



## **Epping Forest Local Plan**

### **Examination Hearing Statement**

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### **Matter 3 – The Quantitative Requirements for Development**

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Prepared by Strutt & Parker on behalf of City & Country (Stakeholder ID 19LAD0020)

January 2019

## Context

1. Strutt & Parker have made representations on behalf of City & Country (Stakeholder ID 19LAD0020) throughout the preparation of the Epping Forest Local Plan, in respect of two sites:
  - Land at Bowes Field, Ongar (site reference SR-0120)
  - Land at Sheering Lower Road, Lower Sheering (site reference SR-0121)
2. Participation in the plan-making process included representations on the Local Plan Submission Version (LPSV) (Regulation 19) consultation: representations ID 19LAD0020-1 (in respect of Bowes Field, Ongar); and 19LAD0020-2 (Sheering Lower Road, Lower Sheering).
3. Land at Bowes Field, Ongar is proposed to be allocated for development through the LPSV (allocation ONG.R2) as part of the West Ongar Concept Framework Plan Area.
4. Land at Sheering Lower Road, Lower Sheering (SR-0121) has been rejected for allocation through the plan-making process, albeit – in our view – based on erroneous assessment of the site, and without justification.
5. This Hearing Statement is made in respect of the Epping Forest Local Plan Examination Matter 3 – the quantitative requirements for development, and responds to questions in respect of Issue 1 of this Matter.
6. This Hearing Statement seeks to avoid repeating matters already raised within our representations on the Regulation 19 iteration of the Local Plan.
7. The LPSV was submitted for examination before 24 January 2019 – the deadline in the 2018 National Planning Policy Framework (NPPF) transitional arrangements for Local Plans to be examined under the 2012 NPPF. As such, these representations are made within the context of the 2012 NPPF; and references to the NPPF refer to the 2012 version, unless stated otherwise.

8. Four appendices accompanying this Hearing Statement:

- Appendix A – Mechanism for the Consideration of Unmet Housing Need (2017)
- Appendix B – Minutes of Essex Planning Officer’s Association meeting on 7 September 2017.

## **Issue 1**

**Is the housing requirement for the plan period 2011-2033 appropriately defined having regard to the composition of the Housing Market Area (HMA); and the Objectively Assessed Need (OAN) for housing within the HMA?**

### **Question 2**

*Does the SHMA July 2017 identify the full OAN for housing for the HMA and for Epping Forest specifically?*

*a. Was the standard methodology recommended by the Planning Practice Guidance (PPG) followed? Are any departures, particularly in relation to how migration and market signals were taken into account, clearly explained and justified?*

*b. Has consideration been given to the high level of housing need in the neighbouring London Boroughs emerging through the London Plan? If not, are the figures justified?*

9. We raised concerns as to the soundness of the approach taken by the Local Plan in relation to housing requirement in our representations on the LPSV, which are not repeated here. There is nothing to suggest our concerns have been addressed.
10. The submitted Epping Forest Local Plan (EB114) utilises the findings of the West Essex and East Hertfordshire Strategic Housing Market Assessment (2017) (SHMA 2017) (EB407) in order to determine objectively assessed housing needs, from which the proposed housing requirement was subsequently derived.

11. Government guidance which accompanied the NPPF 2012, set out in the Planning Practice Guidance (PPG), confirms the starting point for determining objectively assessed needs is the sub-national household projections<sup>1</sup> (SNHP).
12. The SNHP are produced by applying projected household representative rates to the sub-national population projections (SNPP).
13. The latest projections available at the time of the preparation of the SHMA (2017) were the 2014-based SNHP. As acknowledged within the SHMA (2017) these project an increase of 14,734 households between 2011 and 2033. The SHMA (2017) states this equates to a need for 15,049 dwellings over this period.
14. However, the SHMA (2017) does not, contrary to the PPG, use the official projections as a starting point. Instead, it chooses to use an alternative starting point derived from a report entitled 'Updating the Overall Housing Need Based on 2014-based projections for West Essex & East Herts' (reference EB406). This provides an adjustment to the official projections, and reduces the projected household growth by 3,806. The report describes this as an "adjustment for local demographic and migration trends", and results in a revised projection of 10,568 additional households in Epping Forest District between 2011 and 2033. At paragraph 31 of this report, it refers to SHMA having developed "independent household projections". These alternative projections are the basis for the subsequent calculation of objectively assessed housing need in the SHMA (2017).
15. The use of "independent household projections" gives rise to concerns. The PPG which accompanied the NPPF 2012 is clear in its steer towards the use of the official SNHP, describing these as "statistically robust and...based on nationally consistent assumptions"<sup>2</sup>. The PPG does suggest that plan-makers may consider sensitivity testing, specific to local circumstances<sup>3</sup>. Examples given of circumstances in which sensitivity testing may be appropriate include:

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<sup>1</sup> Paragraph: 015 Reference ID: 2a-015-20140306

<sup>2</sup> Paragraph: 017 Reference ID: 2a-017-20140306

<sup>3</sup> Paragraph: 017 Reference ID: 2a-017-20140306

- migration levels that may be affected by changes in employment growth or a one off event such as a large employer moving in or out of an area or a large housing development such as an urban extension in the last 5 years.
  - demographic structure that may be affected by local circumstances or policies e.g. expansion in education or facilities for older people.
16. In short, the PPG suggests that adjustments to the official projections may be appropriate to account for specific, localised events. However, when one considers the independent projections contained in EB406, the purported justification for use of an alternative to the official projections is not based on specific local circumstances to Epping Forest, but rather on matters which – if valid – would apply to any authority. The preference for consideration of migration over a longer period than official projections, and a view that official projections are “very unstable” (paragraph 30) are not locally specific matters; and in fact directly contradict the PPG, which stresses that the official projections are considered robust.
17. The starting point for household projections set out in EB406 was not calculated in accordance with relevant Government guidance. It was subsequently used to identify the objectively assessed housing need for the District, resulting in the identification of a greatly reduced housing requirement than if the official projections had been used.
18. Using the 2014-based SNHP, the starting point for the calculation of housing need is the 14,374 additional households projected to be formed in the District during between 2011 and 2033.
19. Whilst the PPG (accompanying the NPPF 2012) states that the SNHP are a starting point, it does warn the consequences of past under delivery should be accounted for – as household projections do not reflect unmet housing need, Local Planning Authorities should take a view based on available evidence of the extent to which household formation rates are or have been constrained by supply<sup>4</sup>. The

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<sup>4</sup> Paragraph: 015 Reference ID: 2a-015-20140306

PPG confirms market signals should be taken into account in the consideration of adjustments to official projections<sup>5</sup>.

20. The SHMA 2017 acknowledges that to determine the District's housing requirement, adjustment to the starting point to reflect market conditions is required.
21. The SHMA 2017 notes the SHMA (2015) (EB405) identified a need to provide a 20% uplift to account for market signals.
22. The SHMA 2017 states at paragraph 3.2 that the 20% uplift previously proposed may still be justified, and notes this is appropriate in the context of uplifts agreed elsewhere (paragraphs 3.22 and 3.24). However, the SHMA 2017 goes on to stress that it will be important to consider the impact of such an uplift to ensure adjustments made are "reasonable" (paragraph 3.2 and 3.23).
23. The SHMA 2017 proceeds to suggest that an uplift to household projections of any more than 6,200 "probably isn't reasonable" (paragraph 3.28).
24. It is recognised that calculation of objectively assessed housing need is not an exact requirement. Nevertheless, we find it somewhat unclear as to why the Council has departed from the SHMA 2015 recommendation of a 20% uplift; and somewhat disconcerted that the rationale for this appears to be that such an uplift would not be 'reasonable'. The latter point is particularly problematic, given that the role of this study is clearly to identify housing requirement irrespective of other considerations as to whether this need could be met.
25. In terms of what degree of uplift can be considered 'reasonable', whilst such guidance was not available at the time of the SHMA 2017, it is notable that subsequent updates to the PPG now do provide an objective approach to determine the degree of uplift which should be applied to the figure determined by the projections. The PPG now confirms that an uplift to official projections should

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<sup>5</sup> Paragraph: 020 Reference ID: 2a-020-20140306

be applied based on median workplace-based affordability ratios, and sets a cap of a 40% increase (i.e. an increase above 40% is unreasonable)<sup>6</sup>.

26. In respect of Epping Forest District, the 2017 median workplace-based affordability ratio is 14.49 – the highest in Essex. Using the approach described in the PPG, this affordability ratio requires provision of a 66% uplift to official projections in order to determine the District’s housing requirement. However, this would of course need to be capped at 40% to ensure it is reasonable.
27. It is recognised that the aforementioned element of the PPG was prepared within the context of the Standard Method to calculating housing need proposed by the NPPF 2018. However, it is still considered very much material to the calculation to Epping Forest District’s housing requirement for the purposes of this Local Plan, given a) the lack of an objective alternative approach to determining the scale of uplift required; and b) the importance placed on the SHMA 2017 as to what is a ‘reasonable’ uplift, and the confirmation the PPG provides that up to 40% can be reasonable.
28. Applying the 40% uplift to the official projections starting point (14,374) results in a housing requirement of 20,124 dwellings for the period 2011 to 2033.
29. In summary, we are concerned that the approach to determining the objectively assessed housing need for the LPSV unjustifiably departed from the use of national guidance, and resulted in a figure which, even if delivered in full, would result in a drastic shortfall when compared to actual need.
30. Whilst the LPSV’s approach to determining the District’s housing requirements does give rise to concerns, it is clear that there is a substantial unmet housing need – a need which necessitates adoption of a new Local Plan in order to help address this. The extent of the housing need underlines the importance of seeking to address any defects in the EFDC’s plan-making process and ensuring a sound Local Plan can be adopted.

