is this appropriate or should it be higher? Is it appropriate to include the uplift for economic/jobs growth within this figure?**

1.17 Detailed analysis of market signals evidence is contained in the Regeneris Biggin Lane proof (attached at Appendix 1, Chapter 8). It agrees with the Council's conclusion that analysis of a full range of market signals evidence justifies an uplift to the demographic projection to address affordability. In particular:

- Lower quartile and median house price to earnings ratios exceed 8.0 and are well above the England average.
- The latest ONS affordability ratio release (April 2018) gives workplace-based ratios of 8.76 and 9.15 for Huntingdonshire in 2017.

1.18 There is clear evidence of worsening in both house price increase data and affordability ratios data over both the long and short term. The percentage worsening from 2016-2017 on the lower quartile measure exceeds that of all the HMA districts with the exception of St. Edmundsbury.

- 1.19 Average monthly rental prices that at £575 in 2016 were also well above the England average of £495 with an increase of 24% since 2011, an increase exceeded only by Cambridge in the HMA.
- 1.20 Whilst the district has comparatively lower house prices than other HMA districts, this is in the context of a high value housing market in Cambridgeshire, and one that faces and acknowledges it has significant affordability challenges.
- 1.21 The PPG (para. 020) is clear that, after comparisons of market signals evidence are 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.'
- 1.22 On at least two indicators, Huntingdonshire has seen trends worsen at faster rates than the national average and several relevant comparators. On these grounds alone, there is a clear case for an upward adjustment if the approach specified by the PPG is followed.
- 1.23 The key issue is the size of the market signals uplift of 5% applied by the Council. It is flawed for several reasons:
- A 5% adjustment to the Council's proposed OAN amounts to an extra 960 dwellings in 25 years or only 38 pa to the unadjusted projections figure.
  - HOUS/01 provides little justification for selecting 5% as the appropriate figure, other than to refer to the Planning Advisory Service guidance produced in 2016, to the application of the 10% flat rate approach applied by Inspectors in other local plan examinations, and to its assessment that the evidence for Huntingdonshire suggests very modest adverse market signals evidence (HOUS/01 para. 112) and requires only a moderate adjustment.
  - In the Council's evidence to the Biggin Lane Inquiry (Appendix 2, Table 2) it refers to market signals adjustments being proposed for Cambridge (30%), South Cambridgeshire (10%) and indirectly to Forest Heath (5%) to provide further justification for the Huntingdonshire figure on the basis of its consistency in the way that it has been applied and the size of the adjustment relative to market signals evidence elsewhere in the HMA. None of the relevant Local Plans have yet been adopted and it is premature to conclude both that these adjustments are reasonable and that the approach proposed for each area is the most appropriate.
  - The Council's evidence offers no explanation as to why a 5% adjustment might reasonably be expected to ease affordability pressure. The PPG specifies (para.

020) that a market signals adjustment should be reasonable and be expected to improve affordability.

1.24 A range of evidence and the emerging revised PPG for housing need assessment clearly suggests much higher adjustments being required to achieve marked improvements in affordability:

- In proposed revisions to the PPG currently subject to consultation by the DHCLG, a market signals uplift of 27% taking the full OAN to 1,010 dpa for Huntingdonshire is implied.
- The March 2016 Local Plans Expert Group proposals for a revised OAN method implied a 20% market signals uplift for Huntingdonshire based on house price and rental affordability measures. Applied to proposed method set out by LPEG, this would imply an OAN of 958 dpa.
- The 2016 Redfern Review was underpinned by evidence that implied a c. 44% uplift on the household projections would be necessary to keep house price inflation in check. Applied to the starting point projections for Huntingdonshire, this implies an OAN of 1,098 dpa with a market signals adjustment on this basis.
- The conclusion that very substantial uplifts are necessary to address affordability is also rooted in the research that underpinned the 2004 Barker Review. Set against the projected demand linked to the most recent national household projections, this implies a c. 23% increase over 210,000 households a year. Applied to the Huntingdonshire starting point projections, this implies around 937 dpa, a figure broadly consistent with the implications of the LPEG approach.

1.25 On the basis of this evidence, a market signals uplift of at least 20% for Huntingdonshire (implying at least 914 dpa) would be justified if affordability is to be addressed, and higher uplifts of the order suggested by the emerging OAN guidance would not be unreasonable (ie c. 1,000 dpa).

1.26 The Council's approach in HOUS/01 appears to be that, since a 5% uplift on the starting point housing need figure will enable the district to support more extra jobs than the EEFM forecast, it will also address economic growth needs. This assumes both that the Council's jobs growth figure and the detail of the population and labour force modelling that underpins it is robust and reasonable. The weaknesses in this evidence suggest that it cannot be relied on to justify the conclusion that the 5% uplift will also address economic growth needs.

**6) Given the scale of identified affordable housing need, should the OAN be increased to assist in delivering more? If so to what extent?**

1.27 The affordable requirement identified by HOUS/01 is 7,897 or 316 pa (para 136). This represents 39% of the proposed annual OAN of 804 dpa. Policy LP25 sets a target of 40% affordable housing in schemes of >11 units, a figure the Council considers justified on the basis of its viability evidence.

1.28 HOUS/01 (Figure 20) shows that, from 2002-16, annual average affordable housing delivery as a percentage of total housing completions was 21% and the district only achieved completions of 300 in two of the fourteen years over the period. The study concludes also that:

*'This proportion is above the average percentage of affordable dwelling completions over the period of available data. If it could help deliver the required number of affordable homes, HDC should consider an increase in the total housing.'*

1.29 No such specific adjustment to the proposed housing requirement is made in the Submission Local Plan. However, an upward adjustment to the overall requirement has the potential to increase the delivery of affordable homes and address the potential shortfall against affordable housing need if the district falls short of its 40% target.

**7) In overall terms is the OAN of 20,100 between 2011-2036 (804/yr) appropriate and justified? Is there a basis to arrive at an alternative figure and if so what?**

1.30 There is an alternative figure justified by the evidence described in this hearing statement:

- A starting point housing need figure of 765 dpa.
- An economic growth adjustment that would take the figure to 950 dpa.
- A market signals adjustment which at a minimum would yield 914 dpa and where higher figures would be justified (958 dpa and 1,010 dpa).

1.31 An overall OAN of 950 dpa would therefore be appropriate for Huntingdonshire.

**8) Is the Local Plan justified in seeking to make provision to meet this OAN? Is there a case to make provision for a higher or lower number? How does it compare with past rates of delivery?**

1.32 No comment.



**9) Is the approach of the Local Plan towards housing provision and jobs growth/employment land provision consistent?**

1.33 In short, it is impossible to determine from the Local Plan whether and if so how the jobs growth figure it commits to (+14,400 jobs 2011-36) linked to its proposed housing requirement is consistent with the allocations of employment land outlined in the Plan. There are no direct references to this 14,400 figure in relation to employment land. Whilst allocations of employment land are identified in various places in the Plan (eg. Figure 2, Key Diagram), there is no simple summary of the total allocations and commentary on how these are derived from any employment growth evidence.

**Appendix 1: Proof of Evidence of Dr  
Ricardo Gomez, Biggin Lane Inquiry  
(Attached separately)**



**REGENERIS**

# Objectively Assessed Housing Need in Huntingdonshire

A Proof of Evidence by  
Ricardo Gomez of Regeneris Consulting  
November 2017

# Objectively Assessed Housing Need in Huntingdonshire

Town and Country Planning Act 1990

Appeal by Abbey Properties Cambridgeshire Ltd, Robert, Daphne and Susan Pickard

Land at Biggin Lane, Ramsey

PINS Ref: APP/H0520/W/17/3174462

11 November 2017

[www.regeneris.co.uk](http://www.regeneris.co.uk)

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**Appendix A - Extract from Fairford Appeal Decision**

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**Appendix B - Extracts from Saltburn Appeal Decision**

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**Appendix C - Planning for the right homes in the right places: consultation proposals**

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**Appendix D - Additional Analysis of Population and Household Projections**



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**Appendix L - Excerpt from OAN Proof of Evidence, Lucks Lane Inquiry**



# 1. Scope of Evidence

- 1.1 A relevant matter for this inquiry is whether Huntingdonshire District Council can currently demonstrate a five-year supply of land for housing.
- 1.2 There is no NPPF compliant Local Plan Housing requirement to use in the five-year land supply calculation.
- 1.3 In this situation, it is for the Inspector to conclude on what is the appropriate housing requirement to be used for the purposes of this appeal.
- 1.4 My evidence therefore addresses the matter of the appropriate objectively assessed need (OAN) figure to use for this inquiry for the purposes of the five year housing land supply calculation. In this proof of evidence I do the following:
  - Summarise the key areas of agreement between my evidence and that of the Council. On the latter, I focus chiefly on the Cambridge Research Group/Cambridgeshire County Council study Huntingdonshire Objectively Assessed Housing Need (April 2017, CD 5.2). I understand that this is the district's most up-to-date and comprehensive OAN study.
  - Describe the process for determining OAN specified in government guidance and through practice which I have applied in my assessment.
  - Briefly set out the chronology of the Council's OAN evidence.
  - Set out my evidence on each of the main components of the OAN, and my final conclusions on the OAN figure for Huntingdonshire. Throughout, I compare my evidence to that of the Council.
- 1.5 I gave evidence on Huntingdonshire's OAN at a recent inquiry (October 2017) relating to land at Thrapston Road, Brampton (PINS Ref: APP/H0520/W/17/3172571). I maintain the same core figures in my proof but include some amendments to address points raised at that previous inquiry.
- 1.6 My proof also takes account of OAN evidence prepared by consultants RPS in 2015 and submitted with the planning application in 2016.
- 1.7 To make the best use of inquiry time on what is a complex matter, I focus in the body of my proof on those aspects of our respective OAN evidence where there are significant differences. Where I have provided the inquiry with additional evidence, I include this in appendices to my proof.



- 1.8 A summary of my case and my conclusions is provided in my conclusions in Section 9 of my proof of evidence.





## 2. Credentials of Witness

- 2.1 My name is Dr Ricardo Gomez (BA, MA, PhD). I am a Director with Regeneris Consulting, a specialist economic and regeneration consultancy.
- 2.2 I graduated from Staffordshire University with a BA in 1994 then took a MA at the University of Hull. I then undertook a PhD on European Union trade policy at the University of Glasgow on an ESRC scholarship. After completing my study in 1999 I spent 4 years as an academic researcher and lecturer at the universities of Strathclyde, Edinburgh, Manchester and Bristol. In my last university research and teaching post I was a member of the Centre for Urban Studies at the University of Bristol. I then spent 2 years as a regional policy adviser to Lancashire County Council.
- 2.3 I joined Regeneris as a Senior Consultant in 2005 and became an Associate Director in 2008. I have been a Director of the company since 2013. The company is a specialist economic development and regeneration consultancy. We work for private and public-sector clients providing housing need assessment, economic impact analysis, employment land studies and other research relevant to the planning system. Members of the Regeneris team and I have given evidence on housing need at numerous public inquiries and examinations in public of Local Plans.
- 2.4 My experience includes:
- Providing evidence at planning appeals and Examinations in Public addressing matters of housing need and the socio-economic benefits of housing development. I have provided expert witness evidence on OAN at Section 78 inquiries in Aylesbury Vale, Gloucestershire, Huntingdonshire, Lancashire, Newark and Sherwood, Redcar and Cleveland, Warwickshire, Sedgefield, Stratford-on-Avon and Wokingham. I have provided evidence at EIPs in Aylesbury Vale, Basingstoke and Deane, Blackburn with Darwen, Cheshire West and Chester, Chorley, High Peak, North West Leicestershire and Stratford-on-Avon.
  - Overseeing and managing studies on housing need and the socio-economic impact of proposed housing or commercial developments for sites and wider areas in 35 local authority boroughs in England and Scotland.
  - Leading the socio-economics analysis to support outline and full planning applications for large scale and new mixed use residential developments in England and Scotland.



- Overseeing the preparation of socio-economics chapters for the Environmental Impact Assessments submitted with planning applications for large-scale residential schemes and a wide range of smaller housing developments.

2.5 The evidence which I have prepared and provided for this appeal (PINS Ref: (APP/H0520/W/17/3174462) in this proof of evidence is true and has been prepared and is given in accordance with the guidance of my professional institution and I confirm that the opinions expressed are my true and professional opinions based on research carried out by my company in the past 12 months. In providing expert evidence to the inquiry I am fully aware that my duty is to the inquiry and I provide my honestly held professional view, irrespective of by whom I am employed.



### 3. Key Points of Agreement and Difference

3.1 In section 4 of my proof, I explain in more detail what government guidance and practice has established as the process for determining an area's OAN. Essentially, the key steps are:

- 1) Start with government household projections produced by the Department for Communities and Local Government, and the population projections that underpin them. This will yield a future dwellings estimate.
- 2) Assess whether there are any aspects of population or household evidence which point to future change that might reasonably be expected to be different to that implied by the government projections. This could in turn imply a different future dwellings need figure.
- 3) Consider the alignment of future jobs, population and labour force change. If projected population and labour force change do not align with future employment growth, the implication may again be a different dwellings figure to that of the first two steps.
- 4) Review a range of market signals evidence about house prices, affordability and development rates. Assess whether any additional adjustment to the housing need figure should be made explicitly to respond to adverse market signals evidence. The purpose is to increase the planned supply of housing to a level that could help improve affordability.
- 5) Consider the OAN against affordable housing need in the area, and what contribution that OAN could make to the future delivery of affordable housing making reasonable assumptions about the proportion of all future housing which might be affordable.
- 6) Determine on the basis of this evidence what is the OAN for the area.

3.2 My evidence and that of the Council in the CRG 2017 Report (CD 5.2) follows these steps, although there are some differences in our respective approaches and the technical detail of our analysis.

3.3 To assist the inquiry I first set out below the main areas of agreement and difference between my OAN approach and that of Huntingdonshire District Council.



Table 3.1 Areas of Agreement and Difference in Approach, Appellant and Council

	Appellant	Council	Substantive Difference?
Housing Market Area	Focus on Huntingdonshire only for purposes of inquiry	OAN evidence in CRG April 2017 report for Huntingdonshire only	No
Starting Point Projection	Department for Communities and Local Government (DCLG) and Office for National Statistics (ONS) 2014-based projections are appropriate starting point	Uses DCLG and ONS 2014-based projections	No
Adjustments to Demographic Projections	Tests a range of alternative trajectories but concludes no alternative population projection more appropriate. Adjusts population for employment growth.	Tests the government projections data and alternative trajectories but concludes that no adjustment necessary. Adjusts population for employment growth.	No
Adjustments to Household Projections	Concludes there are grounds to adjust household formation rate trajectory for younger people and shows implications of this for OAN.	Concludes that no adjustment to the household projections data is necessary.	Substantive difference
Adjustment for Employment Growth	Upward adjustment to demographic projection necessary.	Adjustment to EEFM projection is necessary.	Substantive difference on potential level of employment growth and how to assess jobs-housing alignment.
Market Signals Adjustment	Market signals uplift to OAN justified. Evidence to indicate 20% uplift to demographic OAN as a minimum. At least a 20% uplift to demographic OAN is appropriate.	Market signals uplift to OAN is justified. Conclusion is that a 5% uplift to demographic OAN is appropriate.	Agree that an adjustment is appropriate, but substantive difference on size of uplift.

3.4 I summarise below what this means for the OAN numbers. I conclude that the minimum OAN for housing in Huntingdonshire should be 950 dpa. The Council's conclusion is that the OAN is 804 dpa.



Table 3.2 Appellant and Council OAN figures (Dwellings Per Annum)

	Appellant	Council
Step 1: Starting point demographic and household projections	762 dpa	765 dpa
Step 2: Adjustments to starting point projections	829 dpa	na
Step 3: Adjustment for future employment growth (starting point + economic growth uplift)	950 dpa	796 dpa
Step 4: With market signals adjustment (starting point + market signals uplift)	914 dpa (minimum)	804 dpa
Step 5: Overall OAN	950 dpa (minimum)	804 dpa

- 3.5 The final OAN figure I arrive it is 950 dpa and I arrive at this figure taking account of the outcome of the range of scenarios I have modelled and which I set out in this proof. The Council's 804 dpa figure is the result of the Council applying a 5% uplift to the starting point household projections figure.



## 4. How to Formulate an OAN

### NPPF

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- 4.1 The National Planning Policy Framework (NPPF) issued in March 2012 sets out an explicit and unambiguous target to “boost significantly the supply of housing” (CD 6.1 para 47). The 27 March 2012 NPPF launch speech from Greg Clark stated...“This National Planning Policy Framework will help build the homes the next generation needs”.
- 4.2 The primacy of the housing delivery target is rooted in underpinning government analysis released prior to the launch of NPPF. The government’s November 2011 Laying the Foundations : A Housing Strategy for England states:
- “...for decades in Britain we have under-built. By the time we came to office, house building rates had reached lows not seen in peace-time since the 1920s”. Foreword from David Cameron and Nick Clegg.
  - “The problems we face are stark – we have not built enough new homes for more than a generation” (Para 5, Executive Summary).
- 4.3 The NPPF is clear on the importance of Local Planning Authorities (LPAs) ensuring they have properly assessed housing need. In paragraph 47 it says 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...’.
- 4.4 Para 50 states that “...to deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities. Local planning authorities should....plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community...”
- 4.5 Paragraph 158 of the Framework requires that LPAs ‘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’.
- 4.6 There is further clarity on what should be involved in the process of assessing housing needs in paragraph 159, under the Plan Making heading. The NPPF states that LPAs should “prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The Strategic Housing Market Assessment 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;
- 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”.

## National Planning Practice Guidance (March 2014)

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- 4.7 The Government published National Planning Practice Guidance in March 2014 (CD 6.3). The PPG provides more clarity on the process for measuring objectively assessed housing need, and identifies **three broad steps** that should be included:
- 4.8 **First, the guidance makes it clear that Government household projections are a starting point for identifying housing need**, but they may require adjustment by plan makers. Specifically, the guidance says:
- “The household projections are trend based, i.e. they provide the household levels and structures that would result if the assumptions based on previous demographic trends in the population and rates of household formation were to be realised in practice. They do not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour” (para. 15 of the section on Methodology: Assessing Housing Needs – see CD 6.3).
- 4.9 And:
- “...plan makers may consider sensitivity testing, specific to their local circumstances, based on alternative assumptions in relation to the underlying demographic projections and household formation rates”. (CD 6.3, para 17)
- 4.10 The PAS guidance document (Objectively Assessed Need and Housing Targets Technical Advice Note, July 2015, CD 8.5) states that it is necessary to explore alternative demographic assessments...“The base period used in the latest official projections, 2007-12, is especially problematic. The period covers all of the last recession, in which migration was severely suppressed as many households were unable to move due to falling incomes and tight credit. Therefore the official projections may underestimate future migration - so that they show too little population growth for the more prosperous parts of the country, which have been recipients of net migration in the past”. (CD 8.5, para 6.23).



- 4.11 The PAS guidance is pointing to the potential for future projections based on longer-term past migration trends to be tested. Since natural change (birth and death rates) is relatively stable over time, migration in and out of an area is the key variable in demographic change. The rationale for testing longer-term past trends than the 5/6-year reference period used in the official projections is that it would take account of migration trends in both recessionary and pre-recessionary periods (for example, if a reference period from 2002-14 were used).
- 4.12 At the time the PPG and the PAS Guidance were published, the 2012-based projections were the latest official projections available for OAN purposes. However, these have been superseded by the 2014-based projections released in mid-2016. Whilst these newer projections use a different reference period (2008/9-2014), the grounds for considering sensitivity testing the projections based on alternative and longer-term migration trends remains. Recessionary conditions prevailed for much of the period from 2008 to 2013 and so the issue of projecting forward on the basis of recent recessionary trends still provides some justification for considering alternative periods.
- 4.13 The rationale for testing alternative household formation rates to those used in the government projections is similar. Essentially, the DCLG projections translate projected population change into household numbers by applying a set of rates at which people of different ages and genders would be expected to form independent households. Since the rates used by the DCLG are also based on past trends, there are grounds for testing alternative trajectories to those assumed in the official projections.
- 4.14 **Second, the guidance is clear on the need to build economic growth assumptions into assessments of housing requirements in local areas.** On how to factor economic growth into plans it states:

“Plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area” (CD 6.3 para. 19).

“Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility or other sustainable options such as walking or cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems” (CD 6.3 para. 19).





4.15 There have been some Councils that argue an OAN can be based only on demographic forecasts and should not build in any economic growth assumptions. This is not correct. A recent Inspector's decision letter makes this clear:

"The Council argues that the advice in the PPG does not require local planning authorities to increase their figure for OAN to reflect employment considerations, but only to consider how the location of new housing or infrastructure development could help address the problems arising from such considerations. I disagree. In my view, the PPG requires employment trends to be reflected in the OAN, as they are likely to affect the need for housing. They are not "policy on" considerations but part of the elements that go towards reaching a "policy off" OAN, before the application of policy considerations" (Fairford Appeal Decision, 22<sup>nd</sup> September 2014, APP/F1610/A/14/2213318, para. 19, see excerpt at Appendix A).

4.16 The July 2015 PAS note (CD 8.5) also provides useful guidance on this matter. In discussing the factors that should be included in an OAN (defined as being "above the line" by PAS) and those which should be excluded (defined as "below the line"), the PAS guidance says:

- "Future jobs belongs above the line, because jobs impact on the demand for housing (many people want to live near their workplaces or new job opportunities), independent of any policy considerations" (CD 8.5, para 4.5)

4.17 A recent case in Redcar and Cleveland (Saltburn Appeal Decision, 6<sup>th</sup> December 2015, APP/V0728/W/15/3006780) offers insights on this matter. The relevant extracts from the decision letter from Inspector Rose can be found at Appendix B.

4.18 At the Redcar and Cleveland appeal the appellant's OAN explained that determining the OAN for housing was essentially a three-step process (demographic starting point plus economic considerations plus market signals considerations). The Council argued at some length that they were not obliged to consider economic factors and assess the case for an economic adjustment as part of the OAN process. Instead they argued they could rely solely on the CLG household projections.

4.19 Inspector Rose agreed with the appellant's approach and was critical of Redcar & Cleveland Council's failure to address economic considerations in determining the OAN:

- "The appellant does not take issue with the Council's assessment of household projections, but considers that figure only to represent the starting part for assessment, and only reflects one element of overall housing need" (para 66).



- “I find that the Council’s assessment of housing need, by failing to take proper account of economic implications, falls significantly short of the expectations of both the Guidance and of PAS” (para 71).
- “...I find no justification for the Council to confine its assessment of housing need in the way it has” (para 81).
- “I have also noted a number of appeal decisions quoted, none of which give any authority for disregarding economic considerations and which generally indicate the appellant’s three-stage approach to be well-established” (para 72).

4.20 There are now numerous instances of appeal decisions wrestling with issues of economic growth rates. It is clear that the economic adjustment is an issue for both plan making and decision taking.

4.21 **Third, affordability issues and market signals** are recognised in the PPG as factors which should be considered in establishing housing requirements. The guidance sets out a series of indicators on prices, (land, house purchases, rent), affordability, overcrowding and development rates (CD 6.3 para. 019). It recommends (para. 20) analysis of these trends and comparison with other areas.

4.22 The purpose of this analysis is specified by the PPG as follows:

‘The housing need number suggested by household projections (the starting point) 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. Prices or rents rising faster than the national/local average may well indicate particular market undersupply relative to demand (para. 019).

4.23 The process the PPG requires is therefore to determine whether there is evidence of worsening trends relative to national and/or local averages. The clear implication is that this is likely to indicate that there is a mismatch between the supply of housing and demand.

4.24 The need for an adjustment which could lead to change in the balance of supply and demand is the focus of para. 020 of the PPG. It states that:

‘A worsening trend in any of these indicators will require upward 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 (eg the differential between land prices), the larger the improvement in affordability needed and, therefore, the larger the additional supply response should be' (para. 20).

4.25 Further on the question of the uplift to improve affordability, paragraph 020 states:

'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 period.'

## The Recent Housing White Paper

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4.26 In February 2017 the government published its Housing White Paper - *Fixing our broken Housing Market* (CD 6.2).

4.27 The White Paper confirms that the issues which underpinned the release of NPPF in 2012 remain true today, and have in fact intensified.

4.28 The White Paper states:

- "I want to fix this broken market so that housing is more affordable and people have the security they need to plan for the future. The starting point is to build more homes. This will slow the rise in housing costs so that more ordinary working families can afford to buy a home and it will also bring the cost of renting down. We need to build many more houses, of the type people want to live in, in the places they want to live. To do so requires a comprehensive approach that tackles failure at every point in the system". Foreword from the Prime Minister.
- "This country doesn't have enough homes. That's not a personal opinion or a political calculation. It's a simple statement of fact. For decades, the pace of house building has been sluggish at best. As a result, the number of new homes has not kept pace with our growing population. And that, in turn, has created a market that fails to work for far too many people". Foreword from the Secretary of State.
- "The housing market in this country is broken, and the cause is very simple: for too long, we haven't built enough homes. Since the 1970s, there have been on average 160,000 new homes each year in England. The consensus is that we need from 225,000 to 275,000 or more homes per year to keep up with population growth and start to tackle years of under-supply. This isn't because there's no space, or because



the country is “full”. Only around 11 per cent of land in England has been built on. The problem is threefold: not enough local authorities planning for the homes they need; house building that is simply too slow; and a construction industry that is too reliant on a small number of big players.” Introduction p9.

4.29 The White Paper states at p.23 that:

- “The current approach to identifying housing requirements is particularly complex and lacks transparency. The National Planning Policy Framework (NPPF) sets out clear criteria but is silent on how this should be done. The lack of a standard methodology for doing this makes the process opaque for local people and may mean that the number of homes needed is not fully recognised. It has also led to lengthy debate during local plan examinations about the validity of the particular methodology used, causing unnecessary delay and wasting taxpayers’ money. The Government believes that a more standardised approach would provide a more transparent and more consistent basis for plan production, one which is more realistic about the current and future housing pressures in each place and is consistent with our modern Industrial Strategy. This would include the importance of taking account of the needs of different groups, for example older people”.
- “The Government will, therefore, consult on options for introducing a standardised approach to assessing housing requirements. We will publish this consultation at the earliest opportunity this year, with the outcome reflected in changes to the National Planning Policy Framework”.

4.30 The new proposed methodology was issued for consultation in September 2017 and I comment on its implications in my proof of evidence (Attached as separate Appendix C to my proof). Essentially it proposes a much simplified methodology for OAN, treating the household projections as the starting point and applying upward adjustments for market signals.

## What Spatial Area to Use?

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4.31 NPPF paragraph 47 states that 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...’.

4.32 I have reviewed evidence produced both by Cambridgeshire local planning authorities, including the 2013 Strategic Housing Market Assessment (CD 8.1), and national statistics. Both confirm that the appropriate HMA for Huntingdonshire comprises seven local



authority areas spanning Cambridgeshire and Suffolk. They are Cambridge, East Cambridgeshire, Fenland, Forest Heath, Huntingdonshire, South Cambridgeshire and St Edmundsbury.

- 4.33 However, I recognise that the HMA planning authorities including Huntingdonshire District Council are progressing with their local plans on the basis of OAN evidence produced for the individual districts. This is the case with the study produced by the Cambridgeshire Research Group/Cambridgeshire County Council in April 2017, and which is the most recent evidence submitted on OAN by Huntingdonshire District Council (CD 5.2).
- 4.34 In focusing on the OAN for Huntingdonshire only, I am therefore maintaining consistency with the approach adopted by the Council.
- 4.35 Since this inquiry needs to determine the appropriate OAN to use for the purposes of assessing the 5 YLS, this lends further weight to a focus on the district alone. The practice of identifying the OAN for an area is a complex exercise, and one which engages with the relevant figures for seven districts would considerably extend the evidence put before the inquiry, and would not in my view be proportionate for the purposes of this inquiry.

## What is the Appropriate Timescale to Use?

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- 4.36 The PPG states (CD 6.3 para. 015) that the data in the latest government population and household projections, which are currently the 2014-based projections, should be used as the starting point in establishing the OAN.
- 4.37 However, Huntingdonshire District Council's emerging Local Plan is concerned with planning for the 25 years from 2011 to 2036, and its most recent OAN evidence (CD 5.2) identifies housing need figures for this time period.
- 4.38 My opinion is that some care needs to be exercised in using 2011 as the start date. Over the past 6 years to 2017, there have been changes in the district's population, household formation, employment, and labour force which have a bearing on both the official government population and household projections, and on economic forecasts. These changes should be carefully considered in arriving at a reasonable and evidence-based view about likely future change.
- 4.39 The Council has not considered in any detail how change in population, households, housing, jobs and the labour market since 2011 may bear upon its projections and supporting evidence post-2016.



4.40 For this reason, I show throughout my proof figures for 2011-36 but comment where relevant on the implications of what has happened since 2011 for my analysis and that of the Council.

## My OAN Methodology

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4.41 My approach to identifying the OAN for Huntingdonshire for the purposes of this Inquiry is to follow each of the core steps identified by the NPPF and PPG. That is:

- 1: Start with the official (ONS and DCLG) population and household projections.
- 2: Determine whether these starting point projections should be sensitivity tested and whether alternative assumptions should be applied in preference. These may give rise to adjusted calculations of the OAN linked to demographic and household change.
- 3: Assess whether further adjustments are necessary to the OAN linked to employment growth and changes in the labour supply.
- 4: Consider market signals evidence and determined whether an adjustment to the OAN figure should be made in response to adverse market signals evidence.

4.42 To carry out my assessment, I use POPGROUP, a software package which is used extensively by local planning authorities and consultants to model future housing need. This package has also been used by the Cambridge Research Group in its 2017 study for Huntingdonshire (CD 5.2).

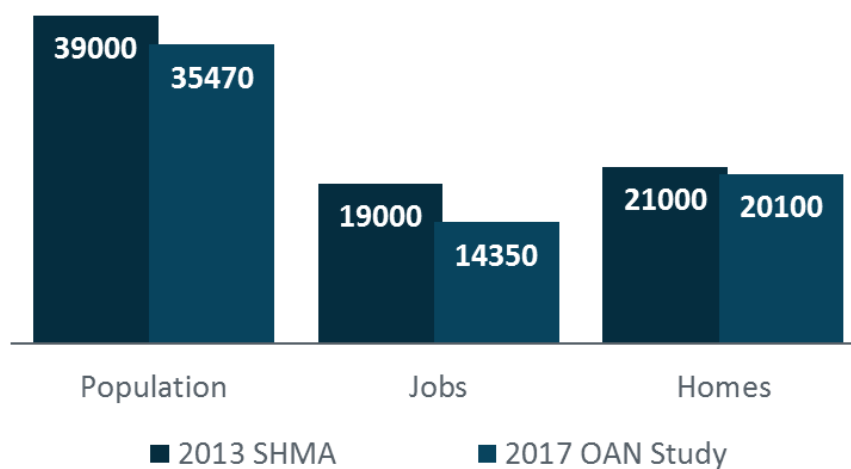


## 5. Essential Chronology on Huntingdonshire's OAN

- 5.1 Much of my commentary on the Council's evidence centres on the CRG 2017 study (CD 5.2). This is the most up-to-date analysis available, produced for the Council and submitted as part of its evidence to accompany the Council's emerging Local Plan currently out for consultation.
- 5.2 Prior to this, earlier evidence was produced in 2013 in the form of the Cambridge housing sub-region Strategic Housing Market Assessment (May 2013, CD 8.1) and an accompanying Technical Report produced by Cambridgeshire County Council in April 2013 (CD 8.2).
- 5.3 A long period has elapsed between the 2013 and 2017 evidence, with much new data on population, housing and the economy released over this period which has a direct bearing on the district's OAN figures.
- 5.4 The key point to draw from the studies is that, despite a slight reduction in the OAN from 21,000 (840) dpa in the 2013 study to 20,100 (804 dpa) in the 2017 study, Huntingdonshire District Council is identifying a housing requirement in its emerging Local Plan which is in line with the 2013 OAN figure (21,000 or 840 dpa).
- 5.5 To assist the Inquiry, I compare below the headline figures from the earlier and recent OAN studies produced for Huntingdonshire District Council. The data shows that, whilst there are marked falls in both the population and jobs assumed in the 2017 evidence, the recommended OAN figures are much closer.



