

# Huntingdonshire Local Plan to 2036 Examination

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**Hearing Statement Matter 4:**

**Overall provision for housing**

**Huntingdonshire District Council**

**June 2018**



## Issue

Whether the Local Plan has been positively prepared and whether it is justified, effective and consistent with national policy in relation to the approach towards building a strong, competitive economy.

### 1. Overall provision for housing

#### **Question 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. It is justified to identify an updated OAN for housing for Huntingdonshire rather than the wider HMA. Huntingdonshire is identified as being within the Cambridge HMA by partner local authorities in the housing market area. All seven authorities are signatories to the Memorandum of Co-operation (PREP/09) between the local authorities in the Cambridge Housing Market Area. PPG paragraph 2a-007-20150320 states that:

*“Where Local Plans are at different stages of production, local planning authorities can build upon the existing evidence base of partner local authorities in their housing market area but should co-ordinate future housing reviews so they take place at the same time.”*

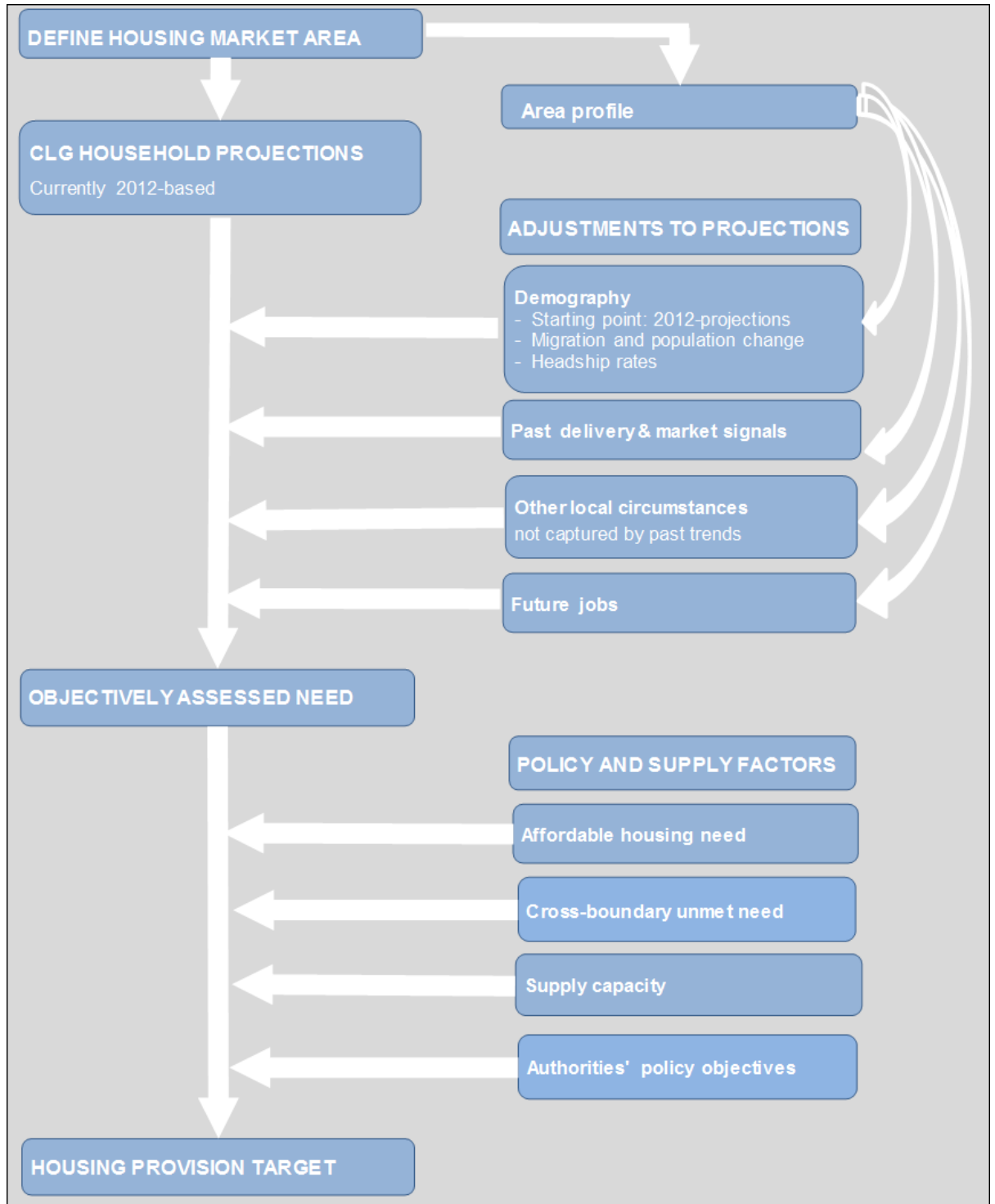
- 1.2. The Cambridge HMA – defined as Cambridge, East Cambridgeshire, Fenland, Forest Heath, Huntingdonshire, South Cambridgeshire and St Edmundsbury council areas – is an established assessment area. Huntingdonshire Objectively Assessed Housing Need April 2017 (HOUS/01) paragraphs 20 to 35 provide up-to-date supporting evidence for this assessment area.
- 1.3. The Cambridge Sub-region Strategic Housing Market Assessment 2013 (SHMA 2013) (HOUS/07) identified an OAN figure for Huntingdonshire of 21,000 new dwellings for 2011-2036. The methodology used to prepare the OAN 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.
- 1.4. The SHMA 2013 (HOUS/07) was produced prior to publication of the Planning Practice Guidance. Therefore, in 2015 during their Local Plan examination Cambridge City Council and South Cambridgeshire District Council commissioned Peter Brett Associates to revisit the OAN for housing for Cambridge and South Cambridgeshire calculated in the SHMA 2013. Also in 2015 Forest Heath District Council commissioned Cambridgeshire Research Group to undertake an update of the OAN figure for Forest Heath alongside Peter Brett Associates.

