

Home Builders Federation

ID: 19OTH0036

Matter 3

EPHING FOREST LOCAL PLAN EXAMINATION

Matter 3: The Quantitative Requirements for Development

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?

HMA

1. Is the HMA comprising Epping Forest, East Herts, Harlow and Uttlesford Councils justified? Should the HMA include Broxbourne Borough? How has the influence of neighbouring London Boroughs been taken into account?

We do not have any concerns regarding the authorities comprising HMA. There may have been some benefit of including Broxbourne within a wider HMA, but we recognise that there are difficulties for those authorities surrounding London in relation to defining HMAs. The complex migration and commuting patterns between Boroughs and the capital often mean that a variety of HMAs could be legitimately proposed. As such we consider it more important that consideration is given as to how neighbouring authorities outside of the HMA will influence housing needs. In particular it should be expected that Council consider how poor delivery of new housing in London will create growing demand for homes in those area within reasonable commuting distance of the capital which will in turn increase house prices and reduce affordability.

We identified in our representation the difficulties London Boroughs will have in meeting the level of needs identified by the Mayor in his Draft London Plan. In particular this plan will require outer London boroughs to significantly increase delivery to a level which many of those boroughs are suggesting is not possible. It would seem that the failure of London to meet its own needs is set to continue given that the London Plan is some 10,000 home shy of meeting its identified need for housing. A failure to meet needs in London will inevitably place greater pressure on those areas outside London. Households from the capital will increasingly move out in order to find the home they need and can afford.



However, the Council has seemingly ignored this situation. Instead it considers there to be no justification for a 20% uplift in response to market signals on the basis that there is unlikely to be an increase migration to support the levels of household growth resulting from such an uplift. We would suggest otherwise. The historical failure of London Boroughs to meet needs, the growing backlog of housing in the capital and a London Plan which is 1,000 homes short of meeting need and which outer London Boroughs cannot deliver would all play a part in increasing migration to the HMA and justify, at the very least, the 20% uplift in market signals originally proposed for the HMA.

OAN for Housing and the Housing Requirement

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?

The Strategic Housing Market Assessment July 2017 (EB407) has broadly followed the approach to assessing housing needs as established in the guidance supporting the 2012 NPPF. However, we are concerned with the approach taken to migration trends and the consideration of market signals.

Migration trends

The starting point for any SHMA is the official household projections, formerly published by MHCLG and now published by ONS. These projections are based on the Sub National Population Projections and use a 5 year trend when considering future migration patterns. However, there is a disagreement as to whether this short term trend is an appropriate basis over which to consider household growth or whether a longer ten year trend would provide a more accurate projection of household growth. Whilst this debate will continue it is important to note that the Government have not stated that it considers the ten year trend to be a more appropriate approach and nor has it looked to change its methodology and extend the migration trend period to ten years. We recognise that the Government allow at paragraph 2a-017 for sensitivity testing as part of the OAN methodology but it also outlines that:

“Any local changes would need to be clearly explained and justified on the basis of established sources of robust evidence.

Issues will vary across areas but might include:

- *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”*

But, as we highlighted in our representation, no local justification has been provided with the SHMA suggesting that this is a preference of the consultants for a ten years trend rather than a specific local circumstance. Such a situation is wholly inappropriate given that EFDC is affected more severely by the adjusted trend period. Aside from the lack of justification we have two further concerns.

Firstly, the ten year trend period used covers a recessionary period where migration was substantially lower than normal. This should have indicated to the Council that any trend that included this period should have been considered inappropriate. Secondly, there are also wider concerns regarding the need for national consistency with regard to internal migration and adjusting trend periods within one area but not for all areas in the Country. For example, one difficulty in developing projections using a trend period is that it is possible for this period to have a different profile of migration (i.e. a different age structure of in- and out-migration). It is difficult to fully reflect any differences in age structure given that to do this would require understanding a full matrix of where population moves to- and from- (by age and sex) – as such data is not readily available. There must be a concern that by adjusting the period only for those authorities in the HMA that there is a lack of consistency between these authorities and their neighbours.