Figure 5.1 Comparison of Key OAN Figures, Council's Evidence, Change 2011-36



Source: CD 8.1, Chapter 8 Table 10 and CD 5.2, Table 7

- 5.6 At the Thrapston Road inquiry, the Council emphasised consistency between the 2013 SHMA and the CRG study, describing the latter as having been 'based on' the former (CD 10.2, para. 46).
- 5.7 My point is that there are clearly some substantive differences in these key numbers between the 2013 SHMA and the 2017 CRG study, with both future population and jobs considerably lower in the 2017 study. However, there is a lack of any critical analysis of these differences, nor to how they have been factored into the judgement the Council makes about the population and jobs it should plan for. In essence, it is simply accepting in its OAN figure that these lower numbers are appropriate, reasonable and consistent with the 2013 SHMA approach.





## 6. Step 1: Demographic Starting Point

- 6.1 I have highlighted that the PPG establishes the official ONS and DCLG population and household projections as the starting point for OAN. I consider in this section what the most up to date projections and population data imply is the starting point OAN for Huntingdonshire.
- 6.2 To focus on the key points and limit the volume of data and text in the main part of this proof, I have included in Appendix D my more detailed consideration of the projections and related population and household data. However, since I consider that there are grounds to make an adjustment to the household projections, I deal with this issue in the body of my proof.

### 2014-based Starting Point Projections

- 6.3 The DCLG starting point projections (2014-based) giving population growth of 33,785 and household change of 18,585 for the period from 2011-36. In the table below I show how the 2014-based projections compare with the earlier 2012-based projections used in the Cambridge Sub-Region SHMA (2013).

Table 6.1 Huntingdonshire Population and Household Change, 2011-36

	Population Change 2011-36	Annual Change	Household Change 2011-36)	Annual Change	Dwellings Change	Annual Dwellings
2014-based	33,772	1,351	18,590	744	19,050	762
2012-based	28,775 (17%)	1,151	16,500 (24%)	660	16,900	675

Source: ONS Sub-National Population Projections (SNPP 2012 and 2014-based); DCLG Households Projections (2012 and 2014-based). 25 year numbers are rounded to nearest 10.

- 6.4 I agree with the Cambridgeshire Research Group's analysis (CD 5.2, Table 2) that shows the same starting point figures to which I refer above based on the SNPP 2014-based projections.
- 6.5 There is a slight difference between my dwellings change figures and those from the CRG report. My figure of 19,050 (762 dpa) compares with 19,140 (765 dpa) in the CRG study



(CD 5.2 Table 2).<sup>1</sup> The reason for this lies in the data we use to convert households to dwellings. I use the most recent DCLG Council Tax Base data and DCLG vacant dwellings data which gives a vacancy rate of 2.4%. The CRG study uses the earlier 2011 Census data to derive a vacancy rate of 3%. Essentially, this is the allowance we both make for a proportion of dwellings to be unoccupied at any given point in time, or to be second homes, and is standard practice in housing need assessment.

- 6.6 My review of the 2014-based projections suggests that they provide a reasonable starting point on potential future population change in determining Huntingdon's OAN. In this regard, my approach is the same as that taken in the CRG 2017 study (CD 5.2) in that we both use the 2014-based projections as the starting point.
- 6.7 I have, however, considered a range of possible alternative demographic and household growth scenarios as the PPG specifies should be part of the OAN process. I set out this evidence and my conclusions about it in Appendix D of my proof. I summarise my analysis here.

## Adjustments to the Demographic Projections

- 6.8 I have analysed current and past population data for Huntingdonshire, taking account of both past population change overall and past migration trends which, alongside natural change, are the driver of population growth.
- 6.9 Past population change is a key determinant of the government household projections. The household projections essentially reflect the change that would occur in the number of households based on an area's future population and the rate at which they form households. To generate the 2014-based population projections which drive the 2014-based household projections, the Office for National Statistics draws on past trends in the 5-6 year period up to 2014.
- 6.10 The PPG (CD 6.3, para. 015) is clear that adjustments to the projections may be required to reflect factors affecting local demography (ie population change in a given area) and household formation rates not captured in past trends. In housing need assessment, the widely used approach is to test alternative demographic scenarios based on longer-term past trends (for example, 10 or 15 years) compared with the 5-6 year period used by the ONS. Both the Council and I have carried out analysis of this type, and I set out the outcome of my modelling in paras. D.49-53 of my Appendix D.

<sup>1</sup> I assume that the CRG study has simply rounded the household and dwellings figures to the nearest 10.



6.11 Essentially, we are asking whether there are reasons evident in the population data to prefer a longer-term past trends scenario over the ONS projections. In both my analysis and that of the Council, we find no compelling grounds to do this.

## Adjustments to the Household Projections

6.12 The practice of assessing the grounds for adjusting the household projections follows a similar course. The PPG (CD 6.3 para. 015) specifies that the past under-supply of housing and the worsening affordability of housing may have suppressed household formation. Since the rate at which people are assumed to form households is also based on past trends, the question is whether the starting point projections carry forward the suppression of household formation. Paragraph 015 is clear that local household formation rates should be considered (ie trends in the local area).

6.13 I reach a different conclusion to that of the Council about the grounds for adjusting the household projections. I conclude that there are reasons to adjust the household formation rates so that the trajectory of future household growth differs from that assumed in the 2014-based starting point projections. The CRG 2017 study concludes that there is not.

6.14 I set out my detailed analysis in paras. D.20-D.48 of my Appendix D. My conclusions centre on the following:

- Huntingdonshire saw a marked worsening of affordability during the 2000s. It was affected in common with much of England by a long run rise in house prices. Recession from 2008, which resulted in rising rates of unemployment, static wages and constraints on the availability on mortgage finance, further exacerbated the problem.
- Evidence that the household formation rate in 25-34 year olds, the age cohort worst affected by poor affordability, fell from 2001-11 by a larger percentage than all but South Cambridgeshire and Cambridge in the HMA, and by a larger percentage than England (Table A1, my Appendix D). This represented a marked worsening compared with the earlier 1991-2000 period.
- Prior to 2012/13, Huntingdonshire had a housing delivery target that was 'restrained' (my Appendix D, para. D.47). Evidence I have reviewed does not specify the district's OAN during the 2000s, but I note that government household projections point to household growth of 860-1,000 a year over this period, the Regional Spatial Strategy target stood at 560 dpa, and the district delivered at 671 per annum from 2004-11. A restrained housing target compared with projected household growth and/or



delivery at a level which was below projected household growth would have been a constraint on household formation during the decade.

- 6.15 My conclusion is that there are grounds to conclude that future household formation might follow a different course to that of the DCLG 2014-based projections. I therefore test an alternative scenario in which household formation rates in the 25-34 year old cohort change by 2036 to the level at which they stood in 2001 (my Appendix D, para. D.49). This represents a position prior to the worsening downward trend that occurred during the 2000s as a result of the factors I have described above. It yields a housing need figure of 829 dpa, which is 25 dpa higher than the Council's preferred OAN of 804 dpa.
- 6.16 Huntingdonshire Council makes no adjustment for alternative household formation rate trajectories. The CRG study (CD 5.2, para. 64 and Table 5) finds that the evidence it reviews provides no grounds for such an adjustment. However, my point is that this is based on evidence (CD 5.2 Table 5) that household formation rates in Huntingdonshire were on par in 2014 with those of comparator areas.
- 6.17 The CRG 2017 analysis does not consider any evidence on past trends and how household formation rates have changed over time. It shows only that household formation rates in some age cohorts were higher than those in other, and some lower, in one year (2014). I do not agree that this is an appropriate method of determining whether adjustments should be applied to the household projections.

## Conclusions

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- 6.18 My conclusions on this element of Huntingdonshire's OAN are largely the same as those of the CRG 2017 study for the Council. That is, we agree that there are no compelling reasons to consider that any alternative to the official 2014-based population projections should be preferred. To this end, our starting point is the SNPP 2014 and this gives rise to a figure of 762 dpa in my analysis and 765 dpa in the Council's evidence.
- 6.19 I have found no compelling evidence to suggest that a longer-term based population projections should be preferred to the SNPP 2014. There is nothing in the earlier migration or population change during the 2000s to suggest that these years are a more reliable guide to likely future population growth than the official projections.
- 6.20 I have tested the headship rates from the 2014-based projections and tested an alternative scenario in which the trajectory of rates for 25-34 year olds follows a more positive course than the one assumed in the government projections. This results in adjusted annual housing need figure of 829 dpa.



## 7. Step 2: Economic Adjustment

- 7.1 The PPG has underlined the importance the Government has attached to ensuring that Local Plans are supportive of employment growth. The guidance requires plan makers to assess likely levels of job growth in their local area and assess the ability of the future labour force to meet these needs. Where there are projected shortages in the local labour force then the PPG effectively recognises that additional housing, over and above the base demographic projection, may have a role to play in facilitating the growth of the local labour force.
- 7.2 What is required in assessing the need for an economic adjustment is:
- A view on future jobs growth
  - A series of linking assumptions that connect jobs growth through to the need for additional housing.
- 7.3 My understanding of what the PPG specifies about how to approach an economic growth adjustment appears to be broadly shared by the CRG 2017 study for Huntingdonshire District Council. At CD 5.2 paras. 68-72 it briefly summarises the key points from the PPG on this issue.
- 7.4 I recognise that the question of the relationship between future jobs and the OAN is technically complex and contested, and that it may be considered to be an issue best addressed at an examination in public, since it is fundamentally about the alignment of jobs and housing in a local plan context. However, this aspect of my OAN calculations relies on an approach that is widely used in studies of this type and which has been an integral part of my evidence at other Section 78 inquiries.
- 7.5 Furthermore, Huntingdonshire's Local Development Scheme estimates that examination of the new Local Plan will conclude in mid-2019 (ie just under 2 years away) and it has only recently issued its consultation draft Plan. The OAN figure included in this consultation draft (20,100 or 804 dpa) emerged in April 2017, and as such has not been tested through responses to the consultation draft.
- 7.6 In view of this, it is reasonable to consider the respective evidence of the appellant and the Council on jobs and the OAN at this inquiry as part of determining the appropriate figure against which to assess Huntingdonshire's 5 year housing land supply.



## Jobs Growth

- 7.7 The PPG (CD 6.3, para. 018) specifies that plan makers should assess the likely change in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area.
- 7.8 I consider it appropriate to take account of multiple sources of information in reaching a view about future employment growth for the purposes of determining an OAN, including comparing past trends with forecasts. This is because:
- There are often significant variations between different forecasters' views of economic growth, and these views also change regularly over time. I show in the table below how forecasts for 2015 varied over the course of 18 months from February 2014 to August 2015. The point here is that the average varied over time and that there were clearly considerable differences between individual forecasters.

Table 7.1 Comparison of Forecasts for UK Employment Growth in 2015

	February 2014	July 2014	November 2014	March 2015	August 2015
Average Independent Forecasters	1.1%	1.2%	1.3%	1.2%	1.5%
Average City Forecasters	1.4%	1.4%	1.3%	1.3%	1.5%
Range	0.5- 2.4%	0.4%- 2.4%	0.5%- 1.9%	0.5- 1.8%	1.0%- 2.5%

Source: HM Treasury (Various) Forecasts for the UK Economy

- Since forecasters' base their view of the future in part on the current and short-term picture of the UK economy, changes in their view about the present state of the economy will feed through into long-term forecasts. This is further reason for considering current and past jobs data alongside different forecasts.
- Planning Inspectors have recognised both the volatility of employment forecasts and the benefit of considering several forecasts. My Appendix E provides excerpts from two sets of Inspectors' conclusions for local plan examinations (South Worcestershire and Basingstoke) in which there are remarks about this issue. In South Worcestershire, the Inspector observed that the use of three separate forecasts rather than one had added to robustness of the Council's preparatory work for the OAN (para. 11). In Basingstoke, the Inspector found that a wide range of employment growth scenarios to be appropriate given the 'volatility' of forecasts



(para. 228). Basingstoke and Deane Borough Council had demonstrated that its proposed housing requirement could support the figure at the highest end of the range it assumed.

- 7.9 My analysis therefore takes account of past jobs data over different periods, current jobs figures and different forecasts in reaching a view about the appropriate level of jobs growth for OAN purposes.

## Past Trends

- 7.10 I have first considered past evidence on jobs growth trends. Taking the period pre-recession (ie to 2007), the various data sources and measures I have reviewed show that Huntingdonshire saw jobs growth rates well in excess of 1% per annum both in terms of the number of people working in the district and the total number of jobs including government trainees and military jobs. This applies both to longer-term pre-recession trends (eg. 1991-2007) and to shorter term trends (eg. 2001-07).

Table 7.2 Pre-Recession Employment Change to 2007, Huntingdonshire

	Annual	Annual % Change
EEFM People Based (2001-2007)	2.0	2.7%
EEFM Total Jobs (2001-2007)	1.6	2.0%
Oxford Economics Total Jobs (1991-2007)	1.5	2.1%
Oxford Economics People Based (1991-2007)	2.1	3.5%
Experian Workforce Jobs (1997-2007)	1.1	1.5%
BRES/Annual Business Inquiry (Employees, 1998-2007)	1.4	2.1%
ONS Total Jobs (2000-07)	1.0	1.3%

Sources: East of England Forecasting Model (2017); Experian Local Forecasts (July 2017); ONS Business Register and Employment Survey/Annual Business Inquiry (Rescaled); ONS Jobs Density; Oxford Economics Local Economic Forecasts

- 7.11 The recent recession which took hold towards the end of 2007, the effects of which persisted until at least 2013, had a marked effect on economic growth and employment change across the UK. Taking account of past trends which include pre-recession, the recession and post-recession for the period 2015, the data show a mixed picture of growth. Employment growth rates vary from 0.6% per annum to 1.2% per annum.



Table 7.3 Employment Change to 2015

	Annual	Annual % Change
EEFM People Based (2001-15)	0.9	1.2%
EEFM Total Jobs (2001-15)	0.5	0.7%
Experian Workforce Jobs (1997-2015)	0.75	1.0%
Experian People Based (2004-15)	0.4	0.6%
BRES/Annual Business Inquiry (Employees, 1998-2015)	0.8	1.2%
BRES (Total Employment, 2009-15)	0.45	0.6%
ONS Total Jobs (2000-15)	0.7	0.8%
Census Workplace Population (2001-11)	0.8	1.1%

Sources: East of England Forecasting Model (2017); Experian Local Forecasts (July 2017); ONS Business Register and Employment Survey/Annual Business Inquiry (ABI data rescaled); ONS Jobs Density

- 7.12 As I explain later in this section, 0.6% per annum the preferred future employment growth rate assumed by the CRG 2017 study drawn from the East of England Forecasting Model. Of all the past trends data I have considered over different periods, with and without the impacts of recession included, the figure of 0.6% per annum is at the bottom of the range of past growth rates.
- 7.13 Huntingdonshire's economy is acknowledged to be one in which traditional industries continue to play an important part and are a more significant driver of employment than is the case in other areas. The consultation draft Local Plan (CD 4.2, p.20) is clear about this. It recognises that, amongst other sectors, the rural economy (food production, agriculture, tourism) is a key component of Huntingdonshire's employment base. The jobs data I have reviewed confirm this. It shows also that sectors which have seen expansion over the long term include food manufacturing, logistics/distribution, utilities, professional services and some elements of public sector activity (health and education). Logistics/distribution and professional services are sectors which continue to be amongst the sectors which have been growth nationally. Recent public spending restraint has acted as a check on the growth of public sector jobs but it also remains an important component of Huntingdonshire's economy.
- 7.14 The CRG 2017 study makes only a very brief passing reference to past trends. At para. 76 it refers to the jobs forecasts it uses as reflecting past trends and the chart at Figure 6 shows how total employment has changed according to the East of England Forecasting Model since 2001. However, there is no further commentary about the relevance of past trends in employment to the forecasts the CRG 2017 study uses, nor to the sectors that have driven past jobs growth in the area.





- 7.15 This is a limitation of the Council's evidence base. Past trends data is both publicly available and is embedded in the East of England forecasting model used by the CRG. It is reasonable to assume that consideration of past trends should be part of a comprehensive analysis of the district's future employment prospects and its implications for future housing need.
- 7.16 In summary, my analysis of past employment growth trends suggests that, pre-recession trends saw Huntingdonshire create employment at a robust rate well in excess of 1% per annum. The effects of the recession are clear in the longer-term trend data to 2015 which gives rates ranging from 0.6% pa. to 1.2% pa. The 0.6% per annum figure is the lowest of the past trends I have included in my analysis.
- 7.17 This reflects one of the key challenges in interpreting employment data. It is prone to variation depending on the starting/end point and on the measure of employment used. It is therefore important to consider a range of time periods and measures.

## Employment Forecasts

### Past and Current Forecast Evidence

- 7.18 My second step in reaching a view about future jobs growth in Huntingdonshire is to take account of employment forecasts, as the PPG also suggests. I start by considering the same set of employment forecasts used in the Council's evidence base. The CRG 2017 study (CD 5.2, para. 75) uses forecasts from the East of England Forecasting Model (EEFM). Produced in August 2016, these forecasts project total employment growth of 12,370 jobs from 2011-2036. This represents employment growth of just under 500 net new jobs a year or an annual growth rate of 0.6% pa. This would be at the lowest end of all of the past trends data I have considered in my analysis above.
- 7.19 I have also reviewed the alternative measure given by the EEFM. That is, the 'people based' indicator which measures the number of people working in the district. Since the purpose of taking account of employment growth is to assess the future number of workers needed for Huntingdonshire, this might be seen as a more appropriate measure of change although both it and total employment are frequently used in housing need assessment.
- 7.20 On the people-based measure, the EEFM suggests that employment will increase by 11,400 (2011-36) or 450 jobs a year at an annual rate of 0.55% per annum. This would represent a lower rate of growth than any of the past trends periods I have considered.
- 7.21 I have compared the latest EEFM forecasts used in the CRG 2017 study with past forecasts cited in the 2013 SHMA (CD 8.1, Section 12.2, Table 13) and the 2013 Technical Report (CD



8.2 Tables 26 and 29). In addition, I have reviewed a version of the EEFM forecast produced in 2014 covering the period 2011-31.

- 7.22 I have also obtained a set of forecasts produced for me by Experian in July 2017. I commissioned these forecasts because I consider it good practice to take account of another forecaster's view where available of future employment growth in arriving at my own conclusions about potential increases in jobs in Huntingdonshire. The CRG 2017 study uses only one set of forecasts (EEFM) and so it does not sense check them against the outputs of other forecasters. I have explained why I consider it robust to take account of both past trends data and more than one forecasting house output in assessing housing need.
- 7.23 The outputs of the various forecasts I have reviewed are shown in the table below.

	Total Jobs Change	Annual Change	Annual % Change
EEFM Baseline (2013)	5.6	0.224	0.3%
LEFM Baseline (2013)	19.8	0.792	0.9%
EEFM Alconbury (2013)*	18.3	0.732	0.8%
SHMA 2013	19.0	0.760	0.8%
EEFM 2014 (2011-31)	10.0	0.502	0.6%
EEFM August 2016	12.4	0.495	0.6%
Experian July 2017, Workforce Jobs	17.5	0.700	0.8%

Sources: Cambridge Sub-Region SHMA (2013) Section 12.2, Table 13; Cambridgeshire County Council (April 2013) Population, Housing and Employment Forecasts Technical Report, Tables 26 and 29; Experian UK Local Market Forecasts Quarterly (July 2017); East of England Forecasting Model (2014) \*Alconbury scenario included adjustment to take account of potential effects of Alconbury Enterprise Zone

- 7.24 The key point is that the EEFM figures are at the low end of the range of employment growth given by the forecasts. The latest EEFM suggests an annual rate of 0.6% per annum for 2011-36, which is somewhat lower than scenarios considered earlier by the Council in the 2013 SHMA evidence and in the recent forecasts I have obtained from Experian. The growth rates given by the forecasts are also somewhat lower than in several of the past trends periods I have considered above.
- 7.25 I note also that the 2013 SHMA and Technical Report modelled the implications of delivery of the Alconbury enterprise zone in two of the scenarios. The Technical Report suggests that this adds 8,000 net additional jobs to the total (CD 8.2, para. 5.7.1) although the effect



on the employment forecast seems to be an increase of 12,800 compared with the 2013 baseline forecast (+5,600 v. 18,400).

- 7.26 A strict application of the objective approach to determining the OAN would not include it in the process of linking employment growth to housing need. The Planning Advisory Service guidance on OAN (CD 8.5, para. 4.2) puts this very clearly:

*'It is generally accepted that the OAN as its name indicates should be derived from objective analysis of the evidence, to the exclusion of any policy objectives and value judgments; and that evidence should be entirely about need and demand, to the exclusion of any supply-side factors such as physical constraints, policy designations and adverse impacts of development. The excluded factors are 'below the line': they have no bearing on the OAN, but plan-makers should take them into account at a later stage, when translating the OAN into a provision target.'*

- 7.27 In other words, whilst Local Plan making and proposed housing requirements should take account of initiatives like Enterprise Zone delivery, the PAS guidance suggests they should typically be excluded from the calculation of the OAN.

- 7.28 However, it would be reasonable to expect the Enterprise Zone to contribute new jobs in addition to those assumed in the forecasts, since the forecasting houses do not explicitly take account of initiatives of this type. My understanding is that businesses are now operating on the site and that the Alconbury Enterprise Zone is generating new jobs.

- 7.29 Determining how future employment growth forecasts might be adjusted to take account of an initiative that is delivering new jobs in an area is also a complex exercise, since the jobs growth figures assumed by forecasts must implicitly reflect some of the impacts of new development. In this instance, the Alconbury Enterprise Zone initiative provides us with additional employment growth context to consider in arriving at a reasonable view of future jobs in Huntingdonshire.

- 7.30 My analysis of past forecasts and the Council's SHMA 2013 evidence also suggests that, in its previous housing need evidence, it has accepted much higher levels of employment growth than is the case in the CRG 2017 study which treats the EEFM August 2016 figure (12,370 2011-36 or 495 jobs a year) as the appropriate forecast figure to use. This implies that its view of the district's economy is now considerably lower than assumed 3-4 years ago. This figure is an important part of the context for the local plan, and the level of economic growth that is being planned for is an issue that has significant implications for people working and businesses in the district.



7.31 It is also important to note that the CRG 2017 does not, in the final analysis, assume that 12,370 jobs or 495 a year is the appropriate level of growth for its OAN and for local plan purposes. In Table 10 of the CRG study, it shows the outcome of adjustments it considers to be necessary that result in a revised and higher jobs growth figure of 14,350 (574 a year). To support this higher level of jobs growth, it concludes that the housing need is 804 dpa, the preferred OAN for Huntingdonshire. No annual rate of growth is provided, but I estimate this to be closer to 0.7% per annum than 0.6% per annum. I comment on this further below.

### The Appropriate Time Period

7.32 The period 2011-36 remains the emerging Local Plan period for Huntingdonshire, and the 25 years over which the Council's OAN evidence applies. However, I have two reservations about using it in my own modelling:

- In mid-2017, more than 6 years has elapsed since the start of this period during which time there is a substantial amount of evidence about actual population, employment and labour force change in Huntingdonshire. This should be taken into account in determining the OAN. As far as I can determine, the Council has carried out no such analysis in its treatment of the relationship between jobs, population, the labour force and housing.
- The period 2011-17 has seen the UK exit from recession and a bounce back in employment post-2013 as constraints on private sector investment began to be lifted. This also coincided with an upturn in the housing market.

7.33 The main impact on future employment growth centres on the difference between forecast change from 2011-36 compared with 2016-36. Since 2015 is the latest year for which actual jobs data is available from government surveys, I take 2016 as the base year for the employment forecasts.

7.34 I show in the table below how the most recent forecasts compare.

	Annual Change 2011-36	Annual % Change 2011-36	Annual Change 2016-36	Annual % Change 2016-36
EEFM Total Jobs	0.495	0.58%	0.381	0.38%
EEFM People Based	0.454	0.55%	0.321	0.44%
Experian Workforce Jobs	0.700	0.79%	0.540	0.58%



Experian Workplace Based	0.516	0.66%	0.480	0.60%
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Sources: EEFM (August 2016); Experian UK Local Market Forecasts Quarterly (July 2017)

7.35 Two issues arise from this analysis:

- The EEFM forecasts are somewhat lower than those of Experian. Experian's forecasts appear more in line with past trends growth rates, albeit still at the lowest end of the range.
- The 20 years from 2016-36 implies lower growth rates than those that apply from the 2011 starting point. This is a pattern I would expect, since the period 2011-16 saw employment rebound after recession. In essence, a significant proportion of the overall growth in the forecasts from 2011-36 has already occurred by 2016 and this is reflected in the figures with a later start year. In the EEFM data, the number of people working in Huntingdonshire is estimated to have increased by 4,900 or just under 1,000 per annum from 2011-16. In the Experian data, the equivalent annual figure is 660 a year.

7.36 In my own modelling, I have therefore tested two employment growth scenarios from the EEFM and Experian forecasts. In the EEFM scenario I use its forecast increase in the number of people working in Huntingdonshire (321 per annum) from 2016-36. In the Experian scenario I use its workplace based figure of 480 per annum from 2016-36.

7.37 In both these scenarios, my modelling takes account of change in population, jobs and the labour force between 2011 and 2016.

7.38 I have pointed to the forecast growth rates for Huntingdonshire being significantly lower than the rate of employment growth which has occurred in past years in Huntingdonshire. Furthermore, the previous forecasts used by the Council itself (SHMA 2013 and Technical Report) also point to higher growth rates than those now assumed in the CRG 2017 study.

7.39 For this reason, I also assess the implications for housing need if employment growth occurred at a future rate that is more consistent with past trends. I therefore model a growth rate of 0.8% per annum from 2016-36, which equates to an additional 710 net new jobs a year.

7.40 Growth at this level would be consistent with rates accepted in previous studies by the Council as part of the Cambridge housing sub-region SHMA (2013). Huntingdonshire has seen larger average annual increases in the number of people working in the district since 2011 based on both the EEFM data (people-based employment) and the Experian data I



have obtained. The rate of growth is also in line with the average annual growth rate assumed in the Experian model for workforce jobs from 2011-36.

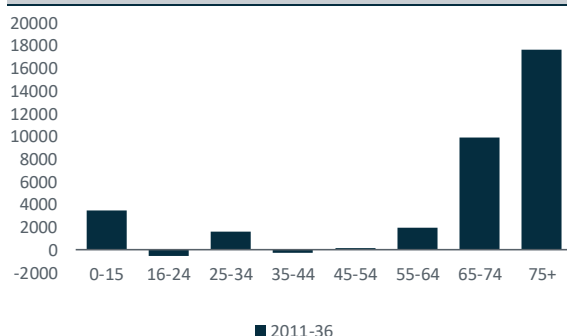
## Linking Assumptions

- 7.41 When assessing the need for employment growth adjustments to the OAN, it is necessary to make a number of linking assumptions about the future characteristics of an area's labour force. In my own modelling, this allows the POPGROUP software I use to calculate the level of population/migration change required to meet a given level of jobs growth. The approach I use is one that is commonplace in housing need assessments.
- 7.42 Essentially, I ask the question as to whether the population and housing need linked to future employment growth is different and possibly higher than that implied by the demographic projections. If the population growth given by the starting point projections suggests insufficient labour to meet future jobs growth, more in-migration of working people may need to be factored into the OAN calculation, resulting potentially in a housing need figure higher than that of the demographic projection.

## Resident Workforce

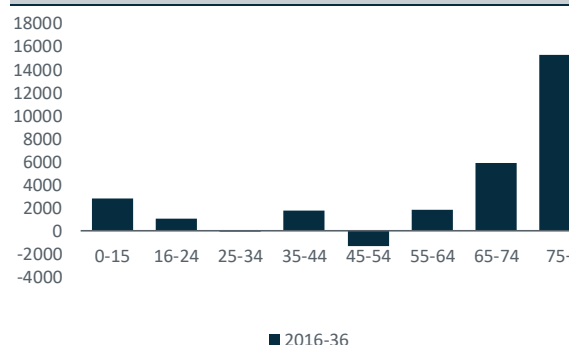
- 7.43 The starting point is to consider how the resident workforce of Huntingdonshire is projected to change over the period to 2036. The chart below shows that a substantial majority of projected population growth is expected to occur in the oldest age groups. The data show that the population aged 16-64 is projected to increase by just 2,800 compared with an increase of 27,500 in the over 65 cohort.

Figure 7.1 Population Change  
Huntingdonshire 2011-36



Source: ONS 2014-based Subnational Population Projections

Figure 7.2 Population Change  
Huntingdonshire 2016-36



Source: ONS 2014-based Sub-National Population Projections



- 7.44 On the face of it, the data suggest a mismatch between future employment growth and growth in the core of the district's resident workforce, the population aged 16-64. It appears to be an example of a situation described by the PPG where the 'supply of working age population that is economically active (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.' The PPG goes on to specify that 'in such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problem' (CD 6.3 Para. 018).
- 7.45 At the level of jobs growth assumed by the EEFM forecasts (+12,400, 2011-36), the increase far outstrips growth in the 16-64 population which is projected to be just over 2,800. Taking the period 2016-36, the picture is slightly different, with the population aged 16-64 projected to increase by around 3,250. Even at the lowest of the forecasts I have considered (321 jobs a year or 6,240 in total), this 3,250 figure still falls far short of the increase in the number of jobs. This underlines the importance of considering whether assumptions about how population and labour force projections relate to jobs in the EEFM model are reasonable and plausible.
- 7.46 However, change in the working age population is only part of the story of how Huntingdonshire's labour force is projected to change. There are other factors which will determine this change and our modelling must take account of these:
- Economic activity rates, the rate at which people of different ages and genders would be expected to participate in the workforce, will increase over time. In particular, increases in the state pension age (SPA) will take effect and accelerate the trend towards older people remaining in or re-joining the labour force.
  - Unemployment may fall over time, releasing more people into the active resident workforce.
  - A proportion of Huntingdonshire's future workforce will continue to commute into the district, whilst a proportion of its resident workforce will continue to out commute each day.
- 7.47 I consider each of these factors in turn.

### *Increasing Economic Activity Rates*

- 7.48 In all areas of the UK working lives are being extended, with enhanced economic activity in later life. To estimate future economic activity rates I have taken the base estimate of



economic activity for Huntingdonshire from the 2011 Census as this remains the most accurate picture of economic activity to date.

- 7.49 I draw my assumed changes in economic activity rates from the Office for Budget Responsibility. The OBR was established by the government to deliver independent analysis and advice about public finances, and it produces long term projections across a broad range of economic and social indicators including participation rates. As such, it is an authoritative source of such evidence and its projections are widely used in OAN studies.
- 7.50 Use of the OBR rates has been debated extensively at several recent Section 78 Planning Inquiries and examinations in public. At a recent Inquiry at Longbank Farm (Redcar and Cleveland), the Inspector concluded that greater weight should be attached to the OBR rates than those of the economic forecaster, in this instance, Experian (see my Appendix F, paras. 19-21). In the course of the Telford EiP (See excerpt at my Appendix G, paras. 4-5), the Inspector expressed concern about the realism of economic activity rate increases assumed by forecasting houses. The Inspector's decision in an Inquiry in Boreham, Essex concluded that greater weight should be attached to the OBR rates than to the rates assumed by the Council (my Appendix H, paras. 32-33).
- 7.51 The most recent long term economic activity projections were produced by the OBR in January 2017 as part of its annual Fiscal Sustainability Report series. I apply the percentage point changes assumed by the OBR to the economic activity rates of Huntingdonshire's resident population. The effect of this step in my analysis is to assume that, for the district's projected population over the next 20 years, there will be increases in the rates at which they will be expected to be economically active.
- 7.52 Economic activity rates are amongst the most complex aspects of labour force change to address in housing need assessment. There is no reliable data on what has changed since 2011 in terms of the rates of different age groups and genders, with the Census providing the most robust recent figures. Data from the ONS Annual Population Survey are given up to 2016, but are subject to large margins of error at a local authority level because of the sample sizes on which they are based.
- 7.53 Given strong recent jobs growth post-recession, it is reasonable to assume that a higher proportion of residents in Huntingdonshire (and elsewhere) are now economically active and in employment than was the case in 2011. However, there is no clear-cut evidence on exactly how rates have change.
- 7.54 To reflect this, I have sensitivity tested the OBR rates in a number of different ways in my modelling. This includes:





- Not allowing for any decline in economic activity rates in any age group over the age of 20. The OBR assumes some slight falls in rates for males aged 30-59.
- Modelling how economic activity rates might have increased between 2011 and 2016 in line with the jobs growth that has occurred in the district in this period.