- 1.5. Building on the Cambridge and South Cambridgeshire and Forest Heath studies, in 2016 Cambridgeshire Research Group was commissioned by the Council to undertake an update of the OAN figure for Huntingdonshire. The report was completed in April 2017 and identifies an OAN figure 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.
- 1.6. The updated OAN for Huntingdonshire of 804 homes per year is below the 840/year agreed in the Memorandum of Co-operation (PREP/09). Given that the assessed need has not increased (but has slightly reduced), and the HLP2036 has identified a sufficiency of suitable sites to meet its needs, there is no requirement for Huntingdonshire to look to authorities in other parts of the HMA to meet any parts of its need.

**Question 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?**

- 1.7. The methodology that has been employed is appropriate and does provide a robust basis for establishing the OAN. The methodological approach that has been used follows the advice set out in the Planning Practice Guidance under the heading 'Methodology: assessing housing need'. Building on the existing evidence base of partner local authorities in the housing market area, the assessment by Cambridgeshire 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. Huntingdonshire Objectively Assessed Housing Need April 2017 (HOUS/01) paragraphs 17 to 19 and Figure 1 overleaf summarise the method used by Cambridgeshire Research Group and Peter Brett Associates, which follows closely the methodology set out in the PPG.

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



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

**Question 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?**

- 1.8. It is justified in not making adjustments to the demographic-led figure derived from the 2014-based household projections. Household projections published by the 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.
- 1.9. 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. 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. Table 1 below shows the Government’s latest (2016-based) population projection for Huntingdonshire published on 24 May 2018 and an indicative 2016-based household projection produced by applying the official 2014-based household formation rates to the 2016-based population projection.