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<sup>6</sup> Paragraph 004 Reference ID: 2a-004-20180913



#### **Question 4**

*Is it justified for the HMA as a whole, and for Epping Forest DC specifically, to plan for less than the OAN as established by the SHMA 2017, at 51,100 and 11,400 homes respectively?*

*a. Has the alternative of delivering the OAN been tested through Sustainability Appraisal? If not, is the SA process deficient?*

*b. Will the Plan in fact provide more housing than the OAN of 12,573 as found by the SHMA 2017 (13,152 indicated in Appendix 5)? If so, is it justified to set the requirement below this?*

31. We do not consider it is justified, consistent with national policy or effective for the Epping Forest Local Plan to fail to plan to meet objectively assessed housing needs. In addition, this failure means the Local Plan as currently drafted is not a positively prepared plan.
32. As noted within our Hearing Statement in respect of Matter 1, we are concerned that the site assessment process which has been used entailed the automatic rejection of any site considered incapable of providing at least 6 dwellings, regardless of whether such sites were deliverable. The conclusion reached by the Council that its full needs cannot be met has been informed by assessment using such an approach, and as such cannot be considered justified.
33. We raised our concerns on this issue within our LPSV representations, specifically at paragraphs 3.1 to 3.15 (19LAD0020-2). We do not repeat issue raised within this representation, but not that there is no evidence to suggest the Council has addressed these issues.
34. In addition to the matters raised in our representations on the LPSV, we consider that a Guidance Note approved by the Essex Planning Officer's Association on 7 September 2017 is of particular relevance to the consideration of this issue: the Mechanism for the Consideration of Unmet Housing Need (the MCUHN).

35. A copy of this Guidance Note is provided as **Appendix A** to this statement. As explained within the MCUHN itself, the purpose of this document is to provide a mechanism through which potential unmet housing needs will be considered by Essex Authorities as part of the Duty to Cooperate.
36. A copy of the minutes confirming the Essex Planning Officer's Association's approval of the MCUHN is provided at **Appendix B**, which confirms it was agreed by all (including representatives of Epping Forest District Council).
37. The MCHUHN confirms at paragraph 3.1 that, if there is an unmet housing need, Authorities should reassess their SHLAAs before seeking to redistribute within the Housing Market Area and, if unmet needs still remain, consider request to adjoining Housing Market Areas.
38. The status of the MCUHN is somewhat unclear, it is clearly relevant give the LPSV's suggestion that the District's housing requirements cannot be met in full, particularly as it provides an agreed County-wide approach to addressing the issue.
39. In the case of Epping Forest District, as set out in our representations on the LPSV, the Report on Site Selection (EB805) has unjustifiably excluded sites that are in fact deliverable. Even in the absence of the MCUHN, in order to ensure the Local Plan is sound, prior to concluding the full objectively assessed housing need could not be met, it would be imperative to review sites rejected by the Report on Site Selection to determine these are in fact deliverable and / or whether sites already identified can deliver a greater quantum. The MCUHN does, however, confirm Essex authorities (including EFDC) have an agreed approach in place – one which the LPSV does not follow.

40. We suggest that such a review of potential sites should include a focus on those which the Report on Site Selection rejected purely on the basis of their perceived capacity. Cumulatively, identification of such small sites – none of which would likely engender the need for significant infrastructure improvements or would be likely to have an impact on the strategic purposes of the Green Belt – could assist in reducing the gap between the housing need and that which the Local Plan will deliver.

## **Remedying soundness issues regarding Matter 3**

41. It is essential that defects identified in relation to Matter 3 are addressed to ensure a sound Local Plan. At the same time, we are mindful of the need to ensure an up-to-date Development Plan is in place and the negative implications – particularly in respect of housing provision – if this is not the case.
42. We consider that the following actions represent an expedient approach to ensuring the Local Plan can be sound in relation to Matter 3, addressing our concerns in relation to Question 2 and 4 above:
- An addendum to the SHMA 2017 be produced, in which objectively assessed needs are considered accounting for the 2014-based SNHP and adjusted to account for market signals as per the recently published PPG.
  - Modifications be made to the LPSV and SP2 in particular, noting the objectively assessed housing need of 20,124 for the period 2011-2033.
  - Sites rejected by the Report on Site Selection to be reconsidered to determine if additional sites are suitable, available and achievable which could contribute towards meeting objectively assessed need. Sites should not be automatically excluded simply because they are not considered capable of delivering a certain number of dwellings.
  - SP2 to be updated to reflect the findings of the review of the aforementioned review, and additional sites this identifies as deliverable.
  - Modifications be made to other policies to reflect the findings of the review of the site selection process.