7.55 The OAN figures linked to each of these sensitivity tests are set out later in this section of my proof.

## Unemployment

7.56 It is good practice to allow for the possibility that a fall in the unemployment rate will occur over time. The combination of employment growth over time and a workforce that is ageing and where the labour supply is tightening might reasonably be expected to see unemployment reduce over time.

7.57 At the time of the 2011 Census, the number of economically active residents identifying as unemployed was just under 4,000, representing a rate of around 4.2%. Model based unemployment data from the Annual Population Survey (APS) put the rate at around 5.7% in 2011, although the APS is subject to significant margins of error where the rate could be +/- 1.3% over this period.

7.58 The latest APS data puts the unemployment rate in Huntingdonshire at around 2.8% in 2016. The Experian forecast suggests a rate of 2.5% in 2016, but it assumes a rise in the unemployment rate before it levels off at around 3% in the mid-2020s. The EEFM uses a different measure of unemployment (claimant count rate) which measures unemployment benefit claimants. This puts the current rate at 0.7% and the EEFM assumes it falls to a negligible 0.4% through the 2020s.

7.59 The key point that arises from this analysis is that the unemployment rate in Huntingdonshire has already fallen to a low level since 2011. At 2.8%, this would represent a rate lower than that achieved in the district at the recent peak of the UK economy pre-recession. Given that it is also consistent with the figure assumed in the Experian data, my modelling fixes the rate at this 2.8% level throughout my projection.

7.60 There is no discussion about unemployment rate changes in the CRG 2017 study and it is not clear what the Council's evidence accepts on this issue.



## Commuting

- 7.61 My assumptions about the future workforce and jobs in Huntingdonshire must also take account of commuting. To do this, I use the ratio of working residents of Huntingdonshire to people working in the district. The most reliable source of this data remains the 2011 Census, and it gives a ratio of 1.15. This effectively means that for every 100 people working in Huntingdonshire, there are 115 residents of the district in employment.
- 7.62 The implication of this figure is that Huntingdonshire is a net exporter of labour. There are more working residents than people who work in the district.
- 7.63 There is no reference in the CRG 2017 evidence to commuting in the context of the assumptions used to arrive at the proposed OAN. However, the study recognises that there are significant outflows of (CD 5.2, Figure 2) of working residents to other areas. I have reviewed the same Census data as the CRG study and it shows that, of 89,500 working residents in Huntingdonshire in 2011, 40,700 worked in the district (c. 64%) and 31,000 worked elsewhere (36%). Of this total, 20,400 worked in six districts, the majority in the Cambridge HMA and Peterborough, together with other surrounding districts.



Table 7.6 Destination of Huntingdonshire's Out Commuters, 2011

Destination District	Number
Huntingdonshire	57,548*
Peterborough	6,026
South Cambridgeshire	5,830
Cambridge	4,716
Bedford	2,520
Westminster City of London	1,329
Central Bedfordshire	1,270
Total	21,691

Source: ONS, 2011 Census Origin-Destination Data \*Number includes people working at home or at no fixed place of work. Some of the latter group may also work outside Huntingdonshire although not clear from the Census.

7.64 I choose to fix the ratio at 1.15 throughout my projection. There are two reasons for this:

- Two of the local authority areas to which Huntingdonshire residents commute in substantial numbers (Cambridge and Peterborough) have workforce: jobs ratios well under 1.0. In Peterborough's case the figure is 0.84, in Cambridge, 0.63. This implies that both are significant net importers of labour. In other words, as important employment centres they rely on labour from the surrounding area including Huntingdonshire and I see no evidence to suggest that this pattern would be expected to change substantially.
- The Planning Advisory Service guidance (CD 8.5 para. 8.16) has cautioned against assuming changes in jobs: resident workforce ratios without evidence that there are good reasons to assume that such changes will occur. The guidance also warns that individual local authorities should not adopt these approaches unilaterally without agreeing them with other local planning authorities in an HMA.

7.65 I have also considered the resident workforce to employment ratios assumed by the two forecasting sources on which I have drawn (EEFM and Experian). There appear to be substantial differences between the two which give me further grounds to be cautious about diverting from the figures implied by the 2011 Census. In the case of the EEFM, the ratio of employed residents to people working in the district changes from 1.15 in 2011 to 1.06 at 2016 before rising again to 1.11 by 2036. The Experian data suggests a different pattern in which the ratio starts at 1.19 in 2011 and rises over the period to 2036.



## The CRG Study Approach

- 7.66 The CRG 2017 study takes a different approach to me in the way it treats employment forecasts and the assumptions about population and labour force change embedded in them. Its approach is described at CD 5.2, paras. 81-89. It centres on its view that, since the EEFM [and other forecast models] link employment and population, alternative population assumptions cannot be appropriate because the level of employment growth assumed would change if the population were different (CD 5.2, para. 82). The CRG study therefore uses the EEFM's population projection to determine whether any adjustment should be made in the OAN figure to account for employment growth.
- 7.67 The method the CRG 2017 study uses to determine the OAN linked to the EEFM forecast is fairly complicated. My understanding having reviewed the description of the approach (CD 5.2, paras. 83-88) is that it takes the EEFM's population figures and applies its own calculations of the household formation rates that should be applied to this population to arrive at a dwellings figure. Since the projected size and age structure of the EEFM's population is different to that of the official projections, it concludes (CD 5.2 Table 6 and paras. 88-89) that an uplift of 4% is necessary, giving an OAN of 19,910 (796 dpa) compared with 19,140 (765 dpa) in the SNPP 2014 scenario.
- 7.68 There are several important issues that the study does not consider in adopting this approach and in drawing its conclusions on the OAN figures:
- The lack of any consideration of what past trends or other forecasts suggest about the future trajectory for Huntingdonshire's employment, including reference to forecasts it has presented earlier. It simply accepts the EEFM figure as the only one that should be considered. I have shown that past trends data shows much more positive growth rates than the rate assumed in the EEFM.
  - The lack of any critical analysis of the population assumptions embedded in the EEFM modelling. For example, it is clear that the population growth assumed by the EEFM is c. 4,500 lower than that assumed by the SNPP 2014, but there is no explanation given as to why this should be the case. I note that the EEFM shows an annual dwellings requirement of 668 (16,688 in total) from 2011-36 in its August 2016 output<sup>2</sup>. In other words, planning on the basis of the housing need identified by the

<sup>2</sup> I cannot explain the difference between my reading of the EEFM's household and dwellings projections (+16,570 and +16,688, 2011-36) and those cited by the CRG 2017 study at Table 6 (+16,820 and +17,320).



EEFM model would imply a much lower figure than even the starting point demographic projections suggest.

- Similarly, the EEFM's projected increase in what is defined as the working age population (16-64) is 4,130 compared with 2,816 in the SNPP 2014. This is 32% higher but there is no explanation as to why the pattern of population change should be expected to be significantly different to that of the SNPP 2014 in this age cohort.
- The absence of any critical review or evidence about whether the economic activity and employment rates assumed in the EEFM should be regarded as reasonable and likely to occur. I have reviewed the EEFM and it is simply not possible to establish what is assumed about changes in economic activity and employment rates in different age cohorts. I have pointed earlier in my proof to instances in which Inspectors have criticised excessively optimistic assumptions in forecasters' models but there is no detail provided in the CRG study to establish whether such analysis has been carried out.
- The lack of any analysis of commuting and the EEFM's assumptions about it. The EEFM assumes changes in the ratio of working residents to jobs in the district. Again, there is no explanation given or commentary on the evidence that would support an assumption of this kind, nor on its implication for neighbouring areas in the HMA.
- The limited detail on workforce change provided in the EEFM shows that, whilst the working age population is projected to increase by 4,130, the number of employed residents is projected to rise by 10,000. Even allowing for a fall of 1,900 in the number of unemployed residents, this suggests that some significant increases in participation and employment rates must occur, potentially in older age cohorts. These should at least be considered in the Council's evidence.

7.69 I have shown that there are sound reasons to question some of the assumptions embedded in the EEFM model as part of a test of their robustness. The Council's evidence does not set out any analysis of the assumptions in the EEFM, and my view is that the EEFM should not be relied upon as the only source of evidence that should be used to determine what jobs growth figure and related OAN linked to employment change is appropriate for Huntingdonshire. This underlines my view that a robust approach to economic growth adjustments in OAN should take account of past trends and multiple sources of forecast evidence.



- 7.70 Furthermore, the CRG study itself appears not to accept the EEFM's own estimates of housing need linked to its employment growth projections. The CRG's figure of 796 dpa is substantially higher (by 130 dpa) than the equivalent housing growth figure of 668 dpa in the EEFM's outputs for what appears to be the same jobs forecast. No explanation of this is given in the CRG 2017 study.
- 7.71 It is also important to note that Huntingdonshire District Council itself does not appear to accept that the EEFM's employment forecast is either the appropriate level of jobs growth for its OAN or for its emerging local plan. The CRG 2017 (CD 5.2 para. 142) study concludes that the jobs growth figure linked to its preferred OAN of 20,100 (804 dpa) is 14,350 jobs (574 pa) rather than the EEFM figure of 12,370 or 495 per annum (CD 5.2 Table 6). This higher figure, rounded up to 14,400, is cited in the consultation draft Local Plan as part of the objectively assessed development need for Huntingdonshire (CD 4.2, para. 4.1 and p. 24).
- 7.72 This higher jobs growth figure is not based on an alternative forecast or a revision of the EEFM forecast in light of past trends. It is a number derived from the higher housing and population number linked to the CRG's preferred OAN in which the household projections starting point is increased by 5% to take account of market signals. Essentially, the higher housing number is assumed to bring extra people and jobs. The CRG study explains that the EEFM has modelled the implications of the adjusted housing number (804 dpa) to provide the higher jobs figure (CD 5.2 para. 142).
- 7.73 There is no further supporting evidence in the CRG 2017 study to explain in any detail how it is derived, although I take it that it is based on the assumptions embedded in the EEFM model. As such, the 14,400 jobs figure is not an objective representation of likely future jobs growth, but a constrained policy figure linked to the preferred OAN. It is therefore inconsistent with the PPG's paragraph 004 (Reference ID: 2a-004-20140306) which requires the objective assessment of need to be based on 'facts and unbiased evidence'.

### **Adjusted OAN Figures for Employment Growth**

- 7.74 Having followed the steps I outline above, I show in the table below the key outputs from my modelling of three employment growth scenarios.



Table 7.7 Key Figures for Employment Growth Adjustment Scenarios, 2011-36

	Population Change	Average Annual Net Migration	Household Change	Dwellings Change	Dwellings per annum
321 jobs pa.	30,820	715	17,580	18,014	720
480 jobs pa.	37,260	878	19,932	20,424	816
710 Jobs pa.	46,560	1,113	23,341	23,850	943-964

- 7.75 The results of my sensitivity tests give OANs ranging from 943 to 964 dpa linked to jobs growth of 710 per annum. I have also shown the implications of the lower jobs growth figures from the Experian and EEFM data, applying my assumptions to derive housing need figures.

## Conclusions

- 7.76 I have considered a range of past trends and job forecast as the PPG requires in determining whether and what scale of economic growth adjustment should be applied in Huntingdonshire's OAN. In contrast, Huntingdonshire District Council's CRG study considers only one forecast (EEFM) and says very little about the relevance of past growth trends.
- 7.77 I do not accept that all of the EEFM's figures should be accepted uncritically, and that no alternative view of change is possible. Indeed, the CRG study itself concludes that the housing need implied by the EEFM is much higher than the model itself suggests. This approach is also based on a view of employment change from 2016-36 that would see Huntingdonshire create jobs at a rate of only 321 a year, a rate far short of past growth rates in the district.
- 7.78 Whilst I recognise that there is currently some uncertainty about the growth trajectory of the UK economy, my analysis of employment change suggests that a growth rate of 0.8% pa (or 710 jobs a year 2016-36) is reasonable when considered against past long-term trends and recent growth rates. As such, I regard an OAN figure around 950 dpa as the appropriate housing need number linked to jobs growth at this level.



## 8. Step 3: Market Signals Adjustment

- 8.1 The PPG (CD 6.3 para. 019) provides guidance on the indicators that should be assessed within an analysis of market signals. These indicators comprise land values, rates of development, house prices, rents, affordability, overcrowding/hidden households and land prices.
- 8.2 Where indicators show a worsening trend then PPG specifies that plan makers 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' (CD 6.3, para. 020).
- 8.3 No definition of what is reasonable is given in the PPG, but I refer in this section of my proof to a range of approaches that have been applied in market signals uplifts in other places and which I consider most appropriate for Huntingdonshire.
- 8.4 I show in this section of my proof that:
- There is clear evidence of worsening trends for Huntingdonshire on several indicators.
  - The district is in a worse position than some HMA districts and the England average on most indicators. On several indicators, it is significantly worse than the national average.
- 8.5 My conclusion is that there are clear grounds for an upward adjustment to account for market signals, and that this should be set at a level which is markedly higher than the Council's preferred figure of 5% if any improvement in affordability is to be achieved.

### Land Values

- 8.6 I lack access to a data source that provides up-to-date residential land value figures to compare across areas. The most recent data I have obtained is the DCLG's Land Value Estimates for Policy Appraisal guidance, produced in February 2015, shown in the table below. The data do not suggest that Huntingdonshire is significantly more expensive than most other districts in the HMA, and that it has lower value residential land with permissions than some areas.





Area	Post Permission Value Per Ha
Cambridge	£5.7
South Cambridgeshire	£3.2
England	£2.0
St.Edmundsbury	£1.8
Maidstone	£1.6
<b>Huntingdonshire</b>	<b>£1.5</b>
East Cambridgeshire	£1.0
Forest Heath	£0.9
Fenland	£0.4
East Northants	£0.8

Source: DCLG (February 2015) Land Value Estimates for Policy Appraisal, Table 1

## Rates of Development

- 8.7 I have referred earlier in my proof of evidence to the rates at which new housing has been delivered in Huntingdonshire. My analysis shows clearly that since 2011 delivery has lagged well behind either the figure that the Council accepts as its OAN or its emerging housing requirement. Prior to 2011, I do not have an OAN figure against which to assess delivery of new housing in Huntingdonshire but delivery appears to have been on average below the levels implied by earlier household projections.
- 8.8 I accept that, as per the CRG study's analysis (CD 5.2, figure 15), the delivery rate was higher than either the Structure Plan figure or the East of England Plan targets, although it is not clear that either represented OANs, or how they related to starting point household projections figures.
- 8.9 I have reviewed evidence on completions across Cambridgeshire and the HMA including the Suffolk districts from Cambridgeshire County Council, covering the period 2001-11. The data appears in Table 13 of the 2013 Technical Report (CD 8.2), and data from the DCLG's published tables (Table 125) which gives total dwelling stock estimates. Taking 2001 as the start point, I have compared the total change in the stock of dwellings implied by this data.
- 8.10 The data put Huntingdonshire in the two lowest ranking local authority areas in terms of change in the housing stock between 2001 and 2011.



Table 8.2 Change in Dwelling Stock 2001-11

Local Authority Area	Change in Dwelling Stock, 2001-11
Cambridgeshire	13%
Cambridge	11%
East Cambridgeshire	19%
Fenland	16%
<b>Huntingdonshire</b>	<b>10%</b>
South Cambridgeshire	14%
Forest Heath	11%
St Edmundsbury	10%

Sources: DCLG Live Tables, Table 125, <https://www.gov.uk/government/statistical-data-sets/live-tables-on-dwelling-stock-including-vacants>; CD 8.2, Table 13

- 8.11 Whilst the trajectory of housing growth in Huntingdonshire may have tracked that of other areas, the net increase it saw in its stock from 2001-11 appears to lag that of comparator areas at a time when there was a national problem of housing supply failing to keep pace with demand.

### House Prices

- 8.12 I start by considering current lower quartile house prices and how these have changed in the long run and over the past 5 years. Lower quartile prices are theoretically in the segment of the market which should be most affordable to those on lower incomes, so represent the best indicator of affordability of homes to buy. The data do not suggest that Huntingdonshire is in a significantly worse position than several of the HMA districts, although it is substantially less affordable than England and three comparators areas on this measure. It has seen house prices increase much faster than the England average over the 2011-16 period.



Table 8.3 Lower Quartile House Prices and Change to 2016

	Lower Quartile Average Price 2016	% Change 1996-2016	% Change 2011-16
Cambridge	£320,000	433%	60%
South Cambridgeshire	£262,000	323%	42%
HMA Simple Average	£201,900	318%	37%
Maidstone	£196,000	260%	26%
East Cambridgeshire	£195,000	298%	34%
St Edmundsbury	£187,500	308%	34%
<b>Huntingdonshire</b>	<b>£175,000</b>	<b>289%</b>	<b>30%</b>
East Northamptonshire	£150,000	308%	30%
Forest Heath	£146,500	249%	22%
England	£145,000	237%	16%
Fenland	£127,500	276%	23%

Source: ONS, Ratio of house price to workplace-based earnings (lower quartile and median), 1997 to 2016

- 8.13 For Huntingdonshire, the increase from 2011-16 represents a rise from £140,000 to £175,000, or a substantial £35,000 jump in prices fuelled by the housing market's recovery post-recession.
- 8.14 The picture is very similar on the median house price measure. Again, the district has a higher house price than the England average and has seen the rate of change worsen at a faster rate than England and two of the comparator areas.
- 8.15 In 2011, Huntingdonshire's median housing price stood at £180,000, so the 5 year increase to £225,000 represents a rise of £45,000. Increases at this level far outstrip the rate at which wages have increased in the same period.



Table 8.4 Median House Prices and Change to 2016

Area	Median Average House Price 2016	Change 1997-2016	Change 2011-16
Cambridge	£415,000	419%	66%
South Cambridgeshire	£331,000	295%	39%
Maidstone	£265,000	263%	34%
HMA Simple Average	£259,429	309%	38%
East Cambridgeshire	£250,000	303%	35%
St Edmundsbury	£245,000	309%	35%
<b>Huntingdonshire</b>	<b>£225,000</b>	<b>275%</b>	<b>29%</b>
England	£220,000	267%	22%
Forest Heath	£190,000	255%	23%
Fenland	£160,000	256%	22%

Source: ONS, Ratio of house price to workplace-based earnings (lower quartile and median), 1997 to 2016

- 8.16 On the basis of the house price evidence, Huntingdonshire does not stand out as significantly worse than other districts comparatively significantly worse than most of the other HMA areas. However, the rates at which prices have increased exceed those of England and Fenland and Forest Heath since 2011.

### Affordability Ratios

- 8.17 Affordability ratios measure the ratio of house prices to incomes, and are a key measure to consider in market signals assessment. On the lower quartile measures, the data suggest that at over 8.0, house prices are likely to be unaffordable for many lower income households. The district's ratio is higher than that of England and three of the comparators.
- 8.18 On rates of change, the district has seen its rate worsen faster than that of England and three comparators.



Table 8.5 Lower Quartile Affordability Ratios and Change to 2016

Area	Lower Quartile Affordability Ratio, 2016	Change 1997-2016	Change 2011-16
Cambridge	13.32	196%	46%
South Cambridgeshire	11.03	146%	25%
Maidstone	9.95	109%	18%
St Edmundsbury	9.90	153%	25%
HMA Simple Average	9.53	136%	23%
East Cambridgeshire	9.39	105%	15%
<b>Huntingdonshire</b>	<b>8.04</b>	<b>119%</b>	<b>16%</b>
East Northamptonshire	7.86	166%	18%
Forest Heath	7.82	97%	10%
Fenland	7.20	130%	15%
England	7.16	101%	7%

Source: ONS, Ratio of house price to workplace-based earnings (lower quartile and median), 1997 to 2016

- 8.19 On the median measure, Huntingdonshire has a higher ratio than that of three comparators and England. At 8.25 it is well above the England average. The rate of change has been worse than three comparators and England in the long run and short run. Notably the ratio has worsened faster than that of East Cambridgeshire since 2011.

Table 8.6 Median Affordability Ratio and Change to 2016

Area	Affordability Ratio 2016	Change 1997-2016	Change 2011-16
Cambridge	12.97	192%	50%
South Cambridgeshire	10.12	123%	29%
Maidstone	10.03	119%	25%
East Cambridgeshire	9.47	142%	20%
St Edmundsbury	9.37	145%	28%
HMA Simple Average	9.27	139%	30%
<b>Huntingdonshire</b>	<b>8.25</b>	<b>125%</b>	<b>23%</b>
Forest Heath	8.17	102%	36%
East Northamptonshire	7.89	150%	16%
England	7.72	118%	14%
Fenland	6.57	139%	16%

Source: ONS, Ratio of house price to workplace-based earnings (lower quartile and median), 1997 to 2016



- 8.20 The affordability ratio evidence therefore suggest that Huntingdonshire is in a comparatively worse position than England and several comparators both in terms of absolute values and rates of change over time.
- 8.21 This is a key test of affordability and the need for a market signals uplift. A ratio of 8+ far exceeds what could reasonable be considered to be affordable for those on average and lower than average incomes, and is contributing to growing numbers of people opting for private rented property and, in the case of younger people, to live at home with parents longer than they might otherwise do.

### Rental Prices

- 8.22 Private rental price data suggest that Huntingdonshire has comparatively lower prices. Notably, however, the district has seen its rental price worsen at a faster rate than all of the comparators and England with the exception of Cambridge from 2011-16.

Table 8.7 Lower Quartile Rents and Change 2011-16

Area	Monthly Rent 2016	Change 2011-16
Cambridge	815	48%
South Cambridgeshire	750	15%
Forest Heath	650	18%
Maidstone	650	13%
East Cambridgeshire	650	18%
St Edmundsbury	600	20%
<b>Huntingdonshire</b>	<b>575</b>	<b>24%</b>
East of England	570	19%
East Northamptonshire	500	11%
England	495	10%
Fenland	475	6%

Source: Valuation Office Agency (2017) Private Rental Market Statistics

- 8.23 On the median rent indicator, the picture is different, with Huntingdonshire seeing a rate of change which is on par with that of several districts, but higher than that of England and three of the comparator areas.



Table 8.8 Median Rents and Change 2011-16

Area	Average Rent 2016	Change 2011-16
Cambridge	1,100	38%
Forest Heath	900	38%
South Cambridgeshire	875	19%
East Cambridgeshire	750	17%
Maidstone	750	15%
St Edmundsbury	725	26%
East of England	695	17%
<b>Huntingdonshire</b>	<b>675</b>	<b>17%</b>
England	650	14%
East Northamptonshire	595	11%
Fenland	550	5%

Source: Valuation Office Agency (2017) Private Rental Market Statistics

- 8.24 The rental price data suggest that, at the more affordable lower quartile end of the market, the combined pressure of high house prices and poor affordability, pressure from other areas and the relatively lower prices in Huntingdonshire may be creating pressure on the rental market reflected in prices that are increasing faster than in other locations.

### Concealed Households

- 8.25 Concealed households are an indicator of stress in the housing market, representing households which might otherwise live independently but which are actually living as part of another household.
- 8.26 The data show that Huntingdonshire saw the third highest percentage change in the number of concealed households between 2001 and 2011. This represented an increase from 0.7% to 1.4% of all households over this period.



Table 8.9 Concealed Households 2001-11

	2001	2011	Change 2001-11
Cambridge	202	476	136%
Forest Heath	93	177	90%
South Cambridgeshire	285	507	78%
East Cambridgeshire	180	286	59%
Maidstone	347	666	92%
St Edmundsbury	164	367	124%
Cambridgeshire	1,221	2,425	99%
Huntingdonshire	315	688	118%
England	161,254	275,954	71%
East Northamptonshire	150	252	68%
Fenland	246	468	90%

Source: ONS Census 2001 and 2011, Tables S011 and LC1110EW

8.27 On this measure, Huntingdonshire fares worse than most of the comparator areas I have considered.

### Other Context

8.28 I have also considered other housing market contextual data. For example, Huntingdonshire saw from 2001-11 an 18 percentage point fall in the proportion of 25-34 year olds owning their own homes. Analysis by Shelter in 2014 put the number of young, working adults living with parents in Huntingdonshire at just under 6,100.<sup>3</sup>

### Summary

8.29 On the basis of the evidence I have reviewed, I share the CRG study's conclusion that a market signals uplift for Huntingdonshire is justified by some of the market signals evidence. Summarising the evidence I have considered, there are two indicators (rates of development and concealed households) where Huntingdonshire is certainly in a comparatively worse position in terms of change over time. It is clearly in a significantly worse position than the England average on many of the indicators. Whilst the district is comparatively more affordable than the majority of the comparators, this should also be seen in the context of what is a high value housing market in Cambridgeshire, and one that faces and acknowledges it has significant affordability challenges.

<sup>3</sup> [http://england.shelter.org.uk/\\_data/assets/pdf\\_file/0007/906820/2014\\_07\\_The\\_Clipped\\_Wing\\_Generation\\_FINAL.pdf](http://england.shelter.org.uk/_data/assets/pdf_file/0007/906820/2014_07_The_Clipped_Wing_Generation_FINAL.pdf)





8.30 The PPG (CD 6.3 para. 020) is clear that, after comparisons of market signals evidence are 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.' (my emphasis added).

8.31 On at least two of these indicators, I have shown that Huntingdonshire has seen trends worsen at faster rates than the comparators I have considered. On these grounds alone there is a clear case for an upward adjustment. My comparison of indicators with other districts and the England average further underlines the case for an adjustment.

### **What is the appropriate uplift?**

8.32 The PPG is clear that the purpose of a market signals adjustment is to adjust supply relative to assessed demand such that affordability might reasonably be expected to improve over time. This does not mean falling prices. Rather, it could imply price inflation slowing relative to changes in income so that affordability ratios improve.

8.33 Whilst the CRG study and I agree that a market signals uplift is appropriate, I do not share its conclusion that a 5% uplift on the demographic OAN is the appropriate response (CD 5.2 para. 112). The CRG study explains that this adjustment adds 960 dwellings or just 38 a year to the unadjusted projections based figure (CD 5.2, Table 7).

8.34 The only justification for the uplift proposed in the CRG study is given at para. 112. Here, the study's conclusion is that the flat rate 10% applied by a number of planning inspectors and cited in the PAS guidance (CD 8.5, para. 7.19) is not appropriate and is too high for Huntingdonshire. The reason appears to be that the evidence provides grounds for only a 'very modest' uplift (CD 5.2 para. 112), which is set at half the 10% flat rate applied elsewhere.

8.35 I consider this rationale and the scale of the uplift to be flawed in two respects:

- There is no explanation in the study as to why an adjustment of this size would be expected to have any marked effect on house prices and affordability. At best, it is difficult to see why an uplift amounting to 38 dpa would have any discernible impact on the balance of supply and demand in the district.
- There is no reference to the market signals uplifts proposed and applied in the OANs of other HMA local authorities. Whilst the focus of the CRG study is on the district alone, the uplifts applied for market signals in other areas would be expected to



influence the demand-supply balance and affordability across the HMA. The effects of increasing the supply of housing explicitly to affect the demand-supply balance would be expected to operate at a larger than local scale. A higher increase in a neighbouring authority might therefore have unintended consequences for efforts to improve affordability in an area which has factored into its planned housing supply a lower adjustment.

- 8.36 I recognise that the flat rate 10% adjustments have been applied in districts with more adverse market signals than Huntingdonshire. Simply applied to the starting point OAN of 762 dpa, this would take the OAN figure to 838 dpa, a figure close to Huntingdonshire District Council's earlier housing need figure of 840 dpa.
- 8.37 At the Thrapston Road inquiry, the Council sought to justify its proposed uplift by reference to its consistency with the approach applied elsewhere in Cambridge HMA OAN studies, and in turn by reference to the adjustments applied in local plans in other areas of the country, and specifically to Planning Inspectors' conclusions at local plan examinations in Eastleigh, Uttlesford and Canterbury.
- 8.38 For two main reasons, I do not consider that this provides justification for the approach adopted by Huntingdonshire Council.
- 8.39 First, in at least one of the other Cambridge HMA studies cited by the Council, the consultants explicitly caution against relying on comparison with other areas to determine the appropriate market signals uplift. I have included the relevant passages from the Forest Heath OAN study in my Appendix I.<sup>4</sup> The study states that:
- 'From the three cases discussed above [ie Eastleigh, Uttlesford, Canterbury) we cannot draw definite conclusions about the appropriate market signals uplift for Forest Heath' (para. 6.8) and
- 'In short, the size of any market signals uplift cannot simply be inferred from earlier examples' (para. 6.9).
- 8.40 Second, my understanding is that no Planning Inspector has yet accepted the market signals uplifts proposed in the recent Cambridge HMA studies to which the Council has referred as the relevant EIPs have not yet concluded. The Forest Heath examination has taken place but no conclusions are yet available.

<sup>4</sup> Peter Brett Associates (February 2016) *Forest Heath District Market Signals and Objectively Assessed Housing Need*, para 6.8.



8.41 I have taken account of a range of evidence which points to alternative approaches to addressing this critical challenge in England's housing market and which suggest that the level of uplifts necessary to improve affordability should be substantially higher than 5%.

- 2017 Housing White Paper (CD 6.2) and Proposed New Methodology for OAN (excerpt in my Appendix C) suggest an uplift of 27% giving a total OAN of 1,010 dpa. The market signals uplift element amounts to 212 dpa.
- The March 2016 Local Plans Expert Group proposals for a revised OAN method implied a 20% market signals uplift for Huntingdonshire based on house price and rental affordability measures (see excerpt in my Appendix J). Applied to proposed method set out by LPEG, this would imply an OAN of 958 dpa as I explain in Appendix J. Applying a 20% adjustment to my starting point population and household projections figure, which I calculate to be 762 dpa, this would mean an uplift of 152 dpa giving an OAN figure of 914 dpa, or 22,860 in total.
- The 2016 Redfern Review (CD 8.4) was underpinned by evidence that implied a c. 44% uplift on the household projections would be necessary to keep house price inflation in check. This evidence has been tabled by consultants at examinations in public (see excerpts at my Appendix K and L). Applied to the starting point projections for Huntingdonshire, this implies an OAN of 1,098 dpa with a market signals adjustment on this basis.
- The 2004 Barker Review concluded that housebuilding would need to increase to 260,000 units a year to manage house price inflation downwards to a more sustainable level over the long-term. Set against the projected demand linked to the national household projections, this implies a c. 23% increase over 210,000 households a year. Applied to the Huntingdonshire starting point projections, this implies around 937 dpa, a figure broadly consistent with the implications of the LPEG approach.

## Conclusions

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8.42 Both my analysis and that of the CRG study concur that a market signals uplift should be applied in Huntingdonshire's OAN. However, I do not consider that a 5% uplift is either justified or adequate as a response to a problem that is amongst the most important policy issues facing the UK currently.



8.43 In considering alternative approaches to how a market signals uplift might be applied, the evidence I refer to implies that much larger increases are considered necessary if house price inflation and affordability is to be eased. In my analysis, the minimum OAN would be 914 dpa based on the demographic projections plus a 20% uplift. However, application of the recently published DCLG proposed new method for OAN (1,010 dpa) and my application of the LPEG approach (958 dpa) would suggest that a market signals adjusted OAN figure could be higher.



