



## **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 Croudace Homes (Stakeholder ID 19LAD0025)**

**January 2019**

## Context

1. Strutt & Parker have participated in the plan-making process on behalf of Croudace Homes (Local Plan Examination Stakeholder ID 19LAD0025) throughout the preparation of the Epping Forest Local Plan, including in relation to the promotion Land east of Epping Road, Roydon for residential development. This has included representations on the Local Plan Submission Version (LPSV) (Regulation 19) consultation (Representation ID 19LAD0025-1 and 19LAD0025-2) in respect of proposed policies SP2 and P9.
2. The LPSV proposes allocation of a small proportion of land which has been promoted through the plan-making process and which is under the control of Croudace Homes (ROYD.R3). Two configurations of Land east of Epping Road, Roydon were considered through the preparation of the Local Plan, identified as sites SR-0306 and SR-0890 in the plan-making process. However, the proposed allocation ROYD.R3 is not commensurate with either.
3. As made clear in our representation on the LPSV, ROYD.R3 is not deliverable as currently proposed to be allocated.
4. This Hearing Statement is made in respect of the Epping Forest Local Plan Examination Matter 3 – The Quantitative Requirements for Development, and addresses Issue 1.
5. This Hearing Statement focuses on questions 2 (and 2a) and 4 in relation to Issue 1.
6. We have sought to avoid repeating matters within this Hearing Statement which were raised within our representation on the Regulation 19 iteration of the Local Plan.
7. Two appendices accompany 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?*

8. 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. Additional points we have to make at this juncture are as follows.
9. 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.
10. The submitted Epping Forest Local Plan is, in accordance with the NPPF (2018) transitional arrangements, being examined in relation to the NPPF 2012.

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 are 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 eg 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 circumstances. 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. If the Government had intended for the calculation of objectively assessed housing need to consider migration over a longer period than official projections, and to consider official projections unreliable, the PPG would have stated this. The PPG does not, and in fact 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 much fewer homes being identified as being required than if the official projections had been used in.
18. Using the 2014-based SNHP, the starting point for the calculating of housing need is the 14,374 additional households projected to be formed in the District during this period.
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 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 opine that it will necessary 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 households 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', particularly 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

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

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

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 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 – an exceptionally high figure, and 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.

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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?*

30. 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; nor would it result in a positively prepared plan. Our concerns set out within our representations on the LPSV are not repeated here, though we note they have not been addressed and are still valid.
31. 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).
32. 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.
33. 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).

34. It is relevant to note that the LPSV does not plan to meet housing needs in full, but that there is an agreed mechanism in place to address this.
  
35. 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.
  
36. In the case of Epping Forest District, as set out in our representations on the LPSV, the SHLAA 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 for the SHLAA to be reviewed to determine if previously rejected sites are in fact deliverable and / or whether sites already identified can deliver a greater quantum. The MCUHN simply reiterates the need for this approach to be taken, and confirms that such an approach is agreed by the Authorities across Essex.

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

37. 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 if this is not the case. We consider that the following actions represent an expedient approach to ensuring the Local Plan can be sound in relation to Matter 3:

- 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.
- SHLAA to be reviewed to determine if additional sites are suitable, available and achievable which could contribute towards meeting objectively assessed need. As set out within our representation on the LPSV, such sites include SR-0306 and SR-0890, which can deliver 180 dwellings.
- SP2 to be updated to reflect the findings of the review of the SHLAA, and the revised number of homes that can be delivered.
- Modifications be made to other policies to reflect the findings of the review of the SHLAA, including in relation to Policy P9 and allocation ROYD.R3.

### Other matters relevant to Matter 3, Issue 1

38. Through the Council's Developer's Forum, we are aware that EFDC are preparing a revised Housing Implementation Strategy, and this may propose a stepped approach to meeting the housing requirement.
39. At the time of writing, EFDC's position as to whether a stepped approach will be proposed is currently uncertain. If it were to be proposed, we consider it would require thorough consideration through the Local Plan Examination, including through hearing sessions. In such circumstances, we would wish to participate in such hearing sessions and trust we would have opportunity to do so.
40. At this juncture, however, we wish to stress that we would have significant concerns if a stepped approach were to be proposed with fewer homes provided in the early years of the plan period than are actually needed. It should be recognised that stepping the trajectory is a mathematical construct which gives the illusion of a five-year supply in the early period, whereas the true position relative to the underlying demographics is that housing need is not being fully met.
41. Neither the NPPF 2012 nor the PPG which accompanied it supported a stepped approach to meeting housing needs. On the contrary, the PPG states that Local Planning Authorities "should have an identified 5-year housing supply *at all points* during the plan period"<sup>7</sup> (emphasis added).
42. Whilst there are examples of other Local Plans in which a stepped housing trajectory was found to be sound, in such cases there were clear local circumstances which necessitated such an approach. If EFDC were to propose a stepped approach through the Local Plan, it would need to be based on specific local circumstances which justified such an approach – taking a stepped approach would not be justified if it was merely a function of the LPSV and its failure to allocate sufficient sites capable of delivering homes early in the plan period.

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<sup>7</sup> Paragraph: 030 Reference ID: 3-030-20140306

43. If EFDC were to identify that the trajectory proposed within LPSV would not meet housing requirements in the early years of the plan period, the approach to addressing this issue should be to consider how delivery could be changed, and what modifications to the LPSV could be made, to meet the requirement. It would not be justified or consistent with national policy to simply seek to artificially adjust its housing targets to give the appearance needs are being met.
  
44. A stepped approach may be justified in the event the Local Plan has exhausted the potential supply from all sites which are deliverable within the early years of the plan period, development of which would not cause significant harm to the purposes of the Green Belt (which could not be mitigated). In the case of the LPSV, such supply has not been exhausted, with ROYD.R3 capable of modification to allow a deliverable and sustainable allocation for 180 homes.