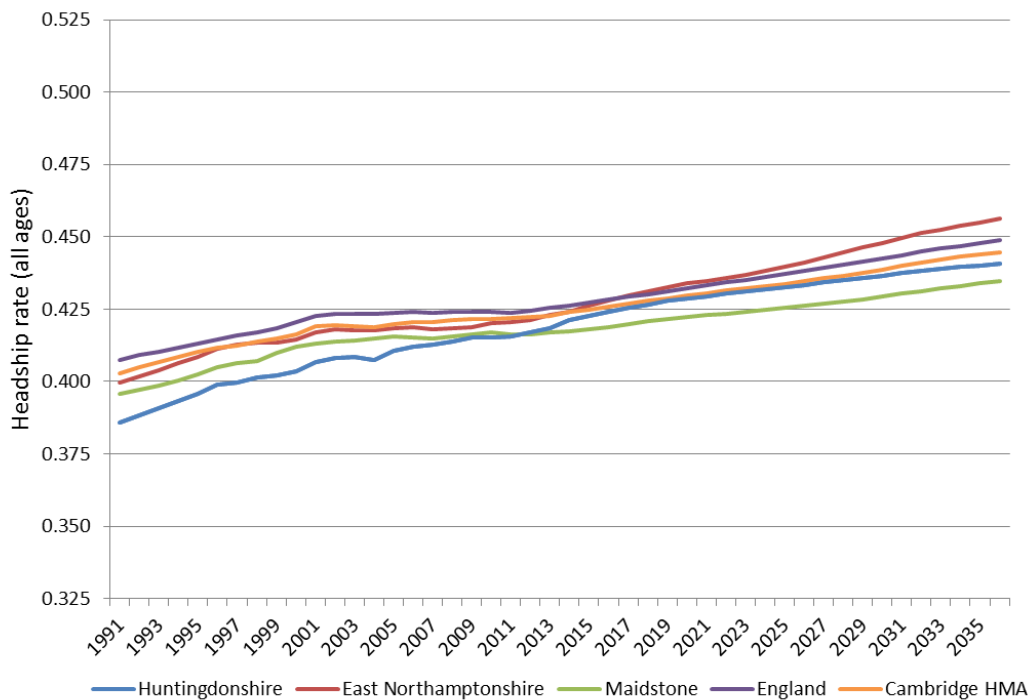
**Table 1: Household projection-based estimates of housing need**

Source of estimated/projected population	Population 2011	Population 2036	Population 2011-2036	Households 2011-2036	Dwellings 2011-2036
ONS 2012	170,040	198,810	28,770	16,500	16,990
ONS 2014	170,040	203,820	33,780	18,590	19,140
ONS 2016	170,040	192,680	22,640	14,660	15,100

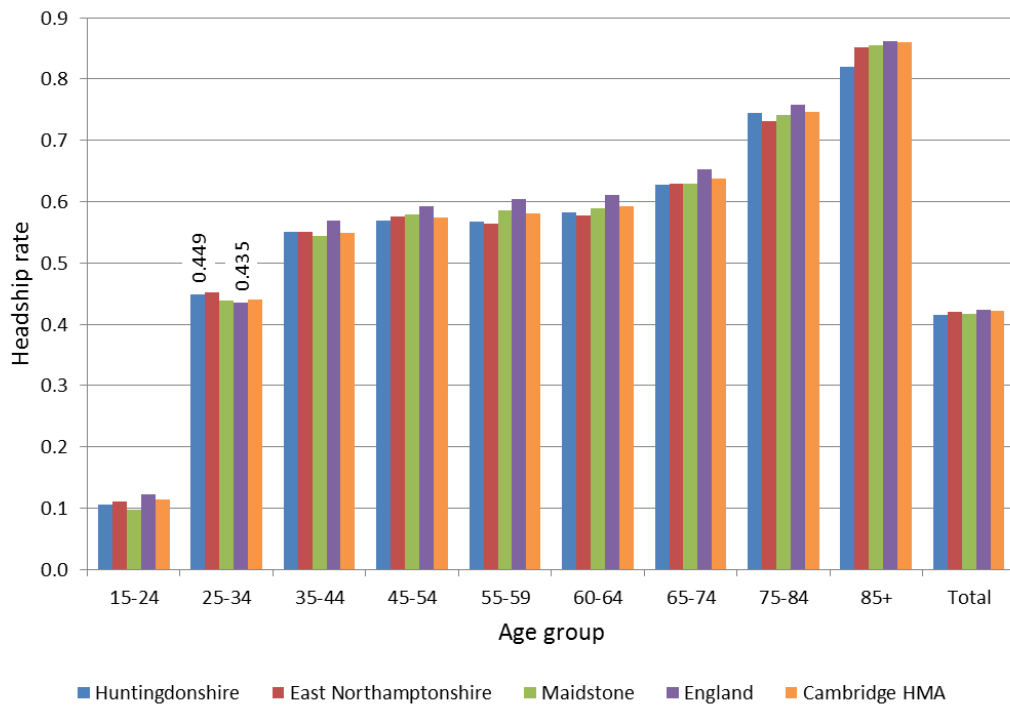
- 1.10. The PPG at paragraph 2a-015-20140306 states that the household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends. The Council’s April 2017 report at paragraph 67 concludes that the CLG 2014 starting point estimate of 19,140 dwellings requires no adjustment for the period 2011 to 2036.
- 1.11. The Council’s April 2017 report (HOUS/01) at paragraph 55 finds that the alternative migration trends reflect a lower housing growth rate that was evident in the 2014 to 2015 period and at paragraph 56 concludes that the alternative migration trends therefore provide no evidence for an adjustment to the CLG 2014 estimate. The 2016-based estimate of 15,100 dwellings also reflects a lower housing growth rate that was evident in the 2015 to 2016 period and therefore also provides little evidence for an adjustment to the CLG 2014 estimate. Put another way, the indicative 2016-based estimate of 15,100 dwellings requires an upward adjustment to equal the CLG 2014 estimate of 19,140 dwellings, which is in addition to the 5% uplift in response to market signals.
- 1.12. 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, the Council’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 below 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).