## 9. My Conclusions

- 9.1 There is an established and accepted approach to OAN analysis as set out in PPG and guidance from the Planning Advisory Service (PAS). Having established the appropriate housing market area definition, it involves a three-step process of (i) a demographic starting point based on the official CLG household projections and any appropriate adjustments to be applied (ii) assessing the need for an economic uplift and (iii) assessing the need for a market signals uplift.
- 9.2 For the purposes of this inquiry, I have carried out my analysis for Huntingdonshire only although it is clear that the district forms part of a much larger Cambridgeshire HMA. I have done so in order to enable straightforward comparison of my analysis and conclusions with that of the Council, which has prepared OAN evidence for the district only and in which there is no reference to its housing need in the context of the wider HMA. Given the approach adopted across Cambridgeshire, in which local authorities in the HMA have prepared their 'own' OAN studies, there are also pragmatic reasons to focus on Huntingdonshire only.
- 9.3 However, this is an issue which I am certain would be subject to considerable scrutiny and challenge at an examination in public. Since the Council accepts that it forms part of a wider HMA, its OAN would need to be considered in the context of the overall OAN for the HMA at the examination.
- 9.4 On the starting point projections, I conclude that the past demographic data do not provide obvious evidence that the ONS demographic projections should be adjusted.
- 9.5 The result of my analysis is a **demographic starting point of 762 dpa** based on the 2014-based government projections.
- 9.6 Unlike the CRG study, I consider that there are good reasons to test the household formation rates from the government household projections. The data suggest that household formation rates in younger cohorts of Huntingdonshire's population fell at a faster rate than was the case across most of the HMA and the England average.
- 9.7 The sensitivity testing I have carried out shows the impact of assuming that household formation rates return by 2036 to the levels at which they stood in 2001. This represents an alternative trajectory to that of the DCLG projections, and it would give an OAN of **829 dpa** compared with the 762 dpa starting point.



- 9.8 My adjustments for economic growth differ substantially to the conclusions of the CRG 2017 study. My analysis concludes that a higher rate of jobs growth than that assumed by the CRG study would be consistent with past trends in Huntingdonshire and other forecast evidence produced for the area. At 710 jobs per annum my modelling gives an OAN of **950 dpa linked to future employment growth.**
- 9.9 Finally, my assessment of market signals reaches the same conclusion as that of the CRG 2017 study in that we both agreed that an upward adjustment to respond to adverse affordability evidence is justified.
- 9.10 However, we differ considerably on the appropriate upward adjustment to make. I conclude that, as a minimum, a 20% adjustment should be applied which would give an OAN of 914 dpa. I have also pointed to several authoritative studies and to the government's newly issued consultation proposals for an OAN methodology which show that figures from **958 dpa to 1,100 dpa** could be justified.
- 9.11 On the basis of the evidence in my proof I conclude that the OAN for Huntingdonshire is **at least 950 dpa** for the period 2011 to 2036. This is the requirement figure that should be used in any 5YLS analysis at this inquiry.
- 9.12 This compares with the CRG study for Huntingdonshire District Council which proposes an OAN of 804 dpa (20,100 total), and with an emerging requirement in the consultation Local Plan of 840 dpa (21,000).



# Appendix A - Extract from Fairford Appeal Decision



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## Appeal Decision

Inquiry opened on 29 July 2014  
Site visit made on 6 August 2014

**by Sara Morgan LLB (Hons) MA Solicitor (Non-practising)**

*an Inspector appointed by the Secretary of State for Communities and Local Government*

**Decision date: 22 September 2014**

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### **Appeal Ref: APP/F1610/A/14/2213318 Land south of Cirencester Road Fairford GL7 4BS**

- The appeal is made under section 78 of the Town and Country Planning Act 1990 against a refusal to grant outline planning permission.
  - The appeal is made by Gladman Developments Ltd against the decision of Cotswold District Council.
  - The application Ref 13/03097/OUT, dated 16 July 2013, was refused by notice dated 18 November 2013.
  - The development proposed is residential development (up to 120 dwellings), access, parking, public open space, landscaping and associated infrastructure (all matters reserved other than means of access).
  - The Inquiry sat for 7 days on 29-31 July, 1 August and 4-6 August.
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### **Decision**

1. The appeal is allowed and planning permission is granted for residential development (up to 120 dwellings), access, parking, public open space, landscaping and associated infrastructure (all matters reserved other than means of access) on Land south of Cirencester Road Fairford GL7 4BS in accordance with the terms of the application, Ref 13/03097/OUT, dated 16 July 2013, subject to the conditions set out in the Schedule at the end of this decision.

### **Preliminary**

2. The application was in outline, with all matters reserved for future determination other than means of access.
3. The plans before the Council when it reached its decision were a site location plan 2013-006-PT-004, a proposed access plan TPMA 1033 005 Rev B, and a development framework plan 5514-L-03 Rev D. At the Inquiry, the Appellants requested that replacement site location plan 2013-006-PT-004 Rev D and development framework plan 5514-L-03 Rev E should be substituted for the originals. The differences between the original and proposed plans are very minor and address landownership issues. I am satisfied that no injustice would be caused to any party if the appeal were to be considered on the basis of these revised plans.
4. As the application is in outline, with only means of access to be considered at this stage, the proposed development framework plan will be regarded as illustrative.



Research suggests that planning should be on the basis of household formation patterns assumed in the 2008 projections unless there is strong local evidence to the contrary as to the likely long-term trend.

16. Nonetheless, there was agreement between Mrs Wood and Mrs Collins (giving evidence on OAN on behalf of the appellants) that a combination of the two sets of household projections should be used, rather than one or the other. Mrs Collins suggested a range of between 207 and 315 dpa based only on meeting demographic need. I have not been able to reconcile those figures with the Council's.
17. However, the appellants have gone on to consider the effect of long-term employment trends in the district, using the outputs from a recognised model, "POPGROUP", which models future housing demand. The appellants' evidence indicates that there will be a reduction in the working population of the district due to ageing, but a forecast trend based growth in jobs, so that job growth in the district is likely to exceed labour supply. They argue that if this is not taken into account in the assessment of OAN it would give rise either to unsustainable in-commuting or a harmful effect on local businesses in terms of their ability to attract labour.
18. Mrs Collins suggests as a result a requirement of between 500 and 580 dwellings per annum to meet in full demographic and employment needs. As only limited information has been provided as to the assumptions fed into the model, this outcome must be treated with some caution
19. On the other hand, the Council has not provided a figure for OAN which takes account of employment trends. The Council argues that the advice in the PPG<sup>6</sup> does not require local planning authorities to increase their figure for OAN to reflect employment considerations, but only to consider how the location of new housing or infrastructure development could help address the problems arising from such considerations. I disagree. In my view, the PPG requires employment trends to be reflected in the OAN, as they are likely to affect the need for housing. They are not "policy on" considerations but part of the elements that go towards reaching a "policy off" OAN, before the application of policy considerations. There is no evidence that the Council's figures reflect employment considerations.
20. The PPG also advises, at paragraph 2a-019, that the housing need number suggested by household projections should be adjusted to reflect appropriate market signals and other market indicators of the balance between the demand for and supply of dwellings. The Council has not produced a figure which purports to do this.
21. In Cotswold, the affordability ratio of house prices to earnings is one of the worst in the south-west. In addition, the appellants produced evidence derived from Census data of concealed families, overcrowded households and the numbers of young adults living with their parents. Their evidence points to a growing level of affordable housing need in the district. The appellants suggest that in view of these market signals, 150 dpa should be added to the lower end of their suggested range of 500 to 580; that would produce a figure of 650 dpa. The aim of this would be to achieve a modest reduction in house prices. They suggest that a more ambitious approach to tackling affordability would be

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<sup>6</sup> At paragraph 2a-D18-2D12D3D6





# Appendix B - Extracts from Saltburn Appeal Decision



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## Appeal Decision

Inquiry held on 13, 14, 15 and 16 October 2015  
Site visit made on 16 October 2015

by **Peter Rose BA MRTPI DMS MCMl**

an Inspector appointed by the Secretary of State for Communities and Local Government

Decision date: 16 December 2015

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### Appeal Ref: APP/V0728/W/15/3006780 Land south of Marske Road, Saltburn

- The appeal is made under section 78 of the Town and Country Planning Act 1990 against a refusal to grant outline planning permission.
  - The appeal is made by Taylor Wimpey (UK) Ltd against the decision of Redcar and Cleveland Borough Council.
  - The application Ref: R/2014/0631/OOM, dated 26 September 2014, was refused by notice dated 9 January 2015.
  - The development proposed is the erection of up to 130 dwellings, landscaping and ancillary works.
- 

### Decision

1. The appeal is allowed and outline planning permission is granted for the erection of up to 130 dwellings, landscaping and ancillary works at Land south of Marske Road, Saltburn, in accordance with the terms of the application Ref: R/2014/0631/OOM, dated 26 September 2014, and subject to the conditions set out in the attached schedule.

### Application for costs

2. An application for costs has been made by Taylor Wimpey (UK) Ltd against Redcar and Cleveland Borough Council. This application is the subject of a separate Decision.

### Procedural Matters

3. The application is for outline planning permission, with all matters except access reserved for subsequent approval.
4. At the Inquiry, an agreement made under section 106 of the Town and Country Planning Act 1990 and dated 13 October 2015 was submitted. The agreement has been signed and executed as a deed and I consider the appeal on that basis.

### Main Issues

5. The main issues in this appeal are:
    - (a) the location of the development with regard to the development limits defined in relation to Policy DP1 (Development Limits) of the Redcar and Cleveland Local Development Framework Development Policies Document July 2007 (the DPD);
- 



additional planting, or for the creation of new landscape. I find this approach has been adopted by the proposed scheme, which would also be an appropriate response to the existing hard edge of Saltburn identified by the Character Assessment.

62. I therefore find that the scheme would not be harmful to the intrinsic landscape quality of the appeal site.

***Five-year housing land supply***

63. The Framework requires the local planning authority to identify and update annually a supply of specific deliverable housing sites sufficient to provide five years' worth of housing relative to its full objectively assessed needs for market and affordable housing (OAN).

**Need**

64. No up-to-date housing requirement has yet been tested and agreed as part of the formal statutory development plan process. Such work is now underway by the authority and the inquiry was presented with a position statement in the form of the Council's Background Technical Paper: Five-Year Housing Need and Land Supply Position dated September 2015, (the Background Technical Paper). No witnesses were provided by the Council to receive cross-examination and this document has the status of an untested written submission.
65. Nevertheless, the Council's position is that, drawing upon the Department for Communities and Local Government's (DCLG) latest 2012-based household growth projections, there is an anticipated household growth within the Borough of 176 households per annum to 2020. The Council's estimate is then, in various scenarios, qualified by its corporate aspirations, including aims to reverse population decline, to support local economic growth and to encourage economically active households. To reflect this 'corporate policy uplift', the Council's annual growth figure ranges from 176 to 286 households per annum.
66. In contrast, the appellant contends the Council has not sought to understand its full objectively assessed housing needs in any meaningful way. The appellant does not take issue with the Council's assessment of household projections, but considers that figure only to represent the starting part for assessment, and only reflects one element of overall housing need.
67. The appellant assesses the Council's OAN to be some 395 dwellings per annum. This reflects consideration of the economic implications for housing need based upon relatively conservative assumptions of economic growth of 0.2% per annum (109 jobs per annum).
68. The Planning Practice Guidance (the Guidance) identifies three steps to establishing overall objective housing need. The starting point is use of household projections published by the DCLG. It then advises that plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate, and also having regard to the growth of the working age population in the housing market area. Housing need should then be further adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings.
- 



69. The Planning Advisory Service (PAS) has produced an Objectively Assessed Need and Housing Targets Technical advice note dated July 2015 which similarly advises that OAN should be derived from objective analysis of the evidence to the exclusion of any policy objectives, value judgements and supply-side factors such as physical constraints. It further recommends that consideration of future jobs be taken into account because jobs impact upon the demand for housing independently of any policy considerations, and locating housing close to jobs avoids unsustainable commuting. Indirect evidence of market signals should also be considered.
70. The appellant has indicated that the third element, market signals, does not significantly affect its overall figure of housing need and the appellant's assessment of household projections is also broadly similar to that of the Council. The key difference between the respective positions is therefore the absence of objective economic assessment.
71. I find that the Council's assessment of housing need, by failing to take proper account of economic implications, falls significantly short of the expectations of both the Guidance and of PAS. Whilst the appellant's alternative calculations have not been tested through the necessary rigours of a development plan process, I am satisfied that the assessment offers a realistic and robust indication of the Borough's full OAN in advance of any 'policy-on' considerations consistent with national guidelines. Further, the evidence suggests a level of need considerably greater than that identified by the Council.
72. Whilst the Council refers to advice in the Guidance that any cross boundary migration assumptions will need to be agreed with the other relevant local planning authority under the duty to co-operate, I do not consider that to be a reference to OAN but to 'policy-on' considerations. The appellant accepted that an element of the 109 jobs growth per annum would involve in-migration but, in response to a need arising from predicted local economic growth. I see no reason why that figure would need to be agreed with other parties as it would reflect organic job growth within the local area. I have also noted a number of appeal decisions quoted, none of which give any authority for disregarding economic considerations and which generally indicate the appellant's three-stage approach to be well-established.
73. The Council's position in relation to full objectively assessed housing need also falls significantly short of the approach affirmed in the Court of Appeal (*Hunston v SS CLG* [2013] EWCA Civ 1610). This found that it was mistaken to use a constrained figure for housing requirements below the fully objectively assessed needs.

#### Supply

74. I find there is significant common ground between the main parties regarding the availability of housing land within the Borough. The Council identifies a net five-year housing land supply for some 1,816 units, whilst the appellant identifies a supply for some 1,483 units. The difference relates to the status of some six sites as part of the calculation, and to the treatment and categorisation of smaller sites.
75. Footnote 11 to the Framework states that, to be considered deliverable, housing sites should be available now, should offer a suitable location for development now, and should offer a realistic prospect that housing



development will be delivered on the site within five years. Development should also be viable.

76. The Guidance further advises that planning permission or allocation in a development plan is not a pre-requisite for a site being deliverable in terms of the five-year supply. Local planning authorities will need to provide robust, up-to-date evidence to support the deliverability of sites, ensuring that their judgements on deliverability are clearly and transparently set out.
77. The Council explained that the re-categorisation of schemes providing up to nine units is in response to the advice of the Guidance. The Council considers it has simply sub-divided an existing category and has not incurred double counting of 85 units across 13 sites delivering 5-9 dwellings. I note this change in methodology has not been agreed by the relevant local Strategic Housing Land Availability Assessment (SHLAA) Partnership but do not have sufficient detailed evidence before me to demonstrate if and how the Council's revised calculation may distort the end total by virtue of double-counting as suggested.
78. On the basis of the site-specific details provided, my assessment of supply is that a limited proportion of the units proposed for the six sites in dispute is likely to be deliverable over the next five years, particularly allowing for likely units at the former Adult Education Centre and at Luke Senior Home. This leads me to conclude that the supply of housing land over the next five years is likely to be somewhere slightly above the appellant's figure of 1483, but below the Council's assessment of 1816.

Summary and implications: five-year housing land supply

79. As affirmed by the Court of Appeal in *Hunston v SS CLG* [2013] EWCA Civ 1610, it is not the purpose of a section 78 appeal to formally determine an authority's OAN, its housing requirement, or its available five-year housing land supply. That exercise is a legitimate part of a wider and more elaborate development plan process. It is necessary, however, to take a considered view, on the basis of the available evidence, as to whether the expectations of the Framework are likely to be met in those regards in order to weigh the appropriate implications for this particular appeal decision.
80. The Council questioned the extent to which the methodology set out in the Guidance and by PAS needed to be followed. Indeed, the Guidance is not mandatory, and states that there is no one methodological approach that will provide a definitive assessment of development need. It does advise, however, that the use of the standard methodology set out in the Guidance is strongly recommended because it will ensure that the assessment findings are transparently prepared. It explains that local planning authorities may consider departing from the methodology, but they should explain why their particular local circumstances have led them to adopt a different approach where this is the case.
81. In light of this clear advice, I find no justification for the Council to confine its assessment of housing need in the way it has. This same issue arose at an appeal relating to Land south of Cirencester Road, Fairford and involving a development of up to 120 dwellings (Appeal Ref: APP/F1610/A/14/2213318 dated 22 September 2014). In paragraph 19, contrary to the Council's assertion, the decision concludes that the Guidance requires employment



trends to be reflected in an OAN as they are likely to affect the need for housing.

82. The Council considers it has 11.4 years of deliverable housing land against an annual 'policy-off' requirement of 176 dwellings. Based upon the appellant's assessment of supply and a more comprehensive assessment of requirement at 395 dwellings per annum, the appellant considers the Borough has only 2.6 years' worth of supply.
83. Notwithstanding these indications, no formal up-to-date statutory five-year housing land supply, reflecting both OAN and available land, is available as a product of the development plan process, and the onus of proof in demonstrating a five-year supply with reference to the Framework rests with the local planning authority.
84. The expected coverage of a robust, full objective assessment of housing need is set out in both the Guidance and by PAS. Whilst this content and methodology is not prescriptive, the very limited form of assessment undertaken by the Council, devoid of economic considerations, lacks both robustness and justification. At best, I find it reflects just one aspect of local housing need.
85. Setting aside differences in relation to housing supply, I find the Council has not undertaken an appropriate assessment of objectively assessed housing need. In the absence of an appropriate assessment of need, it is not possible to identify whether an adequate five-year supply of land is available to meet such need. Hence I find the Council is unable to demonstrate a five-year supply of housing land. This is also consistent with the appeal decision at Land south of Cirencester Road, Fairford referred to above. In that instance, the Council did not have a clear understanding of housing needs in the area as required by paragraph 159 of the Framework and, consequently, the Inspector found it difficult to see how a five-year supply can be demonstrated in the absence of an understanding of its OAN.
86. Accordingly, it also follows, by virtue of paragraphs 47 and 49 of the Framework, that relevant policies in the development plan for the supply of housing are to be considered out-of-date. Further, by virtue of being out-of-date, relevant provisions of the presumption in favour of sustainable development under paragraph 14 of the Framework are also engaged, should the scheme be found to constitute sustainable development.
87. The implications for Policies DP1, DP2 and CS23, and their possible status as policies for the supply of housing, are set out in my overall planning balance to follow. The absence of a five-year housing land supply also places a premium upon the housing benefits of the proposed scheme.

***Section 106 agreement***

88. The section 106 agreement makes commitments to various matters, including affordable housing, public open space and a local labour agreement. The Council has provided evidence of compliance with the relevant statutory provisions set out in Regulations 122 and 123 of the Community Infrastructure Levy (CIL) Regulations 2010 and this is not disputed. I have also had regard to the Framework, and to the relevant advice of both of the Guidance, and of the Planning Inspectorate's Procedural Guide Planning Appeals - England, published July 2015.
- 



# Appendix C - Planning for the right homes in the right places: consultation proposals

Attached separately as Appendix C.

See excerpt from supporting DCLG calculations below.

Application of proposed formula for assessing housing need, with contextual data									
<small>Published 14th September 2017</small>									
<small>All data is correct to the best of our knowledge as of publication.</small>									
<small>Figures for authorities marked with * have not been verified by the authority, and may be subject to correction</small>									
ONS Code	Local Authority	Indicative assessment of housing need based on proposed formula, 2016 to 2020* <small>(dwellings per annum)</small>	Current local assessment of housing need, based on most recent publicly available document <small>(dwellings per annum)</small>	Proportion of Local Authority land area covered by Green Belt, National Parks, Areas of Outstanding Natural Beauty or Sites of Special Scientific Interest	Source for current assessment of housing need	Page reference in document (where available)	Most recent adopted Local Plan number <small>(dwellings per annum)</small>	Adoption date of Local Plan used in calculation of need based on proposed formula	Source
E0700011	Huntingdonshire	1,310	904	3%	<a href="http://www.huntingdonshire.gov.uk">http://www.huntingdonshire.gov.uk</a>	34	560	23 September 2009	<a href="http://www.huntingdonshire.gov.uk">http://www.huntingdonshire.gov.uk</a>
<p><b>Notes</b></p> <ol style="list-style-type: none"> <li>Local plan numbers are for the local planning authorities that relate to the local authority areas listed, but exclude the plans of National Parks, the Broads Authority and Development Corporations with plan-making powers.</li> <li>Central Bedfordshire adopted plan number refers to Mid Bedfordshire plan prior to the formation of Central Bedfordshire, and as such covers a smaller geographic area.</li> <li>Solihull's Local Plan number is not treated as adopted following a High Court judgement.</li> </ol>									



# Appendix D - Additional Analysis of Population and Household Projections

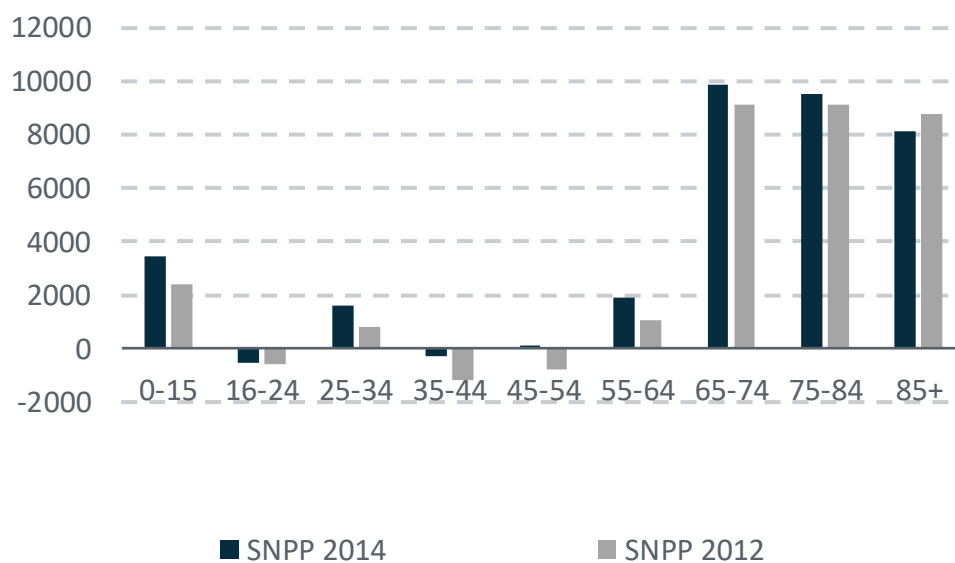
- D.1 In this appendix I provide my detailed review of the government household and population projections (starting point) data. I also include my testing of these projections taking account of:
- Past, longer-term migration trends for Huntingdonshire which include pre-recession years.
  - Alternative household formation rate trajectories in light of evidence on how younger household formation rates in particular were adversely affected by housing market conditions and other factors during the 2000s.

## Population Change and Projections

- D.2 The latest projections suggest higher growth in population than the 2012-based projections. The difference is +5,000 people and it is therefore a relatively substantial figure.
- D.3 The chart below shows how the projected change in different age cohorts compares between the SNPP 2012 and SNPP 2014. The main point is that the higher population figures in the later projections are driven by a combination of higher growth across most age cohorts and smaller falls where cohorts are projected to contract. The only exception is the over 85 cohort.



Figure A1: Change in Age Cohorts, 2011-36, SNPP 2012 and SNPP 2014



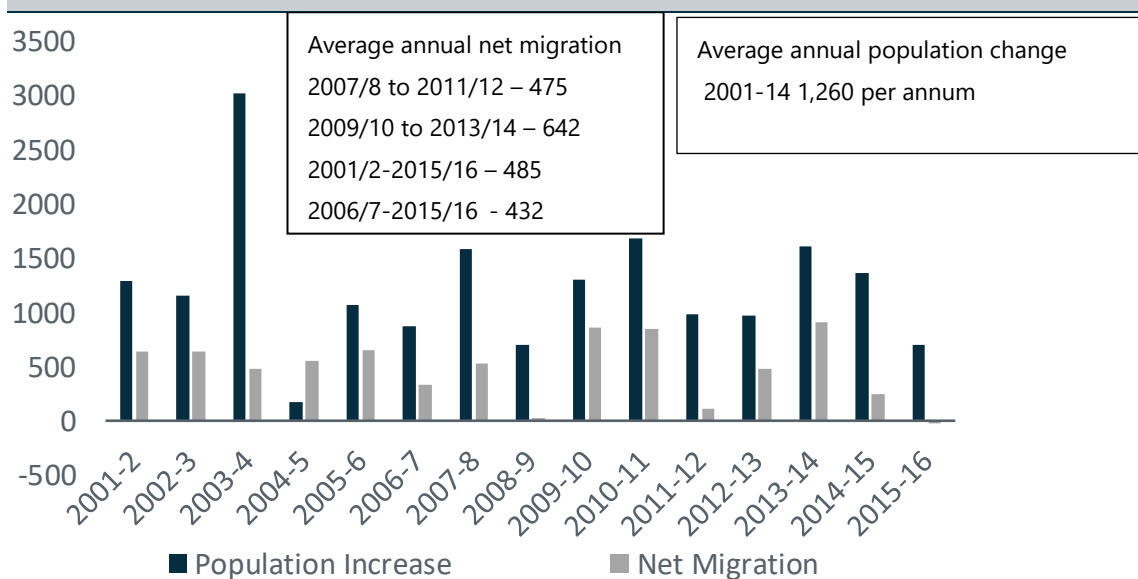
Source: Office for National Statistics, 2012-based and 2014-based Sub-national Population Projections

- D.4 The ONS projections are based in part on past population change and specifically migration rates in the years preceding the first year of the future projection (ie 2012 or 2014). The projections use a 5 year period for domestic internal migration, and a 6 year period for international migration. Essentially, the rate at which people of different ages and genders have moved in and out of an area of these preceding years is carried through into the projections. This also explains the differences in the projected change in different age cohorts.
- D.5 The chart below shows the change in population and net migration in each year from 2001 to 2016. It suggests that net migration in the reference period for the 2014-based projections (2009-14) was higher by around 170 people a year than the equivalent period for the earlier 2012-based projections. Projecting forward a higher rate of migration based on recent past trends would translate into a commensurately higher level of projected population growth.





Figure A2: Past Population Change and Net Migration, Huntingdonshire, 2001/2-2015/16



Source: Office for National Statistics, Mid Year Estimates with Components of Change

- D.6 The ONS data show average annual population change in the 2001-14 period to be around 1,260. The official 2014-based projections suggest growth of 1,351 per annum from 2011-36. This suggests that the starting point projection is broadly in line with past population change over the long-term in Huntingdonshire.
- D.7 The past figures show a very high level of population change in 2003-4 which is likely to relate to the way military personnel were counted, which was followed in 2004-5 by a year of negligible population growth (+168 people). To have account of this, my analysis considered also the 10 years from 2006-16 in which the data show an average annual increase of 1,180. Even allowing for the dampening effect of several years of recession on migration, the SNPP 2014 figure (average 1,351 per year 2011-36) does not exceed the 2006-16 average by an implausible figure.

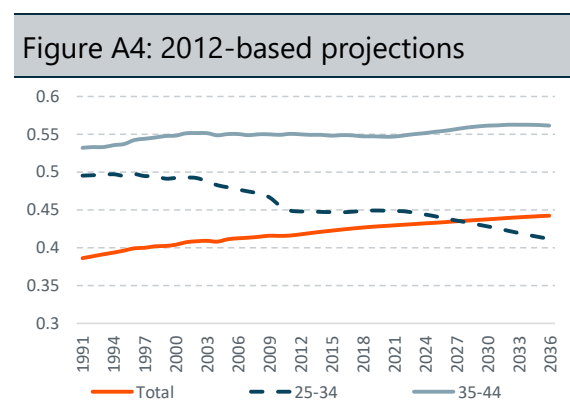
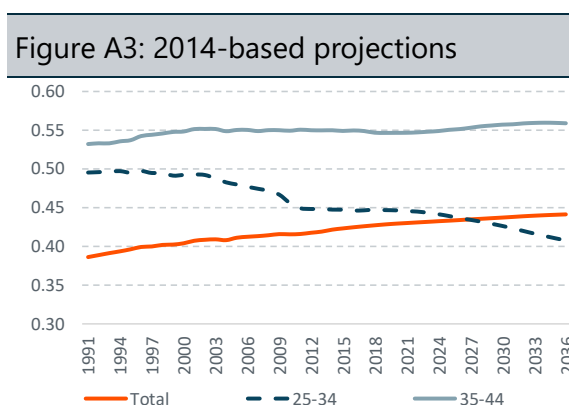
## Household Change and the Projections

- D.8 The 2014-based projections suggest household growth is around 2,000 higher between 2011 and 2036 than the 2012-based projections. Given that household growth is directly linked to population change, since it is the extra population forming extra households, the 2014-based household growth figure would be expected to be higher.
- D.9 The DCLG household projections translate population into households by applying headship rates, the rate at which people of different ages and genders are projected to be the head of an independent household. On the face of it, since the 2014-based household



projections use the most up-to-date households evidence available to the government, they also represent a reasonable starting point in assessing future housing need.

- D.10 As is the case with the population projections, the household projections are based on past trends. The reference period for the projections extends back to 1971 and so takes account of longer term shifts in household formation patterns.
- D.11 The charts below show the household formation trajectories of the 2012 and 2014-based household projections in overall terms and for the 25-44 cohorts, age groups which are widely accepted to be those most likely to have seen their ability to form independent households through home ownership or renting affected by high house prices and a failure nationally to ensure that the housing supply has kept pace with demand.



Source: DCLG 2014-based Household Projections

Source: DCLG 2012-based Household Projections

- 9.13 Both projections suggest a very similar trajectory to 2036. There are small differences in that the 2012-based projections finish in 2036 with marginally higher rates than the 2014-based projections. However, these differences are not significant.

## Sensitivity Testing the Demographic Projections

- D.12 The PPG (CD 6.3, para. 017) specifies that the household projections (and the underlying population projections) may be sensitivity tested and alternative assumptions may be made both in relation to the demographic data and the household formation rates data.

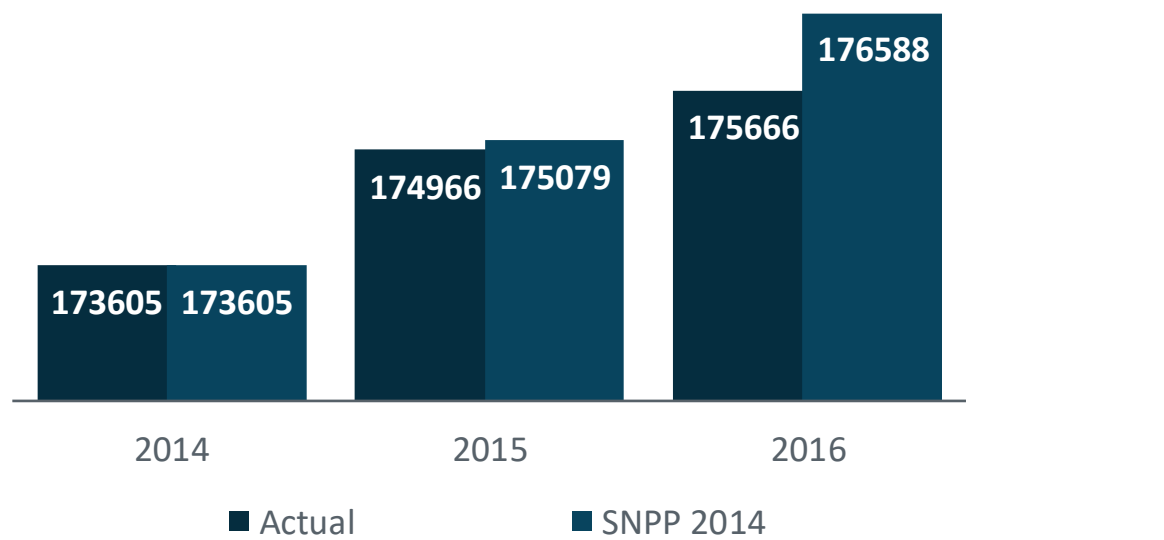
## Updating for Current Mid Year Population Estimates

- 9.14 A first adjustment is to take account of reported actual population change that has occurred between 2014 and 2016. The chart below shows that actual population change has been



lower than the SNPP 2014 projected for 2015 and 2016. By 2016 the difference amounted to around 900 people fewer.