Given the significance of the impact of using the 10-year migration trend - for the HMA as a whole it reduces household growth from 50,707 to 45,507 – we would suggest there is not sufficient justification for the use of this trend period. Unless a more reasoned justification for the use of a longer-term migration trend is provided, as required by PPG, we do not consider the current approach to be sound. If the Government is to achieve its target of delivering 300,000 new homes per year by the mid-2020s then the Council will need to use an unadjusted starting point for its calculation of OAN.

Market Signals

As highlighted earlier in our statement the Council made the decision alongside its partners in the HMA to reduce its response to market signals from a 20% uplift to one of 14%. The SHMA outlines that this decision was justified on the basis of the implications for net migration and average household size. In effect the SHMA took the decision to place limits on the level of net migration. Given that London has not met its housing needs and the poor delivery in the HMA that will have suppressed household growth we are concerned that the decision to reduce market signals was made to reflect the level of development that the Councils in the HMA considered to be deliverable. This would raise the question as to whether the 14% market signals assessment was indeed an objective decision based on the relevant indicators or one

based on capacity. We would suggest that the evidence supports a minimum uplift of 20% be applied and the 14% uplift is not justified.

The evidence on market signals shows an area with one of the worst affordability ratios outside of London. Evidence in the 2015 SHMA shows a market under pressure and as such a recommendation that a 20% adjustment be made to market signals. Since this SHMA was published the situation has worsened. Whilst pressure is seen across all indicators the concerns are best encapsulated in the lower quartile affordability ratios. In 2009 the ratio in EFDC dropped to 9.52 following the recession however since then it has steadily increased and now sits at 16.08. This is significantly higher than the other authorities in the HMA and is more similar to London and those authorities such as Waverley, Mid Sussex and Wycombe – all of whom applied market signals of 20% or above.