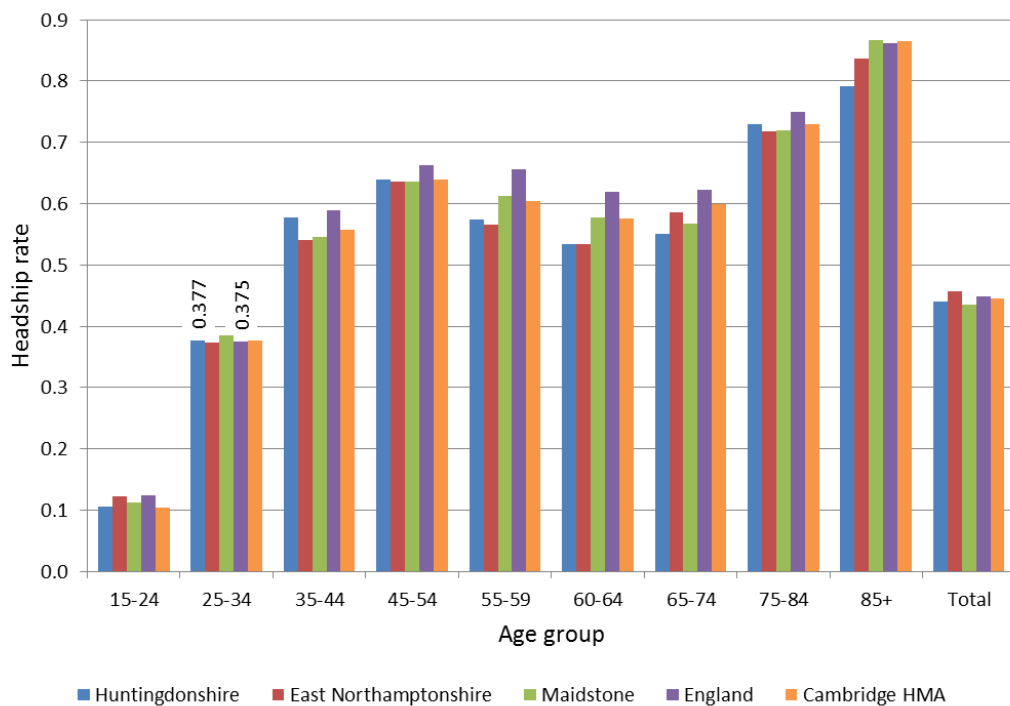
**Figure 2: Household formation rates by year (CLG)**



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



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





#### **Question 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?**

- 1.13. The 4% uplift is justified. Economic/jobs growth forecasts and changes to working age population have been taken into account using the East of England Forecasting Model (EEFM) (<https://cambridgeshireinsight.org.uk/eefm/>). The Planning Advisory Service guidance 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.
- 1.14. The Council'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. It should be noted that the EEFM 2016 forecast takes account of the increase in jobs at the Alconbury Enterprise Zone (April 2017 report paragraph 76).
- 1.15. Economic forecasts vary over time and between forecasters. Table 2 below compares a forecast from March 2015 to a forecast from July 2015. It can be seen that the difference between employment forecasts has no impact on population growth. This is because the forecasters take the view that population growth is not significantly affected by the economic cycle. Although this is an assumption, it is a reasonable assumption for the OBR forecasters to make. The forecasters use ONS population projections as the basis for their population growth forecast. Cambridge Econometrics who provide the EEFM take the same view and also use ONS population projections as the basis for their UK population growth forecast.