Figure A5: Actual Population Compared with SNPP 2014, 2014-16



Source: ONS Mid Year Population Estimates; SNPP 2014

### The Case for Alternative Population Projections

- D.13 On the demographic projections, the key issue centres on whether factors which have influenced population change in the reference period used in the official projections might be atypical. Since the ONS population projections are based on migration trends over the 5/6 year period prior to the base year (2012 or 2014), the question is whether this represents a period in which population change in Huntingdonshire might not be considered representative of the typical pattern of population change in the district.
- D.14 Clearly, the 5/6 period leading up to 2012 and a significant part of the period leading to 2014 were years in which the recession had a marked effect nationally on several drivers of population change and migration, including house price change, house-building rates, job security, incomes and savings.
- D.15 To address this issue, an alternative approach is to consider whether trends in the longer-term past appear different to those evident in the 5/6 year ONS reference period. The PAS guidance (CD 8.5, p.23) is clear on the merits of alternative, longer term migration scenarios:
- "A more general problem relates to the ONS forecasting model. To predict migration between local authorities within the UK that model uses a base period of five years (for international migration the period is six years and the figures are controlled to



national totals). This can throw doubt on the projections, because for many areas migration varies widely over time. Over a number of years one would expect such fluctuations to cancel out, so that long-term trends become apparent. But a five-year base period does not seem enough for this, bearing in mind that the ONS projections look ahead 25 years and Local Plans 15 years or longer. This is a main reason why for many areas successive rounds of population projections show very different results”.

- “The base period used in the [then] latest official projections, 2007-12, is especially problematic. The period covers all of the last recession, in which migration was severely suppressed as many households were unable to move due to falling incomes and tight credit. Therefore the official projections may underestimate future migration - so that they show too little population growth for the more prosperous parts of the country, which have been recipients of net migration in the past. If so, by the same token the projections will also overestimate population growth for areas with a history of net out-migration”.
- “For all these reasons, in assessing housing need it is generally advisable to test alternative scenarios based on a longer reference, period, probably starting with the 2001 Census (further back in history data may be unreliable). Other things being equal, a 10-to-15 year base period should provide more stable and more robust projections than the ONS’s five years”.

D.16 This is reinforced in the findings of the 2016 Local Plans Expert Group report (2016, see CD 8.3, Appendix 6):

- “In some locations recent trends in migration may be influenced by short term factors that may mean future needs are not captured in by the official projections. Plan makers should apply a sensitivity test based on a longer term ten year migration trend...Where the ten year migration trend projects a higher level of population and household growth across the housing market area as a whole, this should be used as the demographic starting point, replacing the DCLG household projections” (Appendix 6).

D.17 Possible alternatives therefore centre on the application of longer-term past reference periods for migration and their impact on future population change. Whilst the PAS guidance suggests a 10 year period, data provided by the ONS also enables a longer past period to be tested (2001-16).



D.18 The analysis of the past population data (Figure A2 above) does not suggest any compelling case that longer term past population change is markedly different from the reference period for the latest ONS projections. In other words, there is not a compelling reason to assume that a longer-term trend base projection provides a better basis for the future projection:

- Average annual population change in the longer-term past is not substantially different to that suggested by the SNPP 2014.
- Migration fluctuates from year to year, but the evidence does not suggest that the recession years saw net migration markedly fall compared with earlier years.

D.19 Nevertheless, to ensure consistency with the approach taken by Huntingdonshire District Council in the CRG evidence, and to follow the method specified in the PPG, alternative, longer-term based projections have been tested and the outcome is shown later in this appendix.

### The Case for Alternative Household Formation Rate Scenarios

D.20 The PPG is clear that the household formation rates assumed in the DCLG starting point projections can also be sensitivity tested. Specifically, it suggests:

'For example, formation rates may have been suppressed historically by under-supply and worsening affordability of housing. The assessment will therefore need to reflect the consequences of past under delivery of housing' (CD 6.3, para. 015).

D.21 The purpose of this testing is to determine whether future household formation rates could reasonably be expected to follow a different course to that assumed in the official DCLG projections. Since the household projections are based in large part on past trends, these are carried through into the future rates. Factors which may have affected both Huntingdonshire specifically and household formation generally need to be considered.

D.22 The past 20-25 years have been marked by both a long-run rise in house prices nationally which accelerated through the 2000s, and which have seen affordability of homes to buy or rent worsen significantly across much of the UK. The recent Housing White Paper highlights this problem and rightly points to its adverse impacts on younger people in particular:

*'As recently as the 1990s, a first-time buyer couple on a low-to-middle income saving five per cent of their wages each month would have enough for an average-sized deposit after*



*just three years. Today it would take them 24 years. It's no surprise that home ownership among 25- to 34-year-olds has fallen from 59 per cent just over a decade ago to just 37 per cent today'* (CD 6.2, p.10).

And

*'Rising prices are particularly tough on younger people trying to get onto the housing ladder, or wanting to move into their first family home. Some young people have no choice but to continue to live with their parents, friends or strangers to make ends meet. Renters are seeing their rents rise; some are only just about managing to cover their costs'* (CD 6.2, para. 4.3, p.58).

D.23 The affordability challenge was compounded during the 2000s by the impacts of recession. Whilst the recession had a dampening effect on house price inflation for a period, it also saw rising unemployment rates and job insecurity, falling or static real incomes and tough lending conditions, all of which combined to further affect the ability of some cohorts of the population to buy or rent homes and form independent households.

D.24 The issue of an under-supply of housing relative to demand in previous years is also recognised by the PPG as a factor which may have constrained past household formation rates. This issue has both contributed to and compounded the problems associated with worsening affordability. The 2017 Housing White Paper is also clear about it:

*'Since the 1970s, there have been on average 160,000 new homes each year in England. The consensus is that we need from 225,000 to 275,000 or more homes per year to keep up with population growth and start to tackle years of under-supply'* (CD 6.2, p.9).

D.25 The White Paper goes on to directly connect under-supply to house price inflation and affordability problems:

*'The laws of supply and demand mean the result is simple. Since 1998, the ratio of average house prices to average earnings has more than doubled. And that means the most basic of human needs – a safe, secure home to call your own – isn't just a distant dream for millions of people. It's a dream that's moving further and further away'* (CD6.2, p.9).

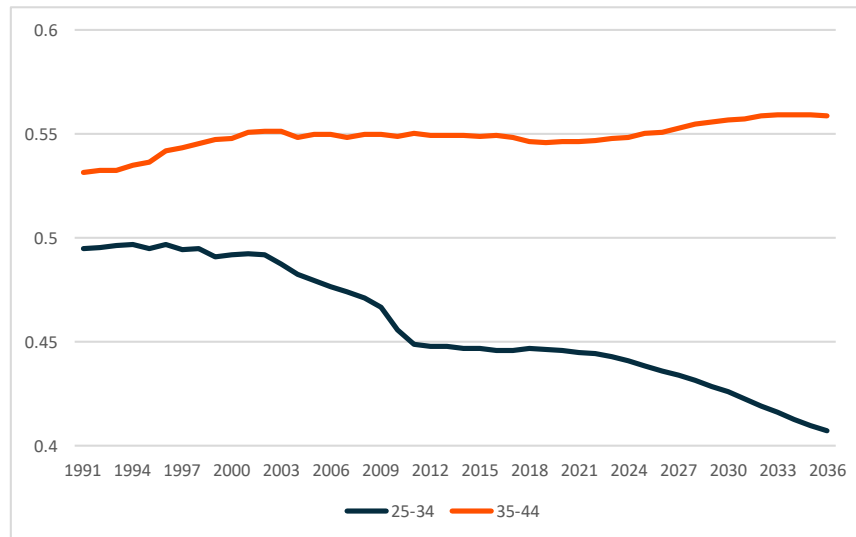
D.26 The PPG therefore requires some analysis of past household formation rates and how they relate to the future projections, and also of the rates at which housing has been delivered in Huntingdonshire.



### Household Formation Trends

D.27 The chart below shows that, in the 25-34 cohort the headship rate fell sharply during the 2000s. The projections suggest it stabilises at this level until the early 2020s, before again falling into the 2030s. The rate in the 35-44 cohort is largely stable in the projections before rising slightly into the 2030s.

Figure A6: Past and Projected Headship Rates, 25-34 and 35-44 Year Olds, 1991-2036



Source: DCLG 2014-based Household Projections

D.28 At first sight, there are certainly grounds to conclude that recent trends have seen household formation in the 25-34 age group behave differently compared with the earlier period during the 1990s, and that this downward trajectory appears to be locked into the projections.

D.29 However, whilst it is reasonable to conclude that affordability and other economic factors are very likely to have influenced this pattern, a range of other social and cultural changes are likely also to play a part. These include:

- Societal changes such as the age at which people are typically forming couples and starting families;
- The impacts of student debt and the increase in the numbers of young people going to university, which may delay the ability and or propensity of people to buy a home or rent a home and form an independent household;
- Changes in the characteristics of employment, with the recession having seen a rise in more precarious forms of employment. Although it is not absolutely clear that



this is something that will persist in the long term, it may be affecting the ability of younger people to save a deposit and buy a home.

- D.30 A complex interplay of factors is therefore involved in shaping household formation rates. Isolating which factors have most weight in any area, including Huntingdonshire, is beyond the scope of an OAN exercise. Nonetheless, the data show that the headship rate in younger cohorts in Huntingdonshire fell during the 2000s at a time when a combination of adverse socio-economic and housing market factors were clearly evident.
- D.31 The purpose of identifying the OAN is part of the process of identifying the district's future housing requirement, following the approach set out in the NPPF and the methodology prescribed in the PPG. Since a key purpose of the NPPF is to significantly boost the supply of housing, an approach to future household formation which effectively accepts that the impacts of poor affordability and recent falls in household formation rates in younger age cohorts will persist over the next 20 years seems to me inconsistent with the Framework and the role that OAN plays in it. It is therefore reasonable to test alternative household formation rate scenarios to consider whether it is reasonable to assume that future rates might change in a different way to that assumed in the projections.
- D.32 On this issue, Huntingdonshire District Council's evidence concludes that no adjustment to the 2014-based rates is necessary. However, there are weaknesses in the CRG 2017 report's analysis of household formation rates and the conclusions it draws on this. The report compares (CD 5.2 Figure 5) the estimated household formation rate for 25-34 year olds in Huntingdonshire in 2014 with those of Maidstone, East Northants, the Cambridge HMA and England. Its point (CD 5.2 para. 64) is that there is sufficient similarity between these rates to suggest that no alternative scenarios are needed.
- D.33 This analysis tells us nothing substantive about how past trends in Huntingdonshire compare with those other areas. There is no reference to change in the 1990s or 2000s. At best, it is simply a snapshot that show that in one year (2014), household formation rates in some age groups were higher whilst others were lower in Huntingdonshire than the comparators.
- D.34 The table below shows that Huntingdonshire saw a bigger percentage fall in the headship rate of 25-34 year olds than all but Cambridge and South Cambridgeshire in the HMA. The fall was higher than that of England, the remaining HMA districts and the two comparator areas to which the CRG study refers (East Northants and Maidstone). This suggest that the downward trend was worse in Huntingdonshire than most of these comparators.



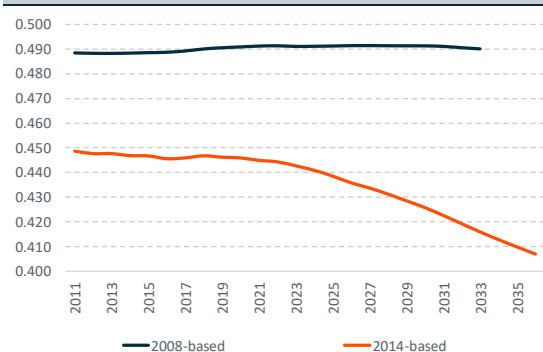


Table A1: Percentage Point and Percentage Changes in Headship Rate, 25-34 year olds 1991-2000 and 2001-11

	Percentage Point Change		Percentage Change	
	1991-2000	2001-11	1991-2000	2001-11
South Cambridgeshire	-0.1	-4.7	-0.2%	-10.2%
Cambridge	-3.2	-4.7	-6.2%	-9.7%
<b>Huntingdonshire</b>	<b>-0.3</b>	<b>-4.4</b>	<b>-0.6%</b>	<b>-9%</b>
England	-0.6	-4.0	-1.2%	-8.5%
East Northants	2.3	-4.1	5.0%	-8.4%
St Edmundsbury	-0.1	-3.5	-0.2%	-7.2%
Fenland	0.7	-3.3	1.5%	-6.9%
Maidstone	-0.6	-2.9	-1.4%	-6%
Forest Heath	-1.2	-2.1	-2.4%	-4.2%

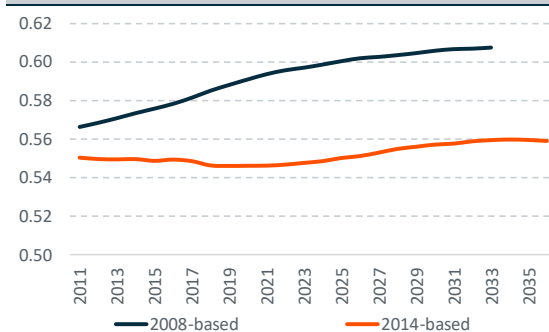
- D.35 The CRG report goes on to suggest that, had the study concluded that Huntingdonshire diverged from the comparators, then it would have considered an alternative scenario based on the much earlier DCLG 2008-based projections. These projections pre-dated the 2011 Census and drew on trend data that also preceded the recession. By way of illustration, the figure below shows how the projected rates compare in the 2008-based and 2014-based projections for the 25-44 year old cohort. Two differences stand out. First, the 2008-based projections assume both higher rates and a more positive picture of household formation rate change over the period to the 2030s. Second, for both age cohorts the rates start higher in 2011 in the 2008-based projections compared with the 2014-based version.

Figure A7: 2008-based and 2014-based projections, 25-34 Year Olds, 2011+



Source: DCLG 2008-based and 2014-based household projections

Figure A8: 2008-based and 2014-based projections, 35-44 Year Olds, 2011+



Source: DCLG 2008-based and 2014-based household projections



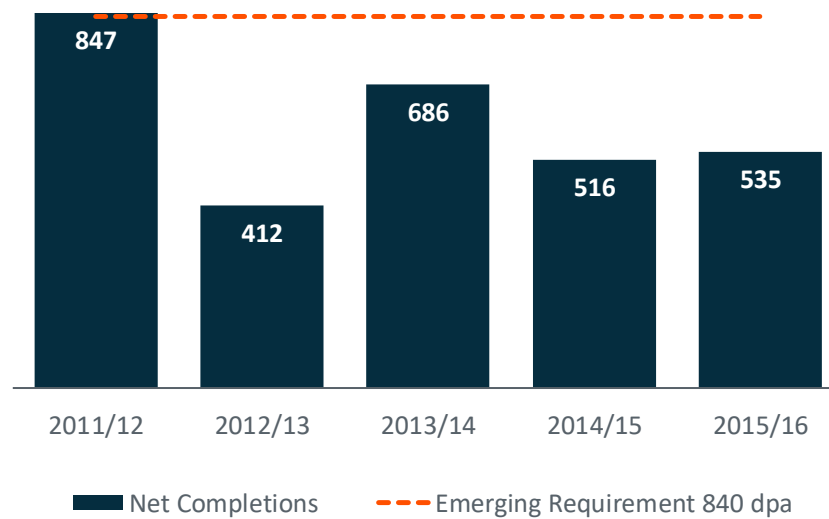
- D.36 The 2008-based projections continue to be used by several consultants producing OAN evidence, and were also part of the proposed new method for OAN outlined in the 2016 Local Plans Expert Group report to government. The latter suggested that, where there was evidence of a suppression of household formation rates, an alternative projection should be carried out using the 2008-based projections. The LPEG recommended assuming that household formation rates returned by 2033 to a point half way back to the level assumed in the 2008-based projections, where the 2014-based projection suggested a lower rate in 2033 (CD 8.3, Appendix 6).
- D.37 There are, however, reasons to be cautious about using the 2008-based projections as an alternative basis for projecting forwards. They were based on population and household estimates in the 2000s, and the 2011 Census showed the actual picture to be different in many areas to that assumed in those projections. This is clearly illustrated in the charts in my Figures 5.7 and 5.8. The 2014-based projections effectively show the actual headship rates for those cohorts in 2011, whilst the 2008-based version shows the estimated rate.
- D.38 Taking account of these issues, my own testing of alternative household formation rate trajectories uses past data rather than the 2008-based projections as the basis for modelling the implications of a different trajectory.

### *Housing Development Rates*

- D.39 The rate at which housing completions have occurred in Huntingdonshire has a bearing both on past population movement and growth (through migration) and on household formation. Whilst the dynamics of this relationship are complex, the level of housing delivery will have had an impact on people's ability to move to and within Huntingdonshire.
- D.40 Nationally, the under-supply of homes relative to assessed demand in the form of national household projections is recognised to have been a factor in rising house prices, affecting household formation rates in younger age groups particularly.
- D.41 Between 2011 and 2016, Huntingdonshire delivered a cumulative 2,996 net completions (average 599 pa) against its emerging Local Plan requirement of 4,200 (840 dpa). This represents a shortfall already of 1,204 dwellings, and will have influenced the district's capacity to absorb population growth/migration and to allow new households to form over this period. Analysis of recent data shows that the district saw population growth and net migration slow from 2013-16 and it is reasonable to assume that the rate at which new housing has been completed has been a factor here.



Figure A9: Net Completions v. Emerging Local Plan Requirement 2011-16



Source: Huntingdonshire District Council, Annual Monitoring Report, 2016

- D.42 This issue in the Inspector's decision (18<sup>th</sup> July 2017) in the recent Lucks Lane Inquiry (CD 7.1). Here, the Inspector concluded that the rate at which housing has been completed since 2012 amounts to persistent under delivery that needs to be addressed (para. 18) and that the 'current policy position is acting as a constraint to delivery in Huntingdonshire' (para. 17).
- D.43 It has not been possible to locate any specific analysis of Huntingdonshire's past completions against the plan targets that applied for the period up to 2011. Data in Cambridgeshire County Council's 2013 Technical Report (CD 8.2, Table 14) show that net completions amounted to 6,714, or an average of 671 a year.<sup>5</sup> The CRG study (CD 5.2, Table 14) shows a pattern in which completions rose from 2002/3 to 2011/12 before falling sharply. The CRG study suggests that this fall occurred from a level that was 'very high' (para. 102).
- D.44 The only requirement figure applying in that period seems to be the now revoked Regional Spatial Strategy which indicated a requirement of 560 a year from 2001, or 5,600 dwellings over 10 years to 2011. This suggests that Huntingdonshire exceeded the emerging RSS requirement.
- D.45 However, government household projections produced in 2003/4 and which covered the period from 2004-11 (ie 7 years) suggested household growth averaging 860 – 1,000 a year over that period. Against an average annual completions rate of 671 a year, this suggests

<sup>5</sup> Population, Housing and Employment Forecasts Technical Report



that Huntingdonshire was falling short of projected household growth for much of the 2000s.

D.46 Unfortunately I have no evidence as to Huntingdonshire's OAN during the 2000s, and whether this was represented by the RSS figure (560 dpa) or the household projections (857-1,000 per annum). An under-supply of housing relative to household growth demand would constrain the ability of households to form. Conversely, we might expect to see household formation rates follow a more stable course than that which occurred during the 2000s if the district were delivering housing at a level which exceeded the level of assessed demand. It is clear however that the latter did not occur.

D.47 At the recent Lucks Lane Inquiry, the Inspector's conclusions suggest that the period prior to 2012/13 was one in which the Local Plan target figure fell short of Huntingdonshire's OAN:

'I note that delivery was significantly better in the period before 2012/13 and that the LP target was consistently met. However, this was a restrained target that did not represent the full objectively assessed need for the area' (CD 7.1, para. 14).

D.48 On the balance of the evidence on both past household formation rates and past delivery rates, it is sensible to test the implications of alternative household formation rate trajectories in younger age cohorts.

## **My Alternative Demographic and Household Projections**

D.49 Having reviewed the most recent data and projections, and having taken into account the evidence presented in the CRG 2017 study, the following scenarios for population and household change in Huntingdonshire and the housing need figures associated with each of them have been tested.

- SNPP 2014 – Simply taking the outputs from the most recent government projections (see Section 6 of my proof of evidence).
- SNPP 2014 Adjusted – A scenario in which the actual population change that has occurred from 2014 to 2016 is taken into account in my projections. This has the effect of slightly dampening population and household growth compared with the official projections. I am cautious about this scenario because it is clear that it reflects the impacts of Huntingdonshire delivering new housing at a rate well below that suggested by the official projections in recent years.



- SNPP 2014 Alternative Household Formation Rates – In which I assume that the rates for younger age cohorts return by 2036 to the level at which they stood in 2001 rather than following the trajectory suggested by the DCLG projections.
- 10 Year Migration – A scenario in which I apply the average rates of migration for the period 2006-16. In other words, an alternative past trend is used as the basis for projecting forward.
- 15 Year Migration – Extending the longer-term past trends scenario to take account of average migration rates from 2001-16.

D.50 The table below shows the key data on change in each of these scenarios, including implied average annual net migration.

	Population Change	Average Annual Net Migration	Households	Housing	Annual Housing (DPA)
SNPP 2014	33,770	792	18,590	19,050	762
SNPP 2014 Adjusted	32,410	768	18,150	18,600	744
SNPP 2014 with Alternative Household Formation Rates	33,770	792	20,240	20,730	829
10 Year Migration	29,150	683	16,800	17,210	689
15 Year Migration	30,660	714	17,350	17,780	711

D.51 The outputs of these scenarios modelling in terms of housing need appear to be consistent with those of the CRG 2017 study where the same or similar scenarios have been assessed.

D.52 The adjusted figure for SNPP 2014 taking account of population change from 2014-2016 is also slightly lower because of the lower than projected population of Huntingdonshire in these years.

D.53 The CRG report does not, however, give any detail on the household and housing numbers associated with its own sensitivity tests. Whilst it has clearly considered scenarios similar to my own (see CD 5.2, para. 48 especially), the only output which gives any indication of the related numbers appears in a chart CD 5.2 Figure 3. Based on this chart it is clear that the scenarios give very similar results to those set out in Table A2 above.



# Appendix E - Excerpts from EIP Conclusions

South Worcestershire Development Plan, Inspector's Report, February 2016: **ANNEX B**

## **STAGE 1 OF THE EXAMINATION OF THE SOUTH WORCESTERSHIRE DEVELOPMENT PLAN**

### **INSPECTOR'S FURTHER INTERIM CONCLUSIONS ON THE OUTSTANDING STAGE 1 MATTERS**

#### **Introduction**

1. This paper deals with the issues that remained outstanding following the publication of my Stage 1 Interim Conclusions [IC – EX/400b<sup>1</sup>] after the first round of Stage 1 hearings in October 2013. It does not revisit issues which were resolved in the IC. In reaching these further interim conclusions I have taken account of all the evidence submitted during Stage 1 of the examination, including the discussions at the reconvened hearing sessions on 13 and 14 March 2014. My recommendations are in **bold type**.
2. The national Planning Practice Guidance [PPG] was published on 6 March 2014. Participants were notified and invited to raise any relevant points concerning PPG at the reconvened hearing sessions. They were also allowed a fortnight to make written representations on the implications of PPG for the Stage 1 matters. I have taken those representations into account in arriving at my conclusions and recommendations.

#### **The housing requirement (Matter 1)**

##### ***The objective assessment of housing need over the Plan period***

###### Context

3. My IC concluded that *the analysis in the February 2012 SHMA<sup>2</sup> [CD090] does not provide a reliable basis for identifying the level of housing need in South Worcestershire over the Plan period*. I also found that *none of the other analyses of housing need presented to the examination provides a sufficiently firm basis on which to derive an overall housing requirement for the Plan period*.
4. I therefore asked the South Worcestershire Councils ["the Councils"] to undertake some further analysis in order to derive an objective assessment of housing need over the Plan period. My IC set out guidelines for that further analysis, and I gave some additional clarification in a letter to the Councils on 31 October 2013.
5. The further analysis commissioned by the Councils is set out in a report of January 2014 by AMION Consulting, entitled *South Worcestershire Development Plan – Objective Assessment of Housing Need* [EX/415 – "the AMION report"]. The modelling work which

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<sup>1</sup> All documents with reference numbers prefixed by EX, CD or RM are available on the examination webpage.



South Worcestershire Development Plan, Inspector's Report, February 2016: **ANNEX B**

call into question the use of the earlier forecasts in Edge's jobs-led scenario modelling.

11. Much more significant are the differences between each of the three forecasts used by Edge, with the CE forecast predicting job numbers to grow by over 10% in South Worcestershire from 2012 to 2030, compared to growth of around 6% predicted by Experian and OE<sup>3</sup>. Such differences are, of course, not unusual between forecasters each using their own methodology. The use of three separate growth forecasts (rather than just one as in the February 2012 SHMA) adds substantially to the robustness of Edge's modelling work. AMION's review of the three forecasts concludes that all three *provide up-to-date, representative and realistic forecast scenarios for planning purposes*. On the evidence before me I have no reason to disagree.
12. CE have also developed a *Smart Efficiency and Growth Scenario* which has been informing the Worcestershire Local Economic Partnership [LEP]'s Strategic Economic Plan and Local Growth Deal<sup>4</sup>. At the hearing session I was told that it had not been published in its final form. However, I understand that it envisages employment growth of some 25,000 jobs in the whole of Worcestershire between 2013 and 2025. I have no figures for the distribution of that growth across the districts, and moreover it appears that the level of growth envisaged is dependent, at least in part, on the success of a bid for substantial Government financial support. These various uncertainties mean that the *Smart Efficiency and Growth Scenario* does not currently provide a firm basis on which to project future housing need in South Worcestershire.
13. The AMION report has thus addressed two of my three principal criticisms of the SHMA. In respect of the third, concerning older people's economic participation rates, no change from the 2011 Census position is assumed in Edge's core scenario modelling. However, changes are assumed in Sensitivity Scenarios 2 and 3, which I consider further below.

#### *The core scenarios*

14. On the basis of Edge's modelling work, the AMION report presents six core scenarios of population and household growth over the Plan period<sup>5</sup>. Three are described as "alternative trend" scenarios and essentially reflect differing assumptions about future migration trends, including a zero-migration "natural change" scenario. As none of these scenarios forms the basis for AMION's recommended level of housing need it is unnecessary to consider them in detail.

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<sup>3</sup> EX/415, p6, Table 2.4

<sup>4</sup> EX/415, p3, footnote 1

<sup>5</sup> Alongside a seventh core scenario which replicates the official 2010-based sub-





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## **Report to Basingstoke & Deane Borough Council**

by Mike FOX BA (Hons) Dip TP MRTPI

an Inspector appointed by the Secretary of State for Communities and Local Government

Date: 6<sup>th</sup> April 2016

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PLANNING AND COMPULSORY PURCHASE ACT 2004 (AS AMENDED)

SECTION 20

### **REPORT ON THE EXAMINATION INTO BASINGSTOKE AND DEANE LOCAL PLAN 2011-2029**

Document submitted for examination on 9 October 2014

Examination hearings held between 6 October and 11 November 2015

File Ref: PINS/411705/420/4

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which identifies a requirement for 772 jobs pa (15% jobs growth 2011-2029), which amongst other variables, assumes a higher migration rate into the Borough<sup>118</sup>.

224. The third scenario is the Experian Model, which is quoted by some of the house builders' representatives. It identifies a growth of 1,382 jobs pa (25% jobs growth 2011-2029). The HNS explains why it considers that the Experian forecast could over-estimate the amount of jobs that are likely to be generated in the Borough over the plan period. In brief, this is because it is based on a 'shift-share' model which works on a top-down basis with labour demand forecasts which are known to be less robust during periods of economic stability and for long term projections (10 years or more). Experian also projects a lower unemployment rate than the other projections. Finally, the demographic modelling carried out by Edge Analytics generates a job growth of 446 pa, although these figures appear to play down economic activity rates in the over 64 years cohorts<sup>119</sup>.
225. For all of the above reasons, I consider that the Cambridge Econometrics method, which is used by HCC, is appropriate for the Plan. It is very well respected, and Regeneris, on behalf of one of the house builders, states that the HCC analysis: *"is based on data from a highly respected, independent forecasting house (Cambridge Econometrics)"*<sup>120</sup>.
226. The ELR Update<sup>121</sup> sets out a jobs growth target for the Borough, which was introduced to the Plan following the Exploratory Meeting. Using the Cambridge Econometrics model, it indicates that the local economy may grow at around 2.5% pa over 2011-2029, with productivity rates higher than the regional and national rates and the number of jobs is estimated to grow at an annual rate of 0.7%, which is equivalent to 700 jobs pa, with the strongest growth projected between the years 2016-2021. The main growth areas are predicted to be in financial and business services, construction, accommodation and food services and information/telecommunications<sup>122</sup>.
227. Policy EP1 incorporates a jobs target of 450-700 jobs pa, which the Council considers appropriate in response to past trend data (based on analysis of job growth findings from the Annual Business Enquiry and Business Register and Employment Survey), which supports the lower end and middle of the range, and economic forecasts which support the upper end of the range. The upper end of the target also accords with the goals of Enterprise EM3 LEP for the growth in the local economy. The Council's HNS also explains how the jobs target range is compatible with the demographic modelling produced by Edge in relation to OAN.
228. The relatively wide range is considered appropriate in view of the high volatility of the data at local level<sup>123</sup>. I am satisfied that the Borough's jobs

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<sup>118</sup> Ibid: Appendix 7.

<sup>119</sup> BDBC Cabinet Report: Local Plan Housing Numbers; 27 January 2015 - See Section 5 Employment Target [Examination Document PS/02/11].

<sup>120</sup> Gladman Developments Ltd: Statement on Issue 3 – Spatial Strategy and Housing Need, paragraph 4.5.2; 11 September 2015 [Examination Document PS/04/18/c].

<sup>121</sup> BDBC Employment Land Review (ELR) Update: May 2015 [Examination Document PS/02/23].

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# Appendix F - Excerpt from Longbank Farm Inquiry Decision



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## Appeal Decision

Inquiry held on 12 - 15 January and 19 January 2016  
Site visit made on 19 January 2016

**by J A Murray LLB (Hons), Dip.Plan.Env, DMS, Solicitor**

*an Inspector appointed by the Secretary of State for Communities and Local Government*

**Decision date: 9 March 2016**

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**Appeal Ref: APP/Y0728/W/15/3018546**  
**Longbank Farm, Ormesby, Middlesbrough, TS7 9EF**

- The appeal is made under section 78 of the Town and Country Planning Act 1990 against a refusal to grant outline planning permission.
- The appeal is made by Gladedale Estates against the decision of Redcar & Cleveland Borough Council.
- The application Ref R/2014/0304/OOM, dated 15 May 2014, was refused by notice dated 16 October 2014.
- The development proposed is described in the application as "outline planning application for the construction of up to 320 dwellings on land at Longbank Farm, Ormesby."

**Summary of Decision: The appeal is allowed, and planning permission granted subject to conditions set out below in the Formal Decision.**

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### Procedural matters

1. Notwithstanding the description in the application, the parties agreed that the proposal can best be described as an outline application for the construction of up to 320 dwellings including vehicular and pedestrian access off Ormesby Bank and associated landscaping. All matters are reserved for subsequent consideration apart from access.
2. On 18 September 2014, the Council issued a screening decision confirming its view that an Environmental Impact Assessment (EIA) is not required. No contrary view has been expressed and I am satisfied that an EIA is unnecessary.
3. The inquiry ran for 5 days in total and whilst the accompanied site visit took place on 19 January 2016, I also made 2 unaccompanied visits to the area on 11 and 13 January. The second of those visits began at 0825, so I observed local peak hour traffic conditions.

### Main Issues

4. The main issues are:
    - Whether the Council can demonstrate that it has a supply of specific deliverable sites sufficient to provide five years worth of housing.
    - Whether, having regard to the above and any other factors, Policy DP1 of the Redcar & Cleveland Local Development Framework Development Plan
- 



Policies DPD, July 2007 is out of date and if so, how much weight attaches to it, and:

- o the impact of the development on the site's countryside/landscape and ecological value;
  - o whether the proposal represents sustainable development;
  - o whether any adverse impacts of granting planning permission would significantly and demonstrably outweigh the benefits, when assessed against the policies in the National Planning Policy Framework (the Framework) taken as a whole;
  - o or whether specific policies in the Framework indicate development should be restricted<sup>1</sup>.
- If Policy DP1 is not out of date, whether any material considerations indicate that planning permission should nevertheless be granted.