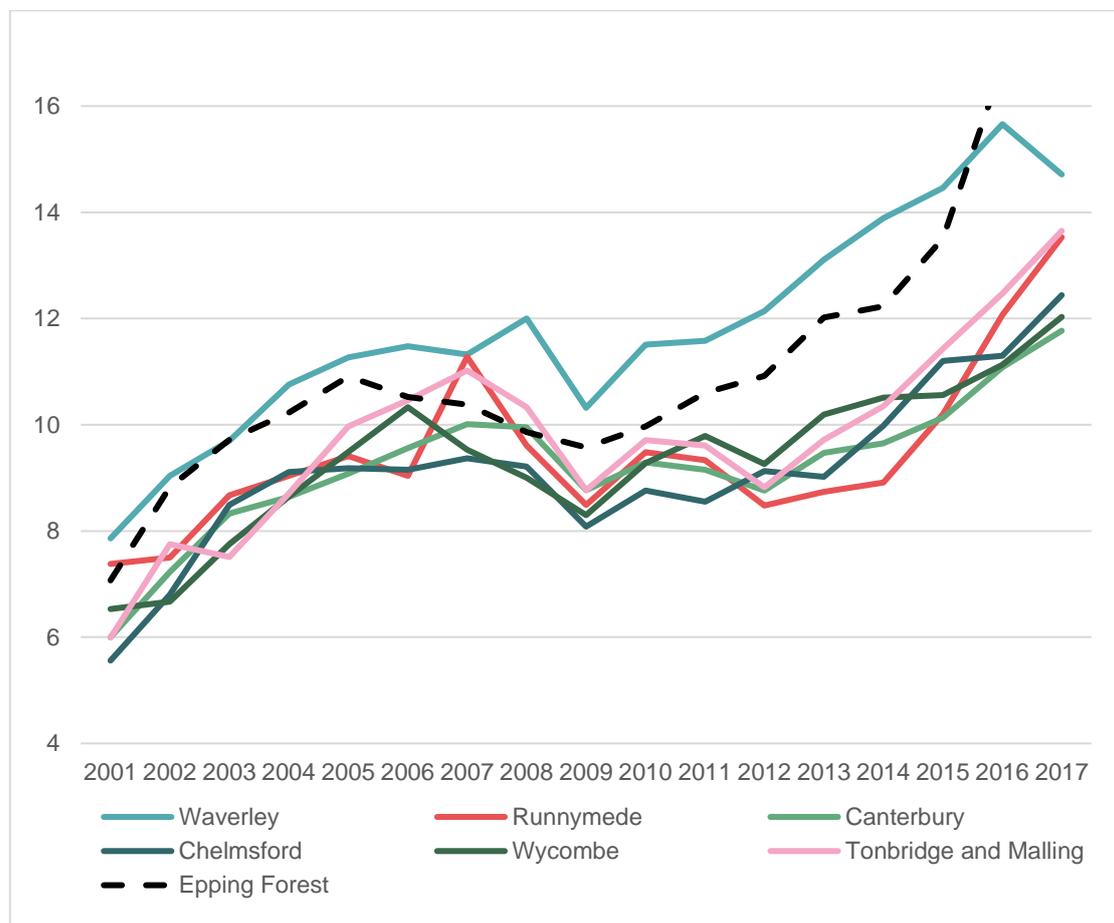


Figure 1: Comparison of affordability ratios between EFDC and local authorities with a market signals uplift of 20% or more.

Conclusions

This means that with an uplift to take account of suppressed household formation and market signals, the HMA is essentially meeting the level of household growth expected by the 2014 projections. This cannot be considered to be the boost to housing supply required by paragraph 47 of the NPPF. Given the impacts from using the 10-year trend and applying a 14% uplift for market signals we do not consider the Council’s objective

Assessment of housing needs to be a sound basis against which to establish its housing requirement.

This position is even more concerning given that the standard method requires the Council to deliver at least 923 homes each year from 2018/19. There is the considerable risk that the Local Plan will be considered out of date as soon as it is adopted due to it being inconsistent with national policy. This is because the Plan whilst being examined against the policies in the 2012 NPPF will, of course, be applied under the auspices of the 2018 NPPF. Paragraph 213 of the 2018 NPPF recognises that this will not automatically mean that plans made prior to the publication of the latest Framework are considered out of date. However, it goes on to state that due weight should only be given to policies adopted prior to the publication of the NPPF:

“... according to their degree of consistency with this Framework (the closer the policies in the plan to the policies in the Framework, the greater the weight that may be given).”

The approach taken in assessing housing needs will not be consistent with the requirements of paragraph 60. The Council's assessment of housing needs will be based on an assessment of need that is significantly less than would be required using the standard methodology. There will be no consistency between the Plan and national policy in relation to housing needs and supply and as such those policies would be considered out of date on adoption and lead to the application of the paragraph 11 of the NPPF. We would therefore suggest that delivery is increased to ensure that this is not the case.

3. What is the relevance of the OAN figure of 13,278 for Epping Forest DC referred to in paragraph 6.8 of the Sustainability Appraisal (EB204)?

No comment

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?

It is not justified for the HMA to be planning for a lower level of housing than is established by the SHMA. Much of the land in the HMA sits outside of the Green Belt and is not affected by other designations set out in footnote 9. As such the Councils are required to ensure that housing needs are met in full. With regard to Epping Forest not meeting needs we accept that footnote 9 of paragraph 14 could lead to an LPA not meeting its own needs. However, if needs are not being met in full elsewhere in the HMA it is necessary for EFDC, who are not meeting their own needs, to identify where

these homes will be delivered. If EFDC are able to deliver more homes that will ensure the needs of the HMA are addressed in full then its housing requirement should be adjusted accordingly.

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