**Table 2: Comparison of OBR forecasts for employment in 2015**

OBR March 2015		OBR July 2015		
UK	2015	UK	2015	
Employment (16+)	31.1 million	Employment (16+)	31.2 million	More optimistic employment forecast
Employment rate (16+)	59.9%	Employment rate (16+)	60.1%	Higher employment rate
Not in employment (16+)	20.8 million	Not in employment (16+)	20.7 million	
Population (16+)	51.9 million	Population (16+)	51.9 million	Same population growth

- 1.16. The ONS sub-national population projections (SNPP) and official household projections take the ONS national population projections (NPP) as their starting point. The EEFM's economic forecasts take the same starting point (NPP). Just as with the approach of the SNPP, the EEFM's economic forecasts predict the distribution of the NPP using past trends, but while past *population* trends are used in the SNPP, past *employment* trends are used in the EEFM forecasts. Table 3 below compares the SNPP 2014 and EEFM 2016 forecasts. Paragraph 5.2.2 of the Population, Housing and Employment Forecasts Technical Report April 2013 by Cambridgeshire Research Group explains how the EEFM assesses the likelihood of people being attracted to Huntingdonshire. Although the EEFM's total population forecast for Huntingdonshire is lower than the 2014-based ONS forecast, the EEFM 2016 working age population forecast is 1,310 people higher. It is the higher working age population forecast which justifies the 4% uplift to Huntingdonshire's 2014-based demographic projection.

**Table 3: Comparison of SNPP and EEFM forecasts**

Population Growth 2011-2036					
NPP 2014				UK	10,075,770
SNPP 2014 based on past population trends	Huntingdonshire	33,780	Rest of UK	10,041,990	UK 10,075,770
EEFM 2016 based on past employment trends	Huntingdonshire	29,270	Rest of UK	10,046,500	UK 10,075,770

- 1.17. The Council'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.

**Question 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?**

- 1.18. The 5% uplift is appropriate. The 5% uplift has been applied to Huntingdonshire’s 2014-based 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. Huntingdonshire Objectively Assessed Housing Need April 2017 (HOUS/01) paragraphs 90 to 117 take market signals into account.
- 1.19. Huntingdonshire’s average prices and rents rise above the England average over the 2014 to 2016 period, but over the base period of the demographic projections (2009-2014) they follow the England trend very closely. The 5% upwards adjustment to the 2014-based projections reflects the very modest level of under-provision in the base period whose trends the projections roll forward.
- 1.20. As Table 4 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 (<https://www.cambridge.gov.uk/public/ldf/coredocs/rd-mc-040.pdf>) 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.

**Table 4: Affordability ratios in 2017 (ONS)**

<b>Local Authority in Cambridge Housing Market Area</b>	<b>Ratio of median house price to median gross annual workplace-based earnings</b>
Cambridge (30% uplift)	13.46
South Cambridgeshire (10% uplift)	11.01
St Edmundsbury	10.10
East Cambridgeshire	9.86
Huntingdonshire (5% uplift)	8.76
Forest Heath (5% uplift)	8.60
<i>England</i>	<i>7.91</i>
Fenland	7.14

- 1.21. Forest Heath District Market Signals and Objectively Assessed Housing Need February 2016 ([https://www.westsuffolk.gov.uk/planning/Planning\\_Policies/upload/PBA-market-signals-and-OAN-report-Feb-2016.pdf](https://www.westsuffolk.gov.uk/planning/Planning_Policies/upload/PBA-market-signals-and-OAN-report-Feb-2016.pdf)) 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.