### Reasons

#### ***Five year housing land supply***

5. Paragraph 47 of the Framework indicates what local planning authorities should do to boost significantly the supply of housing. This includes ensuring that they have a supply of specific deliverable sites to provide five years worth of housing against their requirements. The Council has not established its housing requirement in an up-to-date development plan and the starting point is therefore to consider what the objectively assessed need for housing is. Indeed, it is worth noting at the outset that, whilst the parties differ over whether some sites are genuinely deliverable, they agree that this difference is not determinative; if the Council's assessment of objectively assessed need is to be preferred, then it can demonstrate a five year supply of housing land but, if the appellant's assessment is to be preferred, it cannot.

#### *Objectively Assessed Need (OAN)*

6. The Planning Practice Guidance (PPG)<sup>2</sup> indicates the correct approach to the assessment of OAN. It provides that needs should be assessed in relation to the relevant housing market area (HMA)<sup>3</sup> and I have no reason to take issue with the parties' agreement that the Borough of Redcar and Cleveland is the appropriate HMA. The PPG also says the assessment of development needs "is an objective assessment of need based on facts and unbiased evidence. Plan makers should not apply constraints to the overall assessment of need..."<sup>4</sup> This is customarily described as the 'policy-off' (or 'policy-neutral'<sup>5</sup>), rather than 'policy-on' approach." A policy-on approach is taken when setting policy targets, but it is not appropriate to my assessment of need in this appeal.
7. The appellant and Council dispute each other's methodologies, but in this regard, the PPG says: "There is no one methodological approach or use of a particular dataset(s) that will provide a definitive assessment of development need. But the use of this standard methodology set out in this guidance is

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<sup>1</sup> Having regard to paragraph 9 in the Framework.

<sup>2</sup> Core Document (CD) 5.4.

<sup>3</sup> PPG ID 2a-DD8.

<sup>4</sup> PPG ID 2a-DD4.

<sup>5</sup> See paragraph 3.5 of the Planning Advisory Service guidance at CDS.8.



strongly recommended because it will ensure that the assessment findings are transparently prepared. Local planning authorities may consider departing from the methodology, but they should explain why their particular local circumstances have led them to adopt a different approach where this is the case. The assessment should be thorough but proportionate, building where possible on existing information sources outlined within the guidance.” The PPG later reiterates that “establishing future need for housing is not an exact science. No single approach will provide a definitive answer.”<sup>6</sup>

8. The starting point when assessing OAN is the household projections published by the Department of Communities and Local Government (DCLG), which are based on Office for National Statistics (ONS) population projections. The 2012 – 2037 Household Projections were published on 27 February 2015 and these are the most up-to-date estimate of future household growth.<sup>7</sup> The PPG then allows for sensitivity testing, specific to local circumstances and for account to be taken of employment trends and market signals.<sup>8</sup>
9. For the appellant, Mr Wisser contends that the OAN is 355 dwellings per annum (dpa)<sup>9</sup> over the next 5 years. Ms Howick has been commissioned by the Council to direct its OAN study, which forms part of the Strategic Housing Market Assessment (SHMA). The Council’s OAN calculation is taken from the SHMA, which is currently in final draft form. Ms Howick contends that the OAN is 213 dpa for the next 5 years.
10. The parties made reference to a number of factors to explain the difference between their OAN calculations, namely: jobs figures; unemployment rates; differing baseline years for the calculation of OAN; the impact of ONS mid-year estimates; the use of different activity rates; and what Ms Howick describes as a “logical inconsistency” in Mr Wisser’s approach.
11. A significant amount of inquiry time was taken up with a debate over job forecasts. Ms Howick favours the Experian forecast of 30 new jobs p.a., whereas Mr Wisser uses a figure 109 new jobs p.a., calculated by Regeneris on past trends. This is close to the average of the Oxford Economics forecasts produced in 2013 and 2014, namely 106 jobs p.a. However, whether the correct figure is 30 or 109, this represents virtually no change from the existing employment level of 45,870 accepted by both parties.<sup>10</sup> Accordingly, it was agreed that this difference between the parties’ job forecasts has no significant impact on the OAN figure and I will not therefore seek to resolve it. Similarly, whilst there was a difference of around 1% between the parties’ projected unemployment rates, they accepted that that this would have no significant impact on the outcome.
12. Ms Howick used 2015 as the baseline year for her OAN calculation, whereas Mr Wisser used 2012. Mr Wisser argued that 2012 was appropriate in order to take account of any backlog, but neither the Framework nor the PPG require a particular baseline date. Furthermore, he acknowledged that, whilst he found no need for additional supply in response to market signals<sup>11</sup>, Ms Howick

<sup>6</sup> PPG 2a-D14.

<sup>7</sup> PPG ID 2a-D15 - D16.

<sup>8</sup> PPG ID 2a-D17 - D20.

<sup>9</sup> Having regard to the November 2015 Office for Budget Responsibility (OBR) Economic Activity Rates (EAR) forecasts – see inquiry document J. This figure was revised downwards from the 395dpa stated in Mr Wisser’s initial proof and rebuttal.

<sup>10</sup> Ms Howick’s proof paragraph 1.45 and Mr Wisser’s rebuttal paragraph 1.7.

<sup>11</sup> Mr Wisser’s proof paragraph 1D.10.



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allowed for a 10% market signals uplift<sup>12</sup> on Sub National Population Projections (SNPP) and this cancels out any backlog effect. The baseline dates do not then have any significant impact on the parties' OAN figures.

13. The PPG advises that, wherever possible, local needs assessments should be "informed by the latest available information."<sup>13</sup> Mr Wisher criticised Ms Howick for not having regard to the latest 2014 ONS mid-year population estimates, which indicate more recent population growth. However, he confirmed during his evidence in chief that, although he assumed population growth would be a bit higher than the 2012 household projections, he had not actually used the 2014 mid-year estimates in arriving at his OAN figure. Furthermore, Ms Howick explained that the divergence in mid-year estimates at national level is due to international migration, which Mr Wisher accepted has been low in Redcar and Cleveland. In all these circumstances, the latest mid-year estimates do not seriously undermine the Council's OAN figure.
14. What emerged from the evidence during the inquiry is that the difference between the Council's and appellant's OAN figures of 213 dpa and 355 dpa respectively is due mainly to the differing economic activity rates used; these have a big impact because, as explained by Ms Howick, they relate to the whole population of the area. The question is whether the expected future demand for jobs, driven by employers, can be met by the labour force available to fill those jobs. Ms Howick's view is that the population of the Borough will be sufficient to meet the demand for jobs in the area, whereas Mr Wisher considers that population will need to be imported to meet that demand and their housing needs will have to be met. Activity rates are therefore crucial.
15. As indicated above, the starting point is the DCLG/ONS population and household projections and these indicate that the core working age population will decline substantially<sup>14</sup>. Taking that as the starting point, Mr Wisher relies on projections produced by the Office for Budget Responsibility (OBR), whereas Ms Howick relies on Experian's forecasts. OBR and Experian predict an increase in activity rates for older people, but Experian predicts a much greater increase. As a result, the Experian forecasts show only very small reductions in the labour force, which are then offset by reductions in unemployment, the scale of which the parties broadly agree. On this basis, Ms Howick says the working aged population is virtually unchanged over the forecast period, which matches the virtually unchanged number of workforce jobs.
16. Both parties accept that increases in the State Pension Age (SPA) and lengthening healthy life expectancy have an impact, but Mr Wisher criticises Experian's assumptions about activity rates for older people and for women, because they result in figures markedly above the OBR rates. He points to the Planning Advisory Service (PAS) guidance<sup>15</sup>, authored by Ms Howick herself, which warns:

"It is important to avoid unrealistic assumptions on the relationship between housing, population and jobs. A number of housing assessments have been criticised by Inspectors for expecting very fast increases in economic activity rates. Such increases reduce the population growth, and hence the number

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<sup>12</sup> Ms Howick's proof paragraph 3.41.

<sup>13</sup> PPG ID 2a-D16 - 17.

<sup>14</sup> Mr Wisher's rebuttal proof paragraph 3.13 - 3.14 and Ms Howick's rebuttal proof paragraph 4.16.

<sup>15</sup> CD 5.8 at paragraph 8.15.



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of homes, that is required to support a given number of new jobs. But unrealistic figures put the emerging plan at risk.”

17. I must therefore consider whether the Experian figures are unrealistic. The factors taken into account and assumptions made by Experian are outlined in a May 2015 paper by Experian’s Bobby Shojai entitled ‘Employment Activity and the Ageing Population.’<sup>16</sup> These were explained further by Ms Howick in oral evidence and can be broadly summarised as follows. A continued rise in healthy life expectancy will enable people to work for longer, as will the increasing trend for the UK economy to become more service oriented. Social changes mean that younger generations, or cohorts, of women will have a higher propensity to work. Under cross examination, Mr Wisner accepted that it is reasonable to take account of each of these factors. As the Experian forecast is based upon their analysis of up-to-date Labour Force Survey economic activity rates it takes account of changes in participation rates and other factors which have already occurred. It is therefore evidence based.
18. It remains the case that Experian’s activity rates are significantly above the OBR rates and the Council contends that the OBR projections do not take account of the factors identified in Bobby Shojai’s paper and highlighted by Ms Howick. However, graphs of the OBR projections<sup>17</sup> show undulating, rather than smooth lines into the future and this suggests they have been subject to the application of some judgemental assumptions, rather than a straightforward projection. Indeed, my attention has been drawn to the OBR Fiscal Sustainability Report (FSR)<sup>18</sup> and in particular paragraphs A25 – A.30. The following extracts are of interest:

“A.25 The employment decisions of older people will be affected by a range of factors, including healthy life expectancy, the legislative context and financial considerations. In recent years, legislative changes have included announced rises to the SPA and the compulsory retirement age for men and women being phased out...

A.26 ... our projections capture cohort effects and a rising SPA. Modelling these two factors alone would suggest that employment rates for men aged 60 to 64 years will continue rising over time, although slightly more gradually than in the recent past, and ending the period below the level seen in the 1970s.

A.27 Employment rates for women of the same age are projected to pick up more significantly over the next five years, as the SPA is equalised. And SPA changes are also projected to raise the shares of both men and women working into their late sixties. We do not assume that this pace of change continues into later life.

A.28...There are clearly many other factors that determine retirement decisions.

A.29 Some of these will be specific to the individual. Estimates for disability-free life expectancy have increased over time - although by less than overall life expectancy - which will have facilitated longer spells in employment. There is also clear evidence that couples make joint retirement decisions,

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<sup>16</sup> Ms Howick’s rebuttal appendix C.

<sup>17</sup> Inquity document 4.

<sup>18</sup> Inquity document 25



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choosing to retire at similar points in time. And higher levels of education are also associated with working for longer. A relatively larger service sector, developments in technology and self-employment becoming a more viable alternative may also have opened up options for some people to work longer.”

19. In closing for the Council, Miss Ogley submitted that these paragraphs in the FSR have nothing to do with the OBR’s long term market projections, given that they follow after the sub heading ‘Past trends.’ However, this specific point was not made by Ms Howick in evidence and the significance or otherwise of that sub heading was not put to Mr Wisher in cross examination, when he referred to paragraphs A.25 – A.30. In any event, I do not read this part of the FSR in the way that Miss Ogley suggests I should. I note paragraph A.3 of the introduction, which says:

“We begin this annex by summarising how we produce our long-term labour market projections and map these across to fiscal outcomes. We then turn to past trends in employment, highlighting particular features *that may go on to affect the future outlook...*” (my emphasis).

Paragraph A.6, under the sub heading ‘Central projections’, also says:

“We project that women born in the 1980s will have higher participation rates than women born in the 1970s across all comparable ages.”

I am not sure why those decades are specifically referred to, but it would appear that the OBR projections have taken account of social changes along with all the other factors in Bobby Shojai’s Experian report. The difference then is the degree to which OBR and Experian consider these factors will have an impact. Both parties accept that considerable uncertainty surrounds projections and forecasts and indeed paragraph A.2 of the FSR expressly acknowledges this.

20. I do not doubt that Experian is an authoritative source. Ms Howick points out that Bobby Shojai’s forecasts were clearly based on data from the Labour Force Survey (LFS) for the second quarter of 2014<sup>19</sup>. However, whilst the OBR’s FSR refers in general terms to the LFS on pages 144 and 145, Ms Howick says it is not clear which particular quarter’s LFS data has been relied upon. I note Ms Howick’s evidence that OBR projections do not have the status of “official statistics” confirmed by the UK Statistics Authority. Nevertheless, Mr Wisher explained that the OBR was set up in 2010 to provide independent economic forecasts to central government. It has a duty to report on the sustainability of public finances under the National Audit Act 2011. It updates its economic activity forecasts roughly annually, but nevertheless looks at the longer term. In arriving at his OAN figure of 355 dpa, Mr Wisher has used the latest set of OBR economic activity forecasts issued in November 2015.<sup>20</sup> Those forecasts are very recent and I accept, in the words of Mr Williamson’s closing submissions for the appellant, that the “OBR figures are used by the Government in the most important activities of the State.”<sup>21</sup>

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<sup>19</sup> See page 4 of Appendix C to Ms Howick’s rebuttal proof and also page 1, which explains that the LFS provides official measures of employment and unemployment.

<sup>20</sup> Mr Wisher’s rebuttal proof paragraph J.21 and inquiry document J.

<sup>21</sup> Inquiry document J6 paragraph 52.



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21. In these circumstances, I attach greater weight to the OBR projections. They give me cause to seriously doubt the markedly higher activity rates assumed by Experian, in the absence of a more cogent and robust explanation for those markedly higher rates. Furthermore, I note Mr Wisher's point that higher activity rates among older people may not provide the same variety of skills, for example to serve the construction or leisure industries. Whilst I acknowledge Ms Howick's evidence that Experian's approach has not been challenged or discredited to date, Bobby Shojai's paper was only published in May 2015 and it could take some time for decisions to emerge which address this point. In terms of the PAS guidance then, I consider on the evidence before me, that the fast increases in economic activity rates assumed by Experian are unrealistic.
22. Ms Howick also contends that there is a "logical inconsistency" in Mr Wisher's approach. The Oxford Economics model, which produced a jobs growth figure of 106 p.a., averaged from 2013 and 2014 forecasts, is an internally consistent model; it includes a jobs led element based on a view of future population. The argument is that "Mr Wisher's translation of forecast jobs into population is logically flawed, because the forecasts already incorporate a view of future population."<sup>22</sup> Ms Howick says Mr Wisher was wrong to take one element out of that model and use it in the POPGROUP demographic model, as the jobs figure is inconsistent with other inputs used in the POPGROUP modelling; the economic assumptions are different. Furthermore, Ms Howick contends that using the 109 jobs p.a. figure projected from past trends over the past 13 years is invalid because key factors implicit within it will change; most notably there will be a reduction in the working age population.
23. However, the PPG advocates an "assessment of the likely change in job numbers based on past trends and/or economic forecasts".<sup>23</sup> Furthermore, the Inspector in another recent appeal (the Saltburn appeal) described Mr Wisher's 109 jobs p.a. figure as "relatively conservative."<sup>24</sup> Mr Wisher commented that the majority of OAN experts use POPGROUP in exactly the same way as him<sup>25</sup>. Furthermore, the Inspector in a recent appeal concerning a site at Marske Road, Saltburn said his approach offered a "realistic and robust indication of the Borough's full OAN"<sup>26</sup>. Mr Wisher nevertheless accepted the principle of the logical inconsistency point and there is support for Ms Howick's argument in the PAS guidance.<sup>27</sup> However, Mr Wisher firmly rejected the contention that it would have a significant bearing on the outcome, especially given that job growth is not solely the function of the level of population in an area.<sup>28</sup> Indeed, under cross examination, Ms Howick said that nearly all of the difference between the parties on OAN is down to the use of different economic activity rates, rather than the logical inconsistency point. I have heard no evidence which causes me to doubt that.
24. In closing for the Council, Ms Ogley said the Council has not agreed that "any difference in jobs numbers would be insignificant. Some changes may well be materially significant." However, there is no evidence before me that the jobs growth figure is likely to be significantly outside the range 30 – 109 jobs p.a.,

<sup>22</sup> Ms Howick's rebuttal proof paragraph 4.7.

<sup>23</sup> CD 5.4 (D 2a-D18).

<sup>24</sup> Paragraph 67 of appeal Ref APP/V0728/W/15/100678D at Appendix 1 of Mr Wisher's rebuttal proof.

<sup>25</sup> [equity document ] paragraph 1.9.

<sup>26</sup> Appeal Ref APP/V0728/W/15/100678D at Appendix 1 of Mr Wisher's rebuttal proof.

<sup>27</sup> CD 5.8 paragraphs 8.4 – 8.11.

<sup>28</sup> [equity document ] paragraph 1.11





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which represents virtually no change from the existing employment level. I am not therefore persuaded that the logical inconsistency point seriously undermines the appellants' evidence of the OAN.

*Conclusion on OAN*

25. Ms Howick and Mr Wisher agreed that the difference between them is principally due to differing activity rates. For the reasons given, I consider the appellants' view on activity rates to be more realistic. Accordingly, I am persuaded on the balance of probability that the OAN figure of 355 dpa is the more robust figure.

*The supply of housing land*

26. I have already noted the parties' agreement that the dispute between them over whether certain sites are deliverable will not determine whether the Council can demonstrate that it has a five year supply, as the crucial difference concerns the OAN. Having regard to my conclusion that the OAN is 355 dwellings per annum, Mr Wyatt's supplemental statement<sup>29</sup> shows that, even if I accept the Council's own supply figure of 1901 units, it could only demonstrate a 4 year supply.<sup>30</sup> I need not therefore examine this aspect in great detail, but I should broadly consider the extent of the shortfall. During the round table session concerning housing supply, it emerged that there remained a dispute over the deliverability of 5 sites, namely:

- Adult Education Centre, Redcar (75 units)
- Former Redcar and Cleveland Town Hall Complex, Eston Grange (45 units)
- Former GEDC (14 units)
- Cleveland View, Skelton Green (8 units)
- Former Petrol Filling Station, Rosebury Road, Redcar (10 units)

27. The last 3 of these, providing a total of 32 units all have planning permission. Nothing I heard during the inquiry provided a clear indication that the schemes would not be implemented within 5 years and, having regard to footnote 11 of the Framework, I am satisfied that they are deliverable.

28. As far as the Adult Education Centre is concerned, I note a recent email from the prospective developer<sup>31</sup> indicating that a planning application is anticipated some time in 2016. However, the Council explained that contracts had not yet been exchanged on the sale of the site because there is a need to lift a restrictive covenant, or to explore the possibility of indemnity insurance. In the light of this, notwithstanding the developer's apparent confidence, there must be some doubt over whether there is a realistic prospect of these 75 units being delivered on site within 5 years and I would exclude this site from the supply. Turning to the Eston Grange site, even though contracts have not yet been exchanged on the purchase, a recent email from the prospective developer<sup>32</sup> anticipated the submission of a planning application by early

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<sup>29</sup> Inquiry document 6, Table 1.

<sup>30</sup> This is based on the 10% uplift adopted by Ms Howick and the Council's acceptance that a 20% buffer is required because of the Council's record of persistent under delivery of housing. (See paragraph 47 of the Framework and the Statement of Common Ground (Inquiry document 18, paragraph 4.15).

<sup>31</sup> Inquiry document 27.

<sup>32</sup> Inquiry document 28.



# Appendix G - Excerpt from Telford Examination in Public Conclusions

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**EXAMINATION OF THE TELFORD & WREKIN LOCAL PLAN (2011-2031)  
INSPECTOR'S NOTE TO TELFORD & WREKIN COUNCIL - 30 March 2017**

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## **Introduction**

1. Although a number of matters remain outstanding, I am now in a position to provide an overview of progress with the examination. As you will recall, I advised that I would contact the Council if I identified serious soundness concerns with the potential to affect the examination programme. Unfortunately I have identified such concerns. The purpose of this note is to highlight the issues involved, and to suggest possible courses of action to enable the examination to proceed. I also raise a number of other points upon which further actions remain outstanding.
2. For the avoidance of doubt, all comments set out in this Note are interim only and are made subject to the contents of my final report.

## **Objectively Assessed Housing Needs (OAN)**

3. I have now had the opportunity to review the evidence submitted on this matter, and the discussion at the Matter 1 hearing session, in the light of the recent appeal decision at Kestrel Close, Newport<sup>1</sup>. You will be aware that much of the evidence presented to that appeal is also before the present examination.
4. I note that the Inspector concerned adopted a figure of 864 dwellings per annum as a 'generous maximum' in respect of OAN for the purposes of that appeal. While I am not bound by that figure, it is clearly an important material consideration to which I must have regard. Furthermore, I can advise that I share some of the concerns raised by that Inspector in respect of the robustness of the Council/PBA approach to testing the labour market implications of its demographic projections. Specifically, I consider that the stated position that 'double-jobbing' will rise to 7% by 2031 – which has a significant effect on labour supply estimates – is not firmly evidenced. I also share my colleague's caution about the increase in activity rates that is suggested for those ages 65 and over. The rate of increase suggested by PBA in that regard appears striking.
5. I accept that as a result of the methodology that PBA has used, these figures represent outputs of the Experian model rather than inputs. However, they suggest to me that the Council's position that (in summary) the level of jobs growth that it has identified could be supported by the supply of labour is insufficiently robust. It is important that a labour force shortfall does not arise that could restrict the Council's job growth ambitions. For the avoidance of doubt, I consider that a more cautious approach is therefore justified. This is likely to involve an uplift to the Council's

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<sup>1</sup> Land east of Kestrel Close/Beechfields Way, Newport APP/C3240/W/16/3144445 – document K24/31a.



demographic-based OAN figure to take account of the economic evidence.

6. **Accordingly, I request that the Council reconsiders its OAN evidence in the light of these comments.** Specifically, I request that the Council/PBA conclusions in respect of labour market implications are revisited in order that a suitably robust uplift figure can be calculated. If such work is considered to be impractical, then I would seek the Council's view on whether the findings of the Kestrel Close Inspector in respect of OAN should be adopted for the purposes of the present examination. Clearly, the adoption of an OAN figure in excess of the Plan's stated housing requirement would imply the need to review that requirement and reconsider the housing land supply position (although I note the conclusions of the Kestrel Close Inspector in respect of that matter). Any revision of the Plan's housing requirement may also have implications for other policies within the Plan, as well as potentially needing additional Sustainability Appraisal (SA) work to be undertaken.

#### **Housing Site Selection Methodology**

7. You will recall the concerns that I raised at the Matter 8 hearing session in respect of this matter. While I accept the need for a Plan's evidence base to be proportionate, it is also the case that all parties need to understand why certain sites were allocated and why other sites were not allocated.
8. In that context, I sought to examine the methodology that the Council has employed in selecting the 17 housing sites proposed for allocation in the Plan. Unfortunately, the commentary set out in the Council's (pre-hearing) written answer to my question in respect of this matter<sup>2</sup> and in section 5 of the Housing Delivery Technical Paper<sup>3</sup> contain only a brief summary of that process. Indeed, the latter document states (para 5.6) that 'the site selection or rejection reasons for each individual site can be found in the Integrated (Sustainability) Appraisal Report (2015)' (the IA).
9. However, Appendix X of the Integrated (Sustainability) Appraisal Report<sup>4</sup> comments that 'the IA findings are not the sole basis for a decision; other factors including planning and deliverability, play a key role in the decision-making process'. Bearing in mind the position set out in Housing Technical Paper as described above, this suggests to me an element of circular reasoning.
10. Clearly, the detailed selection of sites for allocation involves an element of planning judgement. However, that judgment needs to be both explicit and transparent. In short, there needs to be a clear

<sup>2</sup> Document J8/TWC.

<sup>3</sup> Document B2b.

<sup>4</sup> Document A3a – page 53/71 of that appendix.



# Appendix H - Boreham Inquiry Inspector's Decision



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## Appeal Decision

Inquiry held on 12-15, 19 & 20 April 2016  
Site visit made on 18 April 2016

**by G D Jones BSc(Hons) DMS DipTP MRTPI**

an Inspector appointed by the Secretary of State for Communities and Local Government

Decision date: 25 May 2016

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**Appeal Ref: APP/W1525/W/15/3049361**

**Land off Plantation Road, Boreham, Essex CM3 3EA**

- The appeal is made under section 78 of the Town and Country Planning Act 1990 against a refusal to grant outline planning permission.
  - The appeal is made by Gladman Developments Limited against the decision of Chelmsford City Council.
  - The application Ref 14/01552/OUT, dated 16 September 2014, was refused by notice dated 15 May 2015.
  - The development proposed is described as outline planning application for demolition of existing buildings (10 & 12 Plantation Road) and the residential development of up to 145 residential dwellings, open space, landscaping, associated infrastructure including means of access.
- 

### Decision

1. The appeal is allowed and outline planning permission is granted for the demolition of existing buildings (10 & 12 Plantation Road) and the residential development of up to 145 residential dwellings, open space, landscaping, associated infrastructure including means of access at Land off Plantation Road, Boreham, Essex CM3 3EA in accordance with the terms of the application, Ref 14/01552/OUT, dated 16 September 2014, subject to the conditions contained within the Schedule at the end of this decision.

### Preliminary Matters

2. The proposal is for outline planning permission with access only to be determined at this stage and with appearance, landscaping, layout and scale reserved for future approval. Whilst not formally part of the scheme, I have treated the details relating to these reserved matters submitted with the application as a guide as to how the site might be developed.
3. The Council confirmed at the start of the Inquiry that, notwithstanding the wording of the second reason for refusal, the appeal proposal does not conflict with the Boreham Village Design Statement (BVDS). Furthermore, while the first refusal reason refers to the Council having an Interim Housing Target of 800 dwellings per annum (dpa), as set out in the Housing Land Supply sub-section it now considers the full objectively assessed need for its area to be 775 dpa. I have, therefore, considered the appeal on that basis.



Appeal Decision APP/W1525/W/15/3049361

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Strategy (RSS). In view of the relevant legal cases on housing land-supply, such as the Barwood judgment<sup>3</sup>, a revoked RSS is not a basis for the application of a constraint policy to the assessment of housing needs, because it has been revoked and cannot be part of the Development Plan. The same would be true of an out of date Local Plan which did not set out the current full objectively assessed needs. Until the full, objectively assessed needs are qualified by the policies of an up to date Local Plan, they are the needs which go into the balance against any Framework policies. It is at that stage that constraints or otherwise may apply. In these circumstances, therefore, the housing requirement of the Core Strategy cannot be said to be up to date in the terms of the Framework.

20. There is also an emerging local plan in the form of the Chelmsford Local Plan: Issues and Options Consultation Document, November 2015 (the eCLP), the consultation period for which ended in January 2016. As it is still at an early stage in the plan-making process it carries only limited weight.

### Reasons

#### *Housing Land Supply*

21. As outlined in the preceding sub-section, the housing requirement of the Core Strategy is not up to date in the terms of the Framework. Consequently, in line with the relevant legal authorities, it is for me to assess the housing need in order to properly determine the appeal in accordance, among other things, with paragraph 47 of the Framework.
22. The main parties disagree over whether or not the Council can demonstrate a five-year supply of housing land for the area. They have, nonetheless, found a considerable amount of common ground on this matter, which is set out in the Housing Land Supply Statement of Common Ground and the Supplementary Statement of Common Ground. Both of these documents were agreed and submitted during the course of the Inquiry<sup>4</sup>.
23. Notable areas of agreement include that the starting point calculation for the full objectively assessed need (the FOAN) should be re-based from 2013/14 in order to align with the demographic projection base date, any shortfall in housing delivery since then should be dealt with during the five-year period following the Sedgefield approach, a 20% buffer should be applied due to past persistent under-delivery and the relevant five-year period should be 2015/16 to 2019/20. Ultimately, the appellant did not contest the Council's evidence regarding affordable housing in terms of its potential influence on the FOAN. Nor did it contest the Council's housing delivery evidence for that five-year period such that the supply would amount to 6095 dwellings over those five years. I have found no good reason to take a different position on any of these considerations.
24. Based on this projected level of housing delivery and on the Council's calculation of the existing shortfall since 2013/14 of 254 dwellings, the Council would be able to demonstrate a Framework compliant supply of housing land with a FOAN of up to 965 dpa.

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<sup>3</sup> South Northamptonshire Council v Secretary of State for Communities and Local Government, Barwood Land and Estates Limited, 10 March 2014, EWHC 573 (Admin)

<sup>4</sup> Inquiry Documents 13 & 15 respectively



Appeal Decision APP/W1525/W/15/3049361

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25. Notwithstanding the common ground found in respect to housing land supply, important differences remain between the parties on this matter. The Council maintains that the FOAN equates to 775 dpa, while the appellant considers it to be 1129 dpa, respectively well-below and well-above the five-year housing land supply 965-966 dpa 'tipping point' referred to in the preceding paragraph.
26. The difference between the parties' preferred FOANs is 354 dpa, which by the end of the Inquiry was essentially due to two areas of disagreement. Firstly, headship rates, which account for 109 dpa, with the remaining 245 dpa due to differing approaches to economic activity rates (EAR). When these two figures are added separately to the Council's preferred FOAN it results in totals of 884 dpa and 1020 dpa respectively, which fall either side of the 'tipping point'. I deal firstly with economic activity rates as the additional 245 dpa promoted by the appellant would alone cause the housing land supply to fall below the five years required by the Framework.
27. Regarding EAR the Planning Practice Guidance (the PPG) requires an *assessment of the likely changes in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area*<sup>5</sup>. Both parties used job growth projection of 887 jobs per annum.
28. My attention has been drawn to other appeal decisions and, in respect to this aspect of the evidence, notably to those concerning residential development at Muxton, Telford and Ormesby, Middlesbrough<sup>6</sup>. These appeals were considered and determined at a similar point in time, such that it is very likely that each would have been considered/made without knowledge of the other. The respective Inspectors have taken a somewhat different approach to EAR, which is unsurprising in the circumstances. At the Muxton appeal the FOAN witnesses were the same as those for this appeal, Ms Howick and Mr Donagh, whereas of these witnesses only Ms Howick gave evidence at the Ormesby appeal.
29. In the context of EAR, the Muxton appeal Inspector set out that *if the appellant had been able to demonstrate obvious shortcomings that would have affected my assessment of the reliability of the OAN ... but on the basis of the evidence I heard, I do not consider that the appellant's criticisms were sufficiently well founded to suggest the Council's OAN was unreliable and I shall treat the OAN as the best indicator of housing need that is available*.
30. There are, nonetheless, clear parallels between the Ormesby appeal and the appeal that is before me regarding EAR, particularly in respect to labour supply and migration. These matters are considered in some detail at paragraphs 14 to 21 of the Ormesby appeal decision letter. In broad terms in the Ormesby case the appellant's FOAN witness preferred the Office for Budget Responsibility (OBR) projections in favour of those of Experian as used by Ms Howick in that case.
31. The circumstances of the current appeal are similar in that Ms Howick prefers EEFM's rates to the OBR rates and, like the Experian rates in the Ormesby case, they are markedly above those of the OBR. I note that the evidence indicates that OBR figures are used by the Government in the most important

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<sup>5</sup> PPG Reference ID: 2a-D18-2D140106

<sup>6</sup> Appeal References: APP/C1240/W/15/1010085 dated 10 March 2016 and APP/V0728/W/15/1018546 dated 9 March 2016 respectively



Appeal Decision APP/W1525/W/15/3049361

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activities of the State. In this case the appellant has also submitted rates of EU and KCC. As these are broadly consistent with the OBR rates, they too are significantly exceeded by the EEFM rates. I also note that the 'current' EEFM EAR is markedly above that of EEFM's previous EAR<sup>7</sup>.

32. In my view, as in the Ormesby case, the OBR projections give good reason to doubt the EAR rates assumed by the Council; a conclusion which is supported in this case by the EU and KCC projections as well as by past EEFM projections. I have not found anything within what I have read and heard during the appeal process that gives me good reason to justify reliance on the Council's significantly higher rates in the face of this evidence. Consequently, I consider that the EEFM predictions are likely to be unrealistic and that greater weight should be attached to the EU, KCC and OBR evidence.
33. For these reasons, therefore, on the evidence before me it is appropriate to include in the FOAN the additional 245 dpa identified by the appellant arising from its EAR evidence. When added to the Council's preferred rate of 775 dpa this results in an annual FOAN of 1020 or 5100 over five years. Applying the Council's preferred current shortfall figure of 254 dwellings and the 20% buffer following the Sedgefield approach results in a five-year requirement of some 6425 homes. Setting this figure against the projected housing delivery of 6095 dwellings results in a shortfall of some 330 homes for the period 2015/16 to 2019/20 and a supply of some 4.74 years.
34. Regarding headship rates, I consider that the Council's approach does follow the requirements of the PPG, it is supported by academic research<sup>8</sup> and takes reasonable account of local factors. Nonetheless, as outlined above, I have concluded that the Council has failed to demonstrate a five-year housing land supply.
35. The evidence also refers to recent appeal decisions within the Council's administrative area for proposed residential development near to The Lion Inn, Boreham and at Bailey's Cottage, Chatham Green<sup>9</sup>. The Inspectors for both of these appeals concluded that on the evidence before them the Council was able to demonstrate a Framework compliant supply of housing land.
36. However, the information before me indicates that in the case of the Lion Inn appeal that appellant did not contest the Council's FOAN of 775 dpa but rather followed a different approach to the case put forward by the current appellant's witness Mr Donagh. Consequently, it is reasonable to assume that at that Inquiry the Council's FOAN would not have been as thoroughly tested as it was in the current appeal.
37. I also note that the Lion Inn appeal decision was before the Bailey's Cottage Inspector when she made her decision and, consequently, it is likely to have had some influence on her conclusion regarding housing land supply. Furthermore, the Bailey's Cottage appeal was considered via a Hearing rather than an Inquiry, such that the Council's FOAN is again unlikely to have been subject to the degree of testing it underwent at the current appeal. I am also mindful that the information before me indicates that Mr Donagh's evidence had not been tested at any Inquiry in Chelmsford until the current appeal.

<sup>7</sup> EEFM's Phase 7 Report in contrast to its Phase 6 Report

<sup>8</sup> CD 10.14 and CD 10.15

<sup>9</sup> Appeal References: APP/W1525/W/14/J001771 dated 8 March 2016 and APP/W1525/W/15/J117020 dated 23 March 2016 respectively



# Appendix I - Excerpt from Forest Heath OAN Study



## **Forest Heath District Market Signals and Objectively Assessed Housing Need**

**Peter Brett Associates**

February 2016

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## 6 CONCLUSIONS

- 6.1 Our analysis of past provision and market signals suggests that there is little justification for an uplift to the demographic projections. In the base period whose trends the projections roll forward, 2007-12, the evidence mostly suggests that housing land supply has met demand. But there is one indicator that points in the opposite direction: the exceptionally high level of market rents, which is due to demand from USAFE personnel and their families. Arguably this could justify a 'market signals' uplift to the demographic projections, although the link between the private rented sector and overall housing provision is not clear. If the Local Plan had provided more housing land in the past we cannot be sure that the supply of rented housing would have been higher and rents would have been lower.
- 6.2 Even assuming that a market signals uplift is appropriate, it is difficult to determine the size of that uplift. The PPG provides no meaningful guidance on this:
- '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 period.'*
- 6.3 Given that the PPG is silent, the only indications on the size of any uplift come from the Planning Inspectorate. Three Inspectors examining Local Plans have advised on this matter. We summarise their findings below.
- 6.4 In Eastleigh, the Inspector noted that affordability had worsened more than the national average and rents had risen more than the average (we cannot tell how Forest Heath compares, because it is not clear what periods the Inspector was referring to). On this basis he concluded that *'a cautious approach is reasonable bearing in mind that any practical benefit is likely to be very limited because Eastleigh is only a part of a much larger HMA... Exploration of an uplift [to the demographic projections] of, say, 10% would be compatible with the "modest" pressure of market signals'*.
- 6.5 In Uttlesford, the Inspector mentioned that house price increases had been slightly less than for Essex and England but from a very much higher base (for comparison, in Forest Heath house price increases have been less than comparator areas and from a much lower base). He also noted that median rents were higher than these comparators and had risen faster (the position Forest Heath is similar); and affordability had risen to a much higher peak prior to the recession (again Forest Heath is similar). *'Taking in the round'* these market signals as well as affordable need, the Inspector advised an uplift of 10%. He did not apportion the uplift between market signals and affordable need.
- 6.6 In Canterbury, the Inspector focused on three main market signals:
- Median house prices 12% above the national average (for comparison, as noted earlier Forest Heath house prices are well below the average);



## Forest Heath District

## Market Signals and Objectively Assessed Housing Need



- House price growth some 20 percentage points above the national average (again Forest Heath is below the average)
  - Affordability ratio consistently above the national benchmark - currently 9 against 6.5 for England (the ratio for Forest Heath is 7).
- 6.7 The Canterbury Inspector recommended an uplift of 30% to take account of these market signals, together with future jobs, affordable housing need and a post-recession recovery in national household formation rates. The Inspector noted that these four factors overlapped and did not apportion the uplift between them.
- 6.8 From the three cases discussed above we cannot draw definite conclusions about the correct market signals uplift for Forest Heath. This is partly because the evidence used in Easteleigh, Uttlesford and Canterbury is not directly comparable: the indicators used are not always the same, some are measured as absolute levels and others as rates of change, they refer to different dates and are compared with different benchmarks. A further difficulty is that only one of the three Inspectors, in Easteleigh, provides an uplift for market signals alone. In the other two areas the adjustments they propose also take account of affordable need, future jobs and the impact of the recession on household formation.
- 6.9 In short, the size of any market signals uplift cannot be simply inferred from earlier examples; it also requires judgment. In our judgment the supply-demand imbalance reflected in the demographic projections for Forest Heath is less than for Easteleigh and Uttlesford and far less than for Canterbury. Therefore we suggest a market signals uplift of 5%.
- 6.10 On this basis the district's objectively assessed need is 6,800 net new dwellings over the plan period 2011-31, equal to 340 net new dwellings per annum (dpa). The discussion in Chapter 5 above suggests that it is not advisable to increase this number in order to meet more of the affordable housing need.
- 6.11 The objectively assessed need of 340 dpa is fractionally below the 350 dpa calculated in the Cambridge Sub-region SHMA (2013). This reduction will not have a significant impact on the demand-supply balance for the rest of the housing market area, as calculated by the SHMA and endorsed in the 2013 Memorandum of Co-operation. Given that the assessed need has not increased, there is no reason why Forest Heath would want to export unmet need to other parts of the HMA.



## Appendix J - Application of LPEG Method

J.1 This appendix sets out the estimated Full Objectively Assessed Housing Need (FOAHN) for Huntingdonshire based on the method set out in the Local Plans Expert Group (LPEG) proposals for a new approach to housing need assessment.

### LPEG Approach

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J.2 The approach recommended by the LPEG is summarised as follows:

- **Output A: Starting Point** - This takes the highest population growth between a base demographic scenario based on the most recent household and population projections, as well as an adjustment for the latest mid-year population estimates, and a demographic scenario using 10-year average migration. Then headship rates for 25-44 year olds are adjusted to the highest between the latest household projections and a recovery to part way between the latest household projections and the 2008 projections by 2033.
- **Output B: Market Signals** – The housing number from Output A is then adjusted to take account of evidence on relative affordability in terms of the house price to earnings ratio and rental costs as a proportion of earnings.
- **Output C: Affordable Housing Need** – LPEG specifies that plan makers should establish the total number of affordable homes needed using a revised methodology also proposed by LPEG. The overall housing need figure necessary to meet affordable need should then be calculated based on its likely delivery as a percentage of mixed market/affordable housing developments, using target percentages in adopted or emerging local plans. Where the resulting number is higher than the Output B figure, an upward adjustment should be made so that the OAN figure is set at the overall figure described above. This suggested adjustment is set at a maximum of 10%.
- **Output D:** The final OAN figure is the highest of the outputs B and C.

### Demographic Starting Point

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J.3 The demographic starting point for the LPEG method is 743 dpa taking account of the latest mid year population estimates for Huntingdonshire. This applies to the period 2011-36.



The migration rates suggested by the 2014 population projections are larger than the 10-year average so no uplift is applied to take account of longer term migration.

- J.4 Household formation rates for 25-44 year olds in the 2008 based projections were projected to be higher than those of the 2012 based projections. The LPEG method requires an adjustment to be applied to the starting point in these circumstances, bringing the demographic starting point (Output A) up to **798 dwellings per annum**.

## Market Signals

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- J.5 As well as adjusting headship rates, the LPEG specified an adjustment proportionate to the scale of affordability issues in the housing market area. The adjustment is as follows:
- Where the Median House Price Ratio (HPR) is less than 5.3 and Lower Quartile Rental Affordability Ratio (RAR) is less than 25% no uplift is required;
  - Where HPR is at or above 5.3 and less than 7.0 and/or the RAR is at or above 25% and less than 30%, a 10% uplift should be applied;
  - Where the HPR is at or above 7.0 and less than 8.7, and/or the RAR is at or above 30% and less than 35%, a 20% uplift should be applied; and
  - Where the HPR is at or above 8.7, and/or the RAR is at or above 35%, a 25% uplift should be applied.
- J.6 Huntingdonshire's Lower Quartile Rental Affordability Ratio is 31%<sup>6</sup> and its median house price affordability ratio is 7.8<sup>7</sup>. This qualifies Huntingdonshire for an uplift of 20% and a market signals adjusted figure (Output B) of **958 dwellings per annum**.

## Affordable Housing Need

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- J.7 The recommended proportion of affordable housing in new developments in Huntingdonshire has been set at up to 40% as per LP 23 in the Consultation Draft of the emerging Local Plan. The consultation draft of the Huntingdonshire Local Plan states that the 2013 SHMA for Cambridgeshire estimates a net affordable need of 320 dwellings per

<sup>6</sup> Calculated as the three year (2014-16) average ratio between lower quartile rent values from the VOA and lower quartile salary data from ASHE

<sup>7</sup> Three year (2014-16) average taken from: ONS, Ratio of Median House Price to Median Gross Annual Workplace-Based Earnings 1997-2016



annum in Huntingdonshire (8,000 across the plan period). To reach this affordable need at the recommended proportion of affordable housing, Huntingdonshire would require a housing need figure of **800 dwellings per annum** (Output C). As this is lower than the 958 dwellings per annum from output B, LPEG recommends no affordable need uplift.

## Full Objectively Assessed Housing Need

- J.8 The LPEG approach suggests that the full objectively assessed housing need (FOAHN) figure is the highest of outputs A, B and C. This would equate to a FOAHN (Output D) of **958 dwellings per annum** in Huntingdonshire for the period 2011 to 36.

LPEG Based Outputs	
	Dwellings per annum
Output A: Starting Point	798
Output B: Market Signals	958
Output C: Affordable Housing Need	800
Output D: Recommended FOAHN Figure	958

Source: Regeneris Consulting



# Appendix K - Excerpt from Waverley EiP Hearing Statement

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**EXAMINATION STATEMENT ON BEHALF OF THE WAVERLEY HOUSING FORUM**

## **MATTER 1 - APPENDICES**

*Prepared Jointly by:*

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Director – Neame Sutton Limited*

April 2017



HMT, the qualification within the report suggests it would be the figure necessary to keep the affordability ratio constant.

#### Redfern Review

- 12 The Redfern Review<sup>23</sup> was an independent review of the causes of falling home ownership, and associated housing market challenges. Published in November 2016, it was informed by a housing market model and built by Oxford Economics which looked at the impacts of different supply assumptions on prices and home ownership. The review ultimately concludes (para 33):

*"...looking forward, if the number of households in the UK were to grow at around 200,000 per year, new supply of 300,000 dwellings per year over a decade would be expected to cut house price inflation by around 5 percentage points (0.5 percentage points a year)... In other words boosting housing supply will have a material impact on house prices, but only if sustained over a long period."*

- 13 The accompanying report by Oxford Economics<sup>24</sup> identifies that "To put downward pressure on prices new supply would need to outstrip underlying household formation". It actually models a boost in housing supply of 100,000 above their baseline forecast of 210,000 dwellings per annum, concluding that 310,000 dpa "helps to keep prices in check" up to 2026, albeit still rising marginally. Although no corresponding analysis is presented on the affordability ratio (i.e. accounting for changes in income over that period), the adoption of 310,000 dpa as a figure to keep prices in check would represent a 44.2% uplift over the demographic baseline suggested by the 2014-based projections. A lower percentage would be sufficient to hold affordability constant if household incomes increased in a corresponding manner.

<sup>23</sup> 'The Redfern Review into the decline of home ownership' (16 November 2016) - [http://www.redfernreview.org/wp-content/uploads/2016/01/TW1082\\_RR\\_online\\_PDF.pdf](http://www.redfernreview.org/wp-content/uploads/2016/01/TW1082_RR_online_PDF.pdf)

<sup>24</sup> 'Forecasting UK house prices and home ownership' (November 2016) Oxford Economics - <http://www.redfernreview.org/wp-content/uploads/2016/11/20161114-Redfern-Review-modelling-paper.pdf>



# Appendix L - Excerpt from OAN Proof of Evidence, Lucks Lane Inquiry

**GDL05P - OAN Proof**

**BW**

**Town and Country Planning Act 1990  
Planning and Compulsory Purchase Act 2004**

**Section 78 Appeal by Gladman Developments Ltd**

Land off Lucks Lane and West and South of the  
Osiers and Springfield Close, Buckden,  
Huntingdonshire

Proof of Evidence of  
James Donagh BA (Hons) MCD MIED  
Relating to the Objective Assessment of Housing Need

Appeal Ref: APP/H0520/W/16/3159161  
LPA Ref: 16/00576/OUT

April 2017





**"NHPAU believes that there is a realistic possibility of stabilising the affordability of market housing over the long-term if a supply target for 270,000 net additions to stock, in the right place and of the right type can be adopted through the planning system for delivery before or by 2016."**

- 7.29 The target of 270,000 per annum would equate to a **24% increase** above the baseline 2014-based CLG household projection for England (circa 218,000 dwellings per annum, 2014-2039). Applied to the starting point CLG projection in Huntingdonshire this would result in OAHN of **944 dpa, 2011-2036**.
- 7.30 Crucially, the NHPAU concluded that if stabilising affordability in each region is the goal, then the most efficient way to achieve that is to proportionately increase supply in the areas where affordability is most severe. Thus it focussed 80% of its uplifts (over the then RSS targets) across the South East, the South West and the **East of England**.

**iv) Redfern Review (November 2016, CD 12.04)**

- 7.31 The Redfern Review was an independent review of the causes of falling home ownership, and associated housing market challenges. Published in November 2016, it was informed by a housing market model and built by Oxford Economics which looked at the impacts of different supply assumptions on prices and home ownership. The review ultimately concludes (paragraph 33):

**"...looking forward, if the number of households in the UK were to grow at around 200,000 per year, new supply of 300,000 dwellings per year over a decade would be expected to cut house price inflation by around 5 percentage points (0.5 percentage points a year)... In other words boosting housing supply will have a material impact on house prices, but only if sustained over a long period."**

- 7.32 The accompanying report by Oxford Economics (CD 12.05) identifies that *"To put downward pressure on prices new supply would need to outstrip underlying household formation"*. It actually models a boost in housing supply of 100,000 above their baseline forecast of 210,000 dwellings per annum, concluding that 310,000 dwellings per annum *"helps to keep prices in check"* up to 2026, albeit still rising marginally.
- 7.33 Although no corresponding analysis is presented on the affordability ratio (i.e. accounting for changes in income over that period), the adoption of 310,000 dwellings per annum as a figure to keep prices in check would represent a **44.2%** uplift over the demographic baseline suggested by the 2014-based projections. A lower percentage would be sufficient to hold affordability constant if household incomes increased in a corresponding manner.



7.33 In Huntingdonshire, a 44.2% increase to the 2014-based household projection (761 dpa) would lead to a requirement for **1,097 dpa, 2011-2036**.

**v) Conclusions on Market Signals**

7.34 Although the PPG makes it clear as to which market signals should be analysed, it fails to provide clarity on what level of uplift would be required to provide an adequate response. Paragraph ID2a-020 states that the uplift should be based on reasonable assumptions and be expected to improve affordability.

7.35 I have therefore provided details of the market signals uplift that would be required on the basis of the Local Plans Expert Group's (LPEG), Redfern Review, Barker Review, and the NHPAU recommendations. **These recommendations would require an OAHN range of between 913 and 1,259 dpa, 2011-2036** in response to market signals. This equates to an increase of between 20% and 65% above the starting point estimate of OAHN for Huntingdonshire (761 dpa).

7.37 I consider that this evidence and analysis provides further support for the economic-led OAHN I have determined; **approximately 1,000 dpa, 2011-2036**. The alternative approaches to market signals uplift are tabulated below:

**Table 7.6: Alternative Market Signals Approaches in Huntingdonshire**

<i>Approach</i>	<b>Dwellings per annum 2011-2036</b>
NHPAU	944
LPEG	981
Redfern Review	1,097
Barker Review	1,259



## **Appendix 2: Proof of Evidence of Rebecca Roebuck, Biggin Lane Inquiry (attached separately)**



**TOWN & COUNTRY PLANNING ACT 1990**

**TOWN AND COUNTRY PLANNING (INQUIRIES PROCEDURE) (ENGLAND)  
RULES 2000**

**INQUIRY UNDER SECTION 78 OF THE  
TOWN AND COUNTRY PLANNING ACT 1990 INTO**

**Appeal by Abbey Properties Cambridgeshire Ltd,  
and Robert, Daphne and Susan Pickard  
Land West of Park Road and the Malting on Biggin Lane, Ramsey,  
Cambridgeshire**

**Appeal ref: APP/H0520/W/17/3174462**

***“Outline Planning application for the erection of up to 141 dwellings, proposed  
access and associated works. All matters reserved except access”***

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**PROOF OF EVIDENCE on matters relating to  
OBJECTIVELY ASSESSED HOUSING NEED**

**OF**

**REBECCA ROEBUCK MEng  
Research Manager, Cambridgeshire County Council**

**ON BEHALF OF  
HUNTINGDONSHIRE DISTRICT COUNCIL**

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**Planning Inspectorate Reference: APP/H0520/W/17/3174462**

**Local Planning Authority Reference: 16/01530/OUT**

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## **1. Qualifications and Experience**

- 1.1. My name is Rebecca Roebuck. I am employed by Cambridgeshire County Council as a Research Manager in the Council's Research Group. I hold a Master of Engineering degree. I have worked in the Cambridgeshire Research Group since 2003 and I became a Research Manager in 2013.
- 1.2. I have prepared this proof of evidence and the report Huntingdonshire Objectively Assessed Housing Need April 2017 to support Huntingdonshire District Council in objectively assessing and evidencing development needs for housing, both market and affordable. I have previously prepared the objectively assessed housing need figures in the Cambridge Sub-region Strategic Housing Market Assessment 2013.
- 1.3. I understand my duty to the Inquiry to help the Inspector on matters within my expertise and that this duty overrides any obligation to the person from whom I have received instructions or by whom I am employed. I have complied, and will continue to comply, with that duty. I confirm that this evidence identifies all facts which I regard as being relevant to the opinion that I have expressed and that the Inquiry's attention has been drawn to any matter which would affect the validity of that opinion. I believe that the facts stated within this proof are true and that the opinions expressed are correct.
- 1.4. The evidence that I have prepared and provide for this appeal reference APP/H0520/W/17/3174462 in this proof of evidence is true and I confirm that the opinions expressed are my true and professional opinions.

## **2. Scope of Evidence**

- 2.1. This Proof of Evidence focuses on the objectively assessed need for housing within Huntingdonshire.
- 2.2. In this Proof of Evidence I will demonstrate that Huntingdonshire District Council's objectively assessed housing need has been arrived at on the basis of a robust methodology.
- 2.3. My Proof of Evidence therefore supports the Council's case on the current housing land supply situation, to enable proportionate examination of this issue, whilst recognising the Government's guidance in PPG Paragraph: 033 Reference ID: 3-033-20150327 that the individual appeal process cannot replicate the more detailed investigation at Local Plan examination.
- 2.4. The Proof of Evidence commences at Chapter 3 with a review of policy including the statutory development plan documents insofar as they relate to housing need issues, along with consideration of relevant paragraphs within the National Planning Policy Framework (NPPF) and National Planning Practice Guidance (PPG).
- 2.5. Chapter 4 then addresses the objectively assessed housing need for Huntingdonshire for 2011 to 2036. Chapter 5 sets out my Conclusions, and also serves as my Summary.

### 3. Policy Review

#### The Development Plan: Relevant Development Plan Documents

- 3.1. The adopted development plan for Huntingdonshire comprises the following development plan documents:
- a) Core Strategy (2009) (the central document for the purposes of this appeal)
  - b) Huntingdonshire Local Plan Alteration (2002)
  - c) Huntingdonshire Local Plan (1995)
  - d) Huntingdon West Area Action Plan (2011)
- 3.2. The only 'made' Neighbourhood Plan is that for St Neots (2016) which does not cover the appeal site.
- 3.3. The Core Strategy (adopted in September 2009) set a housing delivery target of 14,000 new homes for 2001 to 2026 equivalent to an annual figure of 560 new homes. This was based on the Regional Spatial Strategy for the East of England (2008) revoked in 2013. The housing target and directions of growth for its delivery are set out in Policy CS2.
- 3.4. In 2012 Huntingdonshire District Council started preparation of a Local Plan covering the period 2011 to 2036. In 2013 public consultation was undertaken on a full draft plan, known as the Stage 3 consultation document. In January 2015, Huntingdonshire's Local Plan to 2036: Targeted Consultation 2015 was published for consultation with town and parish councils, landowners and their agents and other stakeholders under the duty to cooperate<sup>1</sup>. Both this consultation document and the earlier 2013 Stage 3 consultation document contained a housing target of 21,000, equivalent to 840 new homes each year<sup>2</sup>.
- 3.5. The significant increase in the housing target from 14,000 to 21,000 between the Core Strategy and the current draft Local Plan to 2036 arose from publication of an updated objectively assessed need for housing figure in the Cambridge Sub-region Strategic Housing Market Assessment 2013 (SHMA 2013). Table 1 below illustrates recent changes to Huntingdonshire's housing target and shows the sudden increase to the target arising from publication of the SHMA 2013.

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<sup>1</sup> Section 33A of the Planning and Compulsory Purchase Act 2004

<sup>2</sup> Targeted Consultation 2015 document page 58, policy LP1 and Stage 3 consultation document page 25, paragraph 3.40



**Table 1: Changes to Huntingdonshire's housing target**

Source	Period covered	Overall target	Annual target
East of England Plan (2008)	2001-21	11,200	560
Draft revised East of England Plan (2010)	2011-31	11,000	550
SHMA 2013	2011-36	21,000	840

- 3.6. A proposed submission Huntingdonshire Local Plan to 2036 (HLP 2036) is scheduled to be presented to Cabinet in December 2017 seeking approval for publication for Regulation 19 consultation. The housing requirement figure to be proposed in that document is dealt with below from paragraph 4.1 onwards.
- 3.7. The intention is for statutory pre-submission consultation to be carried out between late December 2017 and January 2018 then to formally submit the HLP 2036 for examination in March 2018.

### **National Policy**

- 3.8. Paragraph 17 of the NPPF sets out 12 core planning principles. The third one listed focuses on delivering the homes that the country needs and advocates that:

*Every effort should be made objectively to identify and then meet the housing, business and other development needs of an area.*

- 3.9. Paragraph 47 then states that (with my emphasis underlined):

*To boost significantly the supply of housing, local planning authorities 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 this Framework, including identifying key sites which are critical to the delivery of the housing strategy over the plan period;*

- 3.10. Paragraph 159 of the NPPF states that:

*Local planning authorities should have a clear understanding of housing needs in their area. They should:*

- *prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The Strategic Housing Market Assessment*

- *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*
  - *addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes)*
  - *caters for housing demand and the scale of housing supply necessary to meet this demand*

3.11. The NPPF is complemented by advice set out in the Planning Practice Guidance. With regard to the need for additional housing, Paragraph: 003 Reference ID: 2a-003-20140306 provides the following definition:

*Need for housing in the context of the guidance refers to the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period – and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet that demand.*

3.12. Paragraph: 004 Reference ID: 2a-004-20140306 cautions that:

*The assessment of development needs is an objective assessment of need based on facts and unbiased evidence. Plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historic under performance, viability, infrastructure or environmental constraints.*

## 4. Objectively Assessed Housing Need

### The Housing Requirement Figure

- 4.1. The SHMA 2013 was prepared to support the spatial strategy for development in Cambridgeshire and West Suffolk. It was produced by the Cambridgeshire County Council Research and Performance Team in collaboration with the Cambridgeshire Joint Strategic Planning Unit and all relevant district councils. As noted above the SHMA 2013 identifies an objectively assessed need figure for Huntingdonshire of 21,000 new dwellings for 2011-2036. **The Appellants have challenged this figure and have calculated an alternative figure of 23,809 dwellings.** I have considered their statement of case and deal with their position below at paragraphs 4.25 and 4.26.
- 4.2. The SHMA 2013 was informed by the Population, Housing and Employment Forecasts Technical Report produced by Cambridgeshire County Council's Research and Performance Team and coordinated by the Cambridgeshire Joint Strategic Planning Unit. It covers a range of national and local population and housing statistics, including the 2011 Census population figure; it also includes economic forecasts and provides an uplift for Huntingdonshire to reflect the designation of Alconbury Enterprise Zone in 2011.
- 4.3. The methodology used to prepare the objectively assessed housing need figures presented in the SHMA 2013 for the housing market area as a whole, and for individual districts, has been considered at the Local Plan examinations for Fenland, St Edmundsbury, and East Cambridgeshire District Councils. The SHMA 2013 was tested in each of the examinations and the resulting housing requirements set out in their plans were found sound in Inspectors' reports published in 2014, 2014, and 2015 respectively.
- 4.4. As set out above in paragraphs 3.4 onwards, the 2013 Stage 3 consultation Local Plan to 2036 contained a housing target of 21,000 new homes, equating to 840 homes per year, based on the SHMA 2013's evidence. This target was backdated to 2011. It represented a 50% increase in the annual housing target over that in the adopted Core Strategy.
- 4.5. The SHMA 2013 was produced prior to publication of the Planning Practice Guidance. Therefore, in 2016 Cambridgeshire County Council's Research Group was commissioned by the Council to undertake an update of the objectively assessed need figure to take account of the most recent official population and household projections and the latest local economic evidence, and to respond to market signals,

following the advice set out in the Planning Practice Guidance under the heading 'Methodology: assessing housing need'.

- 4.6. The report by Cambridgeshire County Council Research Group, on which I was the lead author, was completed in April 2017 and identifies an objectively assessed housing need figure (OAN) of 20,100 dwellings, equivalent to 804 homes per year. This figure is 5% higher than the demographic starting point estimate of 19,140 dwellings.
- 4.7. I understand that the HLP 2036 will be responding to the latest available housing evidence. I understand that in total housing completions since 2011, commitments as at 1 April 2017 and allocations in the draft Local Plan will look to significantly exceed the 20,100 OAN to ensure an adequate buffer is provided, and policies which guide development on unallocated sites and make allowance for rural exceptions sites will be in addition to this.
- 4.8. Neither the NPPF nor the PPG expressly sets out a fixed methodology for how objectively assessed need for housing should be calculated. Both provide guidance but acknowledge that the calculation calls for a series of planning judgements.

#### **Huntingdonshire Objectively Assessed Housing Need April 2017**

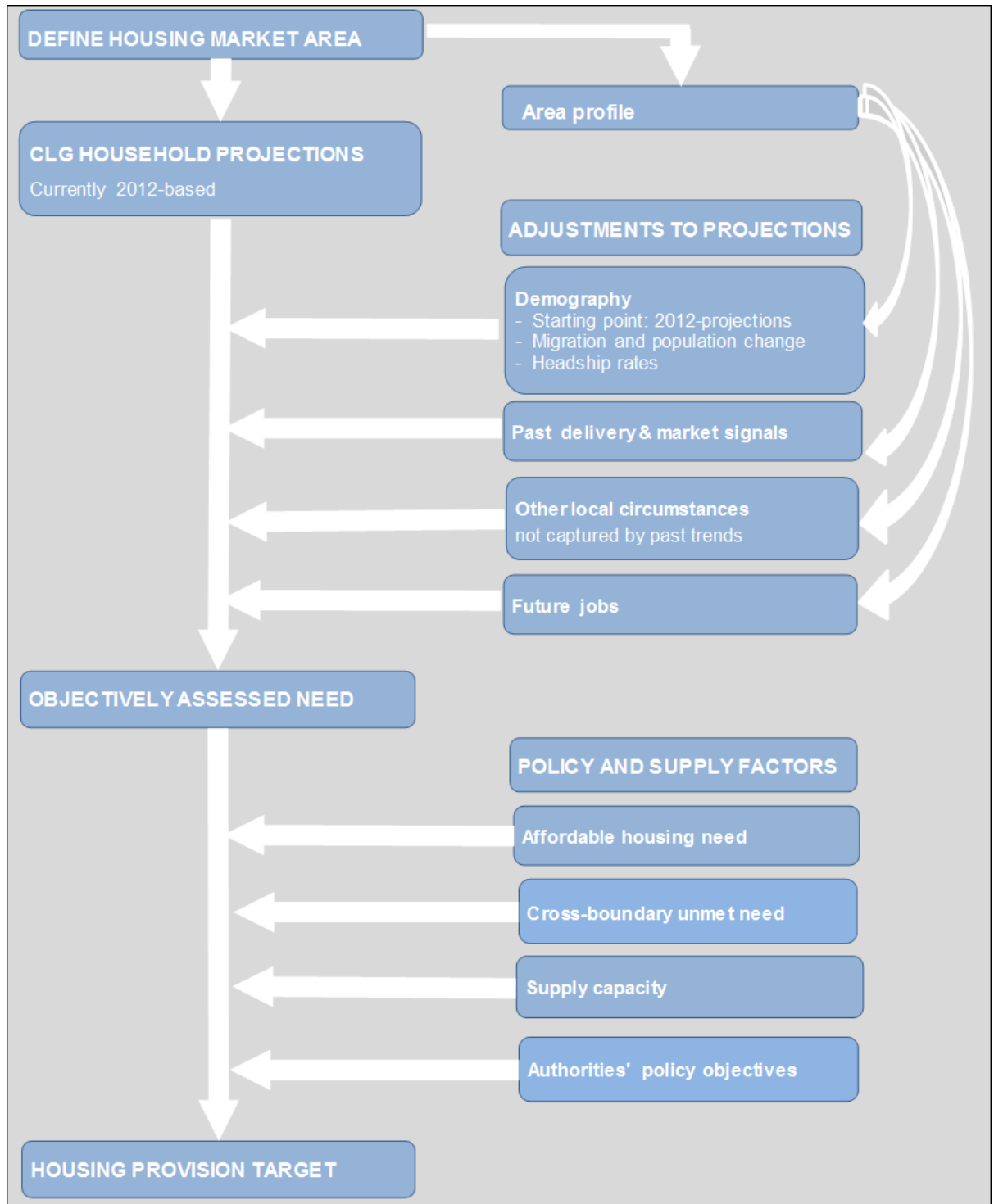
- 4.9. The Council's April 2017 report (APPENDIX 1) by Cambridgeshire Research Group (CRG) provides an updated objectively assessed need for housing in Huntingdonshire for the period 2011 to 2036, which builds on the existing Strategic Housing Market Assessment evidence base, but also takes the opportunity to use any updated other evidence, such as national forecasts and projections, in that process.