- 1.22. Since February 2016, a number of Local Plan Inspectors' reports have addressed market signals uplifts. In South Derbyshire, Cornwall, Stratford-on-Avon, Swale, Maidstone and Warwick Inspectors found that no uplift was justified. In some instances, there was evidence of some market stress, but this was not judged sufficient to justify an uplift. Examples include past under-delivery in Maidstone and high house prices in Warwick. Conversely, Inspectors reporting since February 2016 have recommended market signals uplifts for Central Lincolnshire (3%), High Peak (5%), Luton (10%), Sefton (10%) and Bromsgrove (20%).
- 1.23. The Council'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. The Council's April 2017 report at paragraph 116 concludes that the objectively assessed housing need is 20,100 dwellings for 2011-2036.
- 1.24. As the adjustments overlap (PAS guidance 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.

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

- 1.25. The Council considers the OAN should not be increased. The total need for affordable housing that has been calculated is 7,897 houses for 2011-2036, which represents 39% of the overall housing figure. This proportion is above the average percentage of affordable dwelling completions over the period of available data. Therefore, in line with the PPG the Council should consider if it ought to lift its provision target above 20,100 dwellings. However, the outcome of this consideration is a matter of judgement for the Council. There is no requirement for the OAN to cover the affordable need in full, and no requirement for the OAN calculation to make a specific allowance for affordable need. The Council considers that its provision target should not be increased to assist in delivering more affordable homes. Further provision may not be deliverable due to potentially insufficient market demand to support more open market housing resulting in a surplus of unimplemented planning permissions. The Council has taken a proactive approach to increase opportunities to maximise affordable housing provision within the district through other policy measures such as LP30 Rural Exceptions Housing.
- 1.26. Paragraph 4.42 of the proposed Local Plan states that:
- “This Local Plan endeavours to address the need for affordable housing in three ways. Firstly, through the application of a target of 40% affordable housing provision on all qualifying sites. Secondly, through introduction of an enhanced Rural Exceptions housing policy to promote additional sites where homes are specifically targeted at meeting local needs. Thirdly, application of Policy LP 2 'Strategy for Development' in full should promote a higher level of growth than the objectively assessed need figure. In combination these should both assist with the national objective of boosting the supply of housing and provide an uplift in affordable housing provision.”*
- 1.27. The Cambridgeshire and Peterborough Combined Authority 'Devolution Housing Fund' has a budget of £100million for the provision of affordable housing which could also provide a significant boost to the delivery of new affordable homes in Huntingdonshire.
- 1.28. In consideration of all of the above, the Council is of the view that the proposed level of growth provides for the correct balance between what can sustainably be supported and the delivery of affordable housing.

## **Question 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?**

- 1.29. The OAN of 20,100 between 2011 and 2036 is appropriate and justified. The OAN figure has been arrived at on the basis of a robust methodology. To ensure that the assessment findings are transparently prepared, the report by Cambridgeshire Research Group follows closely the standard methodology set out in the national Planning Practice Guidance. Using

this approach, the overall assessment of need is an objective assessment of need based on facts and unbiased evidence. Huntingdonshire Objectively Assessed Housing Need April 2017 (HOUS/1) paragraphs 17 to 19 and Figure 1 above summarise the methodology used by Cambridgeshire Research Group.

- 1.30. The Government's proposed new standard methodology arrives at an alternative figure. The indicative assessment of Huntingdonshire's housing need published in September 2017 based on the Government's proposed formula was 1,010 dwellings per annum. Calculating the local housing need figure using the projected household growth for 2017 to 2027 of 5,980 households from the indicative 2016-based household projection for Huntingdonshire and the local affordability ratio for 2017 of 8.76 arrives at a figure of 776 dwellings per annum. There is no requirement for the Council to arrive at its OAN figure on this alternative basis.

**Question 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?**

- 1.31. The Local Plan is justified in seeking to make provision to meet this OAN. No neighbouring authority, either in or beyond the housing market area, has asked the Council to accommodate its cross-boundary unmet need. The Council has the supply capacity to meet its full OAN. Meeting the OAN would boost significantly the supply of housing and support economic growth. A delivery rate of 804 new homes per year would exceed the average delivery rate of 672 net completions per year for the period since 2002/03.

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

- 1.32. The approach towards housing and employment land provision is consistent. 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 (PAS guidance 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, Cambridgeshire Research Group's April 2017 report (HOUS/1) at paragraph 142 also sets out for the Council a consistent employment growth figure. This figure is 14,400 jobs for 2011-2036.