#### ***Methodology***

- 4.10. The methodological approach that has been used follows the advice set out in the Planning Practice Guidance. The Cambridge housing market area – defined as Cambridge, East Cambridgeshire, Fenland, Forest Heath, Huntingdonshire, South Cambridgeshire and St Edmundsbury council areas – is an established assessment area. Huntingdonshire Objectively Assessed Housing Need April 2017 paragraphs 20 to 35 provide up-to-date supporting evidence for this assessment area.
- 4.11. Building on the existing evidence base of partner local authorities in the housing market area, the assessment by Cambridgeshire County Council Research Group follows closely the technical advice in the Objectively Assessed Need and Housing Targets note prepared for the Planning Advisory Service by Peter Brett Associates

(Appendix 2). Huntingdonshire Objectively Assessed Housing Need April 2017 paragraphs 17 to 19 and Figure 1 below summarise the method used by Cambridgeshire Research Group and Peter Brett Associates, which follows closely the methodology set out in the Planning Practice Guidance.

**Figure 1: Assessing needs and setting targets (Peter Brett Associates)**

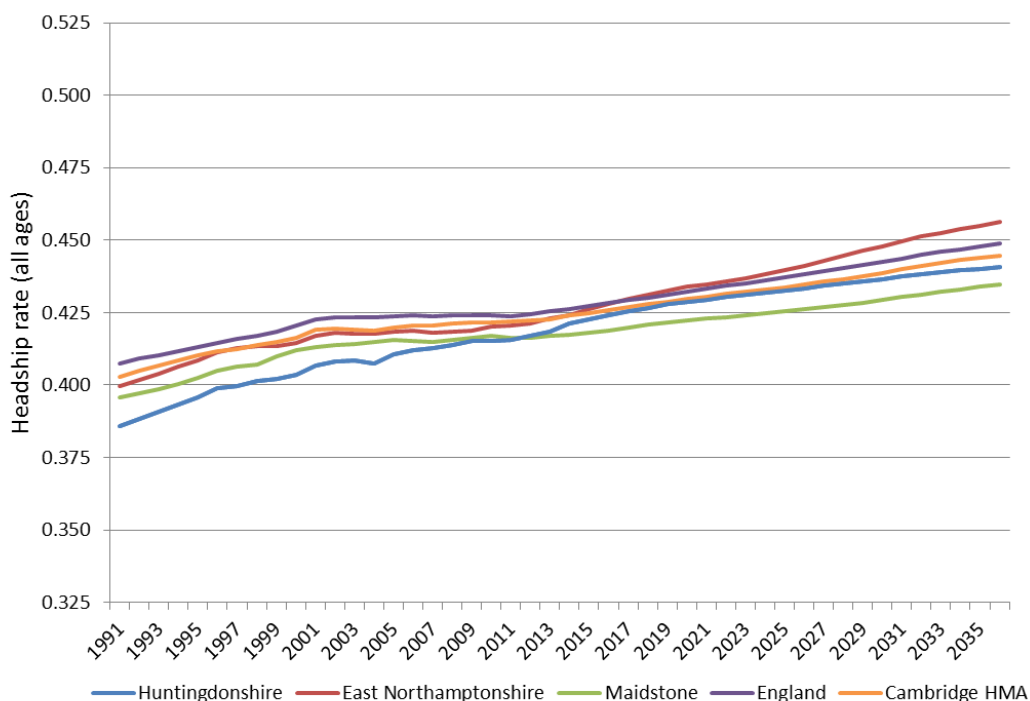


(The 2012-based household projections were current at the time of publication.)

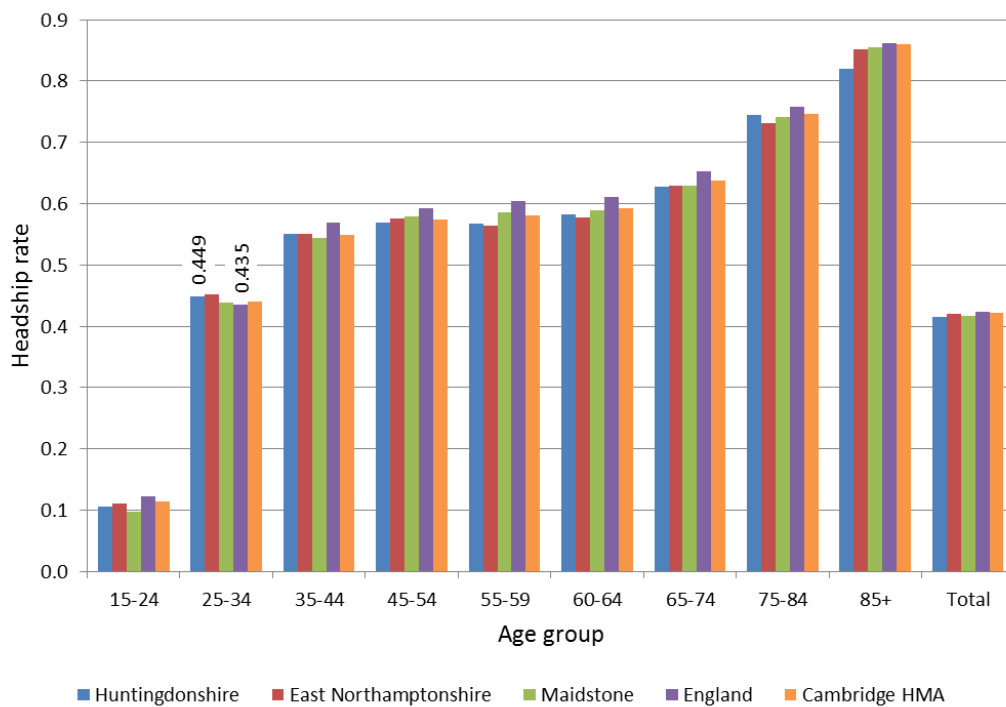
### ***The starting point for establishing the need for housing***

- 4.12. The methodological approach that has been used takes into account the Government’s latest (2014-based) household and population projections. Household projections published by the Department for Communities and Local Government provide the starting point estimate of overall housing need. Huntingdonshire Objectively Assessed Housing Need April 2017 paragraphs 36 to 67 take account of the 2014-based household and population projections.
- 4.13. The 2014-2039 Household Projections (CLG 2014) were published on 12 July 2016, and were the most up-to-date estimate of future household growth in April 2017. The 2012-2037 Household Projections (CLG 2012) were published on 27 February 2015. For Huntingdonshire, the CLG 2014 estimate of 18,590 households is 13% higher than the CLG 2012 estimate of 16,500 households for 2011-2036.
- 4.14. The Planning Practice Guidance at paragraph 2a-015-20140306 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. CRG’s April 2017 report at paragraph 67 concludes that the CLG 2014 starting point estimate of 19,140 dwellings (18,590 households) requires no adjustment for the period 2011 to 2036.

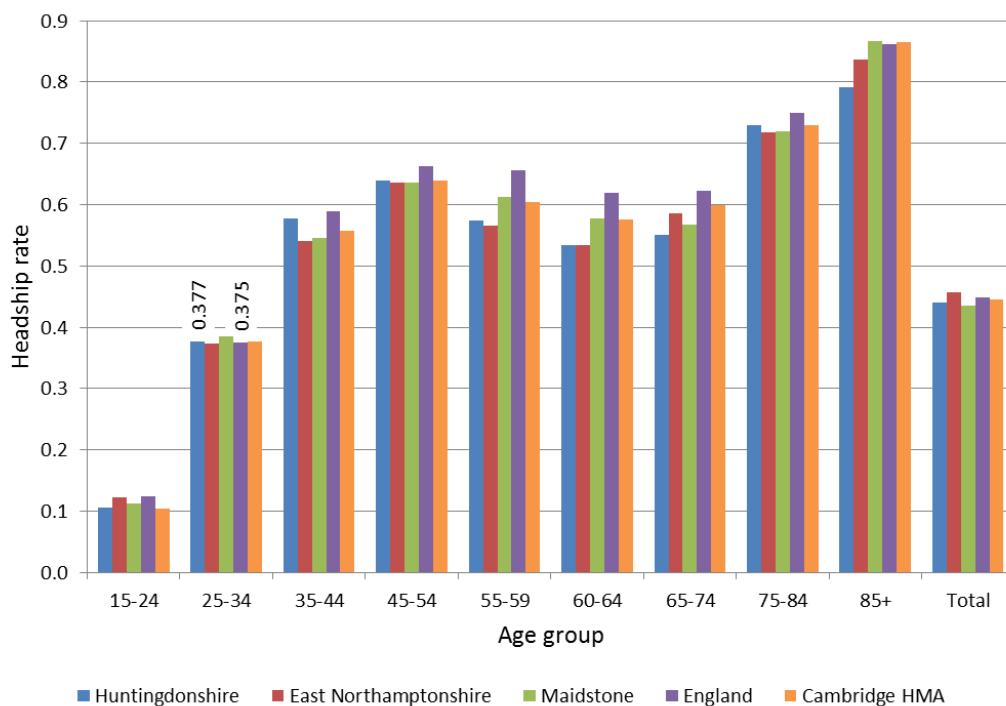
**Figure 2: Household formation rates by year (CLG)**



**Figure 3: Household formation rates in 2011 (CLG)**



**Figure 4: Household formation rates in 2036 (CLG)**



4.15. The latest (CLG 2014) household formation rates are the most up-to-date estimate of future household growth. Although the PPG advises that the CLG 2014 household formation rates may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends,

CRG's April 2017 report at paragraph 64 finds no evidence for an adjustment to the CLG 2014 household formation rates for Huntingdonshire relative to the national and other rates and no requirement under these circumstances to adjust the CLG 2014 household formation rates for Huntingdonshire to higher rates from an older national model. The statistically robust rates from the latest national model provide the most up-to-date estimate of future household growth. As Figure 2 above shows, Huntingdonshire's headship rates follow the national rates. For the 25-34 age group, Huntingdonshire's headship rates remain above the national rates throughout the Local Plan period, from 2011 (Figure 3) to 2036 (Figure 4).

### ***Taking employment trends into account***

- 4.16. The methodological approach that has been used takes employment trends into account, using the East of England Forecasting Model (EEFM). The Planning Advisory Service guidance (Appendix 2) at paragraph 8.2 advises that Planning Inspectors have interpreted PPG paragraph 2a-018-20140306 to mean that demographic projections should be tested against expected future jobs, to see if housing supply in line with the projections would be enough to support those future jobs. If that is not the case, the demographically projected need should be adjusted upwards accordingly; such adjustments overlap with the adjustments for past supply and market signals. Inspectors' advice also suggests that future jobs cannot be used to cap demographic projections. In other words, if the demographic projections provide more workers than are required to fill the expected jobs, they should not be adjusted downwards. Huntingdonshire Objectively Assessed Housing Need April 2017 paragraphs 68 to 89 take employment trends into account.
- 4.17. CRG's April 2017 report takes account of the latest (EEFM 2016) economic forecasts. The EEFM 2016 baseline estimate of 12,370 jobs (495 jobs per annum) for 2011-2036 is lower than the SHMA 2013 figure of 19,000 jobs, and lower than the district's historical employment growth. The EEFM 2016 estimate is a more up-to-date estimate than the SHMA 2013 figure, and is an unconstrained forecast. The slowdown in the forecast reflects a similar slowdown in Cambridge Econometrics' East of England and UK forecasts. An important feature of the EEFM is its links to other Cambridge Econometrics forecasting models, ensuring that all EEFM forecasts are consistent with Cambridge Econometrics' world, UK national and UK regional forecasts.
- 4.18. CRG's April 2017 report takes account of the EEFM 2016 employment forecasts and at paragraph 89 having regard to the growth of the working age population in the housing market area concludes that the demographic projection requires an upward

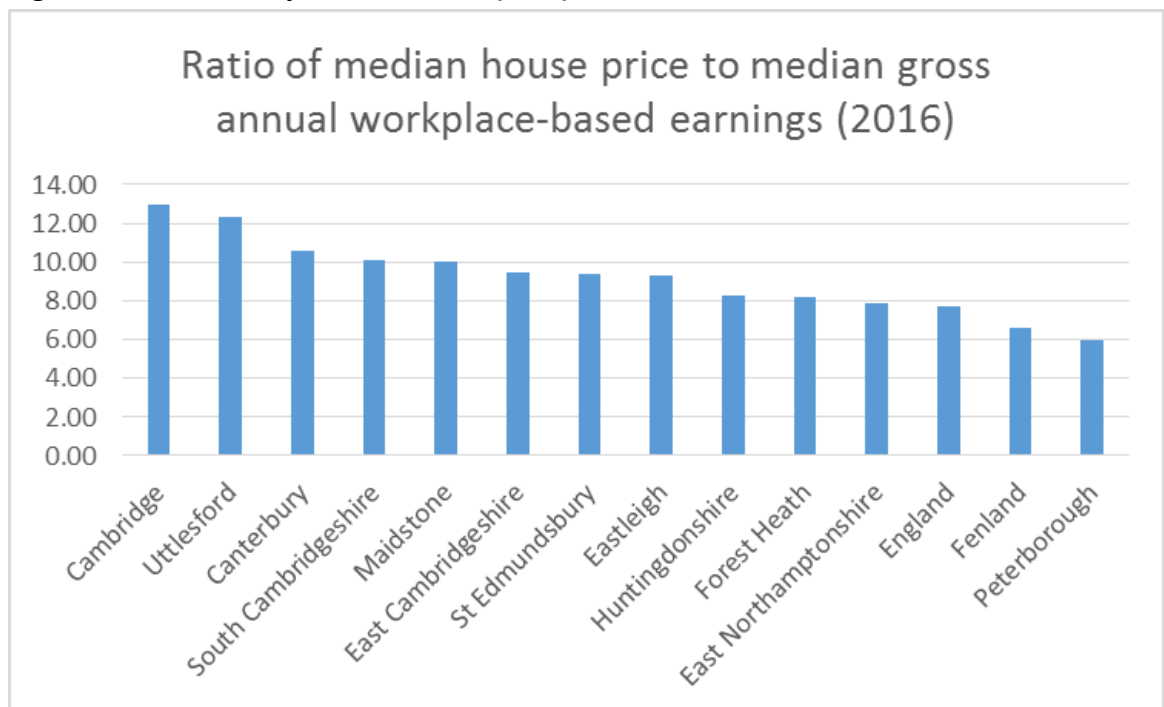


adjustment to 19,910 dwellings. This housing figure is 4% higher than the CLG 2014 starting point estimate of 19,140 dwellings.

***Taking market signals into account***

- 4.19. The methodological approach that has been used takes market signals into account, applying a 5% uplift to Huntingdonshire’s demographic projection in response to market signals. The Planning Practice Guidance at paragraph 2a-019-20140306 states that the demographically projected housing need 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. Huntingdonshire Objectively Assessed Housing Need April 2017 paragraphs 90 to 117 take market signals into account.
  
- 4.20. As Figure 5 below shows, Huntingdonshire has the third lowest affordability ratio of the seven districts in the housing market area, above Fenland and Forest Heath. Taking account of the outcomes of three other local plan examinations, Cambridge and South Cambridgeshire Local Plan Examination Objectively Assessed Housing Need: Further Evidence November 2015 (Appendix 3) at paragraph 3.41 concludes that market signals for South Cambridgeshire point to ‘modest’ market pressures, similar to Eastleigh and Uttlesford, which suggests an uplift of 10% to the demographically projected housing need, and at paragraph 3.42 concludes that for Cambridge market signals are similar to Canterbury, which suggests a 30% uplift.

**Figure 5: Affordability ratios in 2016 (ONS)**



- 4.21. Forest Heath District Market Signals and Objectively Assessed Housing Need February 2016 (Appendix 4) at paragraph 6.1 concludes that in the base period whose trends the demographic projections roll forward, the evidence mostly suggests that housing land supply in Forest Heath has met demand. Similar to Forest Heath, the supply-demand imbalance in Huntingdonshire is less than in South Cambridgeshire and far less than in Cambridge, which suggests an uplift of less than 10%. The selection of a 5% uplift for Huntingdonshire therefore follows a consistent approach to assessing housing need within the Cambridge housing market area.
- 4.22. CRG's April 2017 report at paragraph 114 concludes that the demographic projection requires an upward adjustment to 20,100 dwellings. This housing figure is 5% higher than the CLG 2014 starting point estimate of 19,140 dwellings. CRG's April 2017 report at paragraph 116 concludes that the objectively assessed housing need is 20,100 dwellings for 2011-2036.
- 4.23. As the adjustments overlap (Appendix 2 paragraph 8.2), the level of the 5% uplift adjustment takes account of market signals and employment trends. The scale of the adjustment has regard to the degree of uplift expected to improve affordability by Inspectors in other areas. Given the level of under-provision in Huntingdonshire relative to these areas, it is reasonable to assume the 5% uplift adjustment could be expected to improve affordability in Huntingdonshire.
- 4.24. The demographically projected need, adjusted for market signals, provides more workers than are required to fill the expected jobs, and more dwellings than are indicated by the EEFM's economic forecasts. As the demographic projections should not be adjusted downwards (Appendix 2 paragraph 8.3), the objectively assessed housing need exceeds the EEFM's trend-based economic forecast. It is reasonable, and in line with paragraph 158 of the NPPF, to assume the higher housing figure aligns with a higher jobs growth figure. Having arrived at the objectively assessed housing need following the methodology set out in the PPG, CRG's April 2017 report at paragraph 142 also sets out for the Council a consistent employment growth figure. This figure is 14,400 jobs for 2011-2036.

#### **RPS Assessment of Housing Need in Huntingdonshire 2011-2031**

- 4.25. The Appellants' September 2015 report by RPS identifies an overall housing figure of 23,809 dwellings (952 dwellings per annum) for 2011-2036. This housing figure reflects the employment figure of 19,000 jobs (760 jobs per annum) from the Council's 2013 Strategic Housing Market Assessment, which pre-dates the Planning Practice Guidance. The assessment yields a ratio of new jobs to new dwellings of 0.8.

- 4.26. The Council's April 2017 report takes account of more recent economic forecasts. The Council's assessment identifies an overall housing figure of 20,100 dwellings (804 dwellings per annum) for 2011-2036, and a jobs growth figure of 14,400 jobs (576 jobs per annum). Applying the ratio of 0.8 new jobs per new dwelling from the RPS report to the Council's jobs growth estimate of 14,400 jobs yields a housing need figure of 18,000 dwellings, which is lower than the Council's objectively assessed housing need figure of 20,100 dwellings.

### **Standard Method for Assessing Housing Need**

- 4.27. The Government's proposed approach to a standard method was published on 14 September 2017. The consultation is still at an early stage at the time of this appeal and the consultation proposals should not be given the same weight as the National Planning Policy Framework and National Planning Practice Guidance. The indicative assessment of Huntingdonshire's housing need based on the Government's proposed formula is 1,010 dwellings per annum, which is calculated as follows:

$$\begin{aligned}\text{Local Housing Need} &= (1 + \text{adjustment factor}) * \text{projected household growth} \\ &= (1 + 0.25 * (\text{local affordability ratio} - 4) / 4) * \text{projected household growth} \\ &= (1 + 0.25 * (8.25 - 4) / 4) * 7,984 / 10 \\ &= (1 + 0.2656) * 798.4 \\ &= 1,010 \text{ dwellings per annum}\end{aligned}$$

- 4.28. The overall housing need figure of 1,010 dwellings per annum is 206 (26%) more dwellings per annum than the objectively assessed housing need.
- 4.29. Increases in housing delivery above population growth should be inversely proportionate to the affordability of an area, with less affordable areas needing to deliver more homes. Put another way, the adjustment factor should be highest in the places where affordability is worst. Unlike the consultation proposals, the Planning Practice Guidance provides no meaningful guidance on the size of any market signals uplift.
- 4.30. Given that the Planning Practice Guidance is silent, until now the only indications on the size of any uplift came from the Planning Inspectorate. A number of Inspectors examining Local Plans have advised on this matter, including the Inspectors in Eastleigh, Uttlesford and Canterbury. As Table 2 below shows, housing in Huntingdonshire is more affordable than in Cambridge, Uttlesford, Canterbury, South Cambridgeshire and Eastleigh, but less affordable than in Forest Heath.

**Table 2: Adjustment factor and existing uplift in Huntingdonshire and six areas with adopted\* or submitted\*\* Local Plans**

Local Authority	Adjustment factor	Existing uplift
Cambridge**	56.06%	30%
Uttlesford*	51.88%	10%
Canterbury*	41.25%	30%
South Cambridgeshire**	38.25%	10%
Eastleigh*	32.94%	10%
Huntingdonshire	26.56%	5%
Forest Heath**	26.06%	5%

- 4.31. The size of the uplift should be highest in the places where affordability is worst. Taking account of the outcomes of other local plan examinations, and the existing evidence base of partner local authorities in the housing market area, relative to the uplifts of 30% for Cambridge and Canterbury, 10% for South Cambridgeshire, Eastleigh and Uttlesford, and 5% for Forest Heath, an uplift of 5% for Huntingdonshire remains appropriate at the time of this appeal, while the Government consults on its proposed approach.

## **5. Summary and Conclusions**

- 5.1. The report Huntingdonshire Objectively Assessed Housing Need April 2017 identifies an objectively assessed housing need figure of 20,100 dwellings for 2011-2036 (804 dwellings per annum). This objectively assessed need figure has been arrived at on the basis of a robust methodology, which takes into account the Government's latest household and population projections, employment trends, and market signals. The Huntingdonshire Local Plan to 2036 will seek to allocate sufficient sites to deliver at least 20,100 new homes.
- 5.2. The Appellants have challenged the Council's objectively assessed need figure and have calculated an alternative figure of 23,809 dwellings. This housing figure reflects the employment figure of 19,000 jobs from the Council's 2013 Strategic Housing Market Assessment. The Council's housing figure of 20,100 dwellings takes more recent economic forecasts into account.
- 5.3. The indicative assessment of local housing need based on the Government's proposed formula is 1,010 dwellings per annum. The Council's methodological approach accords with the Government's key principle that increases in housing delivery above population growth should be inversely proportionate to the affordability of an area, with less affordable areas needing to deliver more homes. Only the scale of the adjustment differs from the Government's consultation proposals. The scale of the Council's adjustment takes account of the outcomes of other local plan examinations, and the existing evidence base of partner local authorities in the housing market area. The scale of the Council's adjustment therefore follows a consistent approach to assessing housing need within the Cambridge housing market area, and may accord with the scale of the adjustment the Government adopts in response to the consultation results.



**REGENERIS**

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# APPENDIX D – AFFORDABLE HOUSING MONITORING TABLES

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Delivery of Affordable Housing Across Draft Allocated Sites within the Emerging Local Plan

Residential Site Allocation within Draft Local Plan	Site Name	Number of units allocated in Draft Local Plan	Planning Application Status	Amount of Units with Planning Permission	% Affordable within Planning Obligation(s)	Number of Affordable Approved as part of Planning Permissions	Number of Affordable Proposed (if not Permitted Planning Permission)	Notes/Assumptions
SEL1.1	Former Alconbury Airfield and Grange Farm	5000	Permitted - 1201158OUT	5000	* Phase 1: 0% up to 300 units; 10% of first 879 dwellings. Subsidiary report states between 12.5% and 40% will be delivered post Phase 1	603 1736		88 in first phase plus either a minimum of 515 representing 12.5% but up to a maximum of 1,648 if 40% post Phase 1
SEL1.2	RAF Alconbury	1680	None				672	
HU1	Ermine Street, Huntingdon	1440	Application for 1021 units undetermined since 2010 on part of site (1001712OUT).				576	
HU2	Former Forensic Science Laboratory, Huntingdon	105	Permitted - 17/01597/FUL	103	40%	41		
HU3	Former Police HQ site, Huntingdon	75	None				30	
HU6	George Street, Huntingdon	300	Application for 304 units and other uses undetermined (17/00733/FUL)				120	
HU7	Gas Depot, Mill Common, Huntingdon	11	Permitted - 16/02093/FUL	11	0	0		
HU8	California Road, Huntingdon	55	None				22	
HU9	Main Street, Huntingdon	30	None				12	
HU12	Dorling Way, Brampton	150	Permitted - 16/00194/OUT	150	40%	60		
HU13	Brampton Park	600	Permitted - 15/00368/OUT: 437 dwellings; 15/02016/FUL: 30 dwellings; 16/00975/FUL - 56 dwellings	523	0%	131		131 provided by Metropolitan but not required through S106
HU14	Brampton Park Golf Club Practice Ground	65	Permitted - 17/01959/FUL - 68 dwellings	68	40%	27		
HU16	Tyrell's Marina, Godmanchester	16	16/00906/FUL for 16 dwellings - no decision		**		6	
HU17	RGE Engineering, Godmanchester	90	None				36	
HU18	Wigmore Farm Buildings, Godmanchester	13	16/01477/FUL - 13 dwellings	13	40%	5		
HU19	Bearscroft Farm, Godmanchester	750	Permitted - 1200865OUT - 753 dwellings	753	35%	264		
SEL2	St Neots East	3820	Loves Farm East - 1,020 dwellings (1300388OUT) - approved by Committee April 2018 subject to S106 and other issues Wintringham Park - 2,800 dwellings (17/02308/OUT) - approved by Committee March 2018 - awaiting S106 and other issues being resolved.		Loves Farm East - 28% across whole site  Wintringham Park - 25% for first 500 units; Review mechanism thereafter to try to achieve 40%.		286 125 575 920	25% of first 500 units If 25% of remainder If 40% of remainder
SN1	St Mary's Urban Village, St Neots	40	Permission 0900411FUL for 24 units. 18/00497/FUL proposes 9 dwellings - undetermined. 1301969FUL - permitted 3 units. 1201442FUL - 2 units.	29 permitted 9 proposed.	No affordable on 0900411FUL, 1301969FUL or 1201442FUL.	0		Assume proposed 9 units will not require any affordable.
SN2	Loves Farm Reserved Site, St Neots	40	Permitted - 1300389OUT for 41 dwellings	41	40%	16		
SN3	Cromwell Road North, St Neots	80	None.				32	
SN4	Cromwell Road Car Park, St Neots	20	0901288OUT - 21 units pending decision. Committee approved in December 2016 - awaiting signed S106.		40%		8	
SN5	Former Youth Centre, Priory Road, St Neots	14	15/00634/FUL - 14 dwellings - pending.		**		0	Assume 0 given under 14 units
SN6	North of St James Road, Little Paxton	35	None.				14	
S11	St Ives West	400	1301895OUT permitted 125 dwellings. 1402210OUT permitted 'Residential Development' 90 shown on masterplan. 1201890FUL and 1201891FUL for 7 dwellings combined: resolution to approve April 2017. 1301056OUT - 224 dwellings - pending.	215	35% on 1301895OUT. 40% on 1402210OUT. None on 1201890FUL or 1201891FUL.	80	71	Assumes 178 dwellings being the balance of the allocation (assuming that 7 under 1201890/91FUL are built) - 224 proposed would deliver an extra 19 units.
S12	St Ives Football Club	30	16/01485/OUT for 30 dwellings pending.		Viability work ongoing.		12	
S14	Former Car Showroom, London Road, St Ives	50	None.				20	
RA1	Ramsey Gateway (High Lode)	110	Permitted 0900365573 - 110	110	29% with grant or 0% without - viability units.	32		
RA2	Ramsey Gateway	50	16/00311/FUL - 52 dwellings - pending.				20	
RA3	West Station Yard and Northern Mill	30	None.				12	
RA4	Field Road, Ramsey	90	Permitted: 1401852OUT - 90 dwellings	90	40%	36		
RA5	Whytefield Road, Ramsey	40	None.				16	
RA6	94 Great Whyte, Ramsey	35	15/02384/FUL - 32 units - pending.				14	
RA7	East of Valiant Square, Ramsey	90	None.				36	
RA8	Former RAF Upwood and Upwood Hill House, Ramsey	450	Permitted: 1201274OUT - 160 dwellings maximum.		40% but subject to viability prior to REM submission(s).	64	116	290 assumed given balance of allocation
BU1	East of Silver Street and South of A1, Buckden	270	None				108	



BU2	Luck's Lane, Buckden	165	Permitted 16/00576/OUT - 140 dwellings.	140	40%	56		
FS1	Former Dairy Crest Factory, Fenstanton	90	Permitted 16/01026/FUL - 88 dwellings.	88		34 units.	34	
FS2	Cambridge Road West, Fenstanton	85	Permitted 16/00582/FUL - 86 dwellings.	86		34 units.	34	
FS3	Cambridge Road East, Fenstanton	35	None.				14	
KB1	West of Station Road, Kimbolton	20	None.				8	
KB2	North of Station Road/ Stowe Road, Kimbolton	65	None?				26	HDC website shows red area but no application number
SY1	East of Glebe Farm, Sawtry	80	Permitted 1401659/OUT - 80 dwellings.	80	40%		32	
SY2	South of Gidding Road, Sawtry	295	Permitted 17/00077/OUT - 295 dwellings.	295	40%		118	
SM1	College Farm, West of Newlands Industrial Estate, Somersham	55	None.				22	
SM2	Newlands, St Ives Road, Somersham	45	Permitted 15/00917/OUT - 45 dwellings.	45	40%		18	
SM3	The Pasture, Somersham	15	None				6	
SM4	Somersham Town Football Ground	45	None				18	
SM5	East of Robert Avenue, Somersham	50	None				20	
SM6	North of the Bank, Somersham	120	None				48	
WB1	West of Ramsey Road, Warboys	45	None				18	
WB2	Manor Farm Buildings, Warboys	10	None				4	
WB3	South of Stirling Close, Warboys	50	None				20	
WB4	South of Farrier's Way, Warboys	75	Permitted 1401887/OUT - 74 dwellings.	74	40%		30	
WB5	Extension to West of Station Road, Warboys	80	Permitted 16/02519/OUT - 80 dwellings.	80	40%		32	
YX1	Askew's Lane, Yaxley	10	Permitted 1401547/OUT - residential development but shows 12 units.	12	None.		0	
AL1	North of School Lane, Alconbury	95	None.				38	
BL1	West of Longacres, Bluntisham	150	17/00906/OUT for 135 dwellings - pending.	135			60	
BL2	North of 10 Station Road, Bluntisham	30	17/01015/OUT for 30 dwellings - pending.	30			12	
GS1	South of 29 The Green, Great Staughton	20	None.				8	
GS2	Between 20 Cage Lane and Averyhill, Great Staughton	14	None.				6	
	Total Number of Dwellings Allocated	17818						
TOTALS								
A Assumes 603 at SEL1.1							1713	
B Assumes 1736 at SEL1.1							2846	
C Assumes 575 in post first phase at SEL2 (Wintringham Park)								3245
D Assumes 920 in post first phase at SEL2 (Wintringham Park)								3612
E Best Case Affordable Amount (B+D)							6458	
F Worst Case Affordable Amount (A+C)							4958	
G Draft Local Plan Para 4.3							7900	CCC/CRG Report (April 2017 says 7,897)
Shortage - Best Case (G-E)							1442	1338 if Biggin Lane and Needingworth included
Shortage - Worst Case (G-F)							2942	2838 if Biggin Lane and Needingworth included
* policy states more could be supported subject to capacity								
** policy says C3 acceptable but does not specify the amount								
Permitted but not allocated								
	Biggin Lane, Ramsey	N/A	Permitted 141	141	40%		56	
	Gladman, Needingworth	N/A	Permitted 120 subject to S106	120	40%		48	

No allowance for unallocated sites (other than those listed above) which deliver affordable housing - includes exception sites

AMR December 2017 says 3,675 new housing completions between 2011 and 2017 so total with proposed allocations = 21,493 units. Some completions may be from allocated sites though?

## **Annual Monitoring Report Affordable Housing Delivery**

Draft Local Plan covers period from April 2011 to March 2036

AMR not produced for April 2011 - March 2012 due to not being a requirement of legislation

<b>AMR Date</b>	<b>Period Covered</b>	<b>Affordable Units Completed</b>	<b>% of qualifying sites</b>	<b>% of overall completions</b>
Dec-13	April 2012 - March 2013	28	10.2	6
Jan-15	April 2013 - March 2014	112	20.7	15.9
Dec-15	April 2014 - March 2015	219	31.1	22.3
Dec-16	April 2015 - March 2016	55	22	9.7
Dec-17	April 2016 - March 2017	128	32.6	16.2
Total Affordable Housing Delivery		542		
Average Affordable Housing Delivery		108.4	23.32	14.02

