



# Epping Forest Local Plan Examination

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## Comments on SHMA 2020 Update

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Prepared on behalf of Croudace Homes

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**NB In the interests of brevity and in light of 1,000 word limit no introduction, background or context is provided within this submission.**

## 1.0 Methodology and issues with the use of the 2018-based SNHP for planning

- 1.1 The 2018-based SNHP are not suitable for use, uncritically, for the purposes of planning. Concerns with the use of such projections are detailed in **Appendix A** of this submission.
- 1.2 In respect of such factors, we suggest these are likely to have impacted on Epping Forest District's projections in particular. Factors that can influence migration trends can include the availability of housing. The period used to consider internal migration trends (2016-2018), and leading up this, saw a sustained period of housing under provision. Between 2014 and 2018, an average of 303 net additional dwellings were delivered in Epping Forest District. Compared to the current local housing need (as per the Standard Method of 953 dpa) this represents a substantial under delivery. This undoubtedly had the potential to result in reduced internal migration levels during the period used by the 2018-based SNHP to then project forward household growth.

*148 words*

## 2.0 SHMA Update (2020)

- 2.1 We welcome the acknowledgement at paragraphs 48 and 51 of the SHMA Update 2020 that the 2018-based SNHP's approach to determining household formation rates, together with the lack of affordable accommodation for young people in particular in recent years, has resulted in a decline in household representative rates that would otherwise not have occurred. We would add that the impact of this has likely been particularly acute in Epping Forest District, where affordability was significantly worse than the national average during 2001 to 2011. The ratio of median house price to work-place based earnings varied from a low of 7.17 to a high of 10.94 in Epping Forest during this period– where at a national level it was from 4.5 to 7.15.
- 2.2 At paragraphs 52 and 53 of the SHMA Update 2020 it suggests housing supply and affordability is one of the factors that influence household formation rates, but that there are other socio-economic factors.

- 2.3 At paragraph 52 the SHMA Update 2020 opines that young people leaving university are far more likely to return to living with their family (rather than form a new household) than those in the past entering employment direct from school, and together with increased higher education participation, this has impacted on household formation rates. No evidence is put forward to support this. Even if this is the case, we suggest it does not demonstrate that young adults are actively choosing to remain living with their parents, or that young adults do not wish to move into their own accommodation. On the contrary, given the well-documented under provision of housing in recent years, together with the significant worsening of affordability, such a trend is far more likely to be a function of a lack of appropriate housing for younger people, rather than evidence of a sudden shift to a generation of people not wanting to form a new household as young adults. To treat what appears to be one of the symptoms of the housing crisis as evidence that fewer people wish to form new households is obviously problematic.
- 2.4 Paragraph 52 of the SHMA Update 2020 also cites fewer people forming lifetime partnerships in their late teens / early twenties, and the resultant reduction in the number of couples choosing to cohabit. It is unclear what impact the SHMA Update 2020 considers this likely to have on housing requirement, but the logical conclusion is that this will result in a greater number of homes being required per person, as more people chose to live alone.
- 2.5 The SHMA Update 2020 also refers to different cultural approaches to young adults living independently, suggesting that some groups chose to live as extended families and consequently, changes in the ethnic mix of the population – it concludes – have also impacted on household formation. Again, no evidence is provided to support this, and no explanation as to how this is considered to have impacted the housing market area. As an approach we find it troubling that the SHMA Update 2020 appears to be making assumptions as to people’s propensity to want to form a new household based on their ethnicity.
- 2.6 On the basis of the above, the SHMA Update 2020 states at paragraph 53 that it is “probably” unreasonable to assume that formation rates would continue increasing, but that it is “not unreasonable” to assume a return to previous household formation rates.

2.7 The SHMA Update 2020 then provides revisions to the 2018-based SNHP which seek to take into account suppressed household formation. We welcome the principle of the SHMA Update 2020 attempting to address this issue, and seeking to quantify the impact. However, given the aforementioned concerns with that basis for the conclusion that it is unreasonable to assume that formation rates will continue rising appears, we have concerns as to whether the detailed adjustment to the projections is justified and appropriate. We fear the SHMA 2020 Update understates the extent to which these should have been adjusted, and consequently the extent of housing need in the housing market area.

*675 words*

### **3.0 The SHMA Update 2020 and the LPSV**

2.8 Irrespective of the robustness of the SHMA Update 2020's conclusions, the LPSV in any case fails to meet the full objective assessed need that the SHMA Update 2017 suggests and which the SHMA Update 2020 concludes remains valid.

2.9 The basis for the proposed LPSV housing figure was a MoU with other HMA authorities, as opposed to the total objectively assessed need. However, the circumstances surrounding this approach have changed, and there is uncertainty in respect of whether arrangements within other authorities in the housing market area are still in place. This is discussed further at **Appendix B**.

2.10 The LPSV will not meet local housing needs, and there is substantial risk that housing needs across the housing market area will go unmet. To address this we consider modifications are required. This is discussed further within **Appendix C**, but in overview we consider the most appropriate strategy would be for the LPSV to utilise the Standard Method. Alternatively, a robust policy be put in place to ensure an early review.

*171 words*

## Appendix A – Issues with use of 2018-based SNHP for planning

1. There are were well established and acknowledged concerns with the use of the 2016-based SNHP to determine future housing needs.
2. As the ONS stated at Point 5 of its Methodology used to produce household projections:  
  
*“There was a view that only using the 2001 and 2011 Censuses would result in a downward trend in household formation for the younger age groups, which in turn would downplay the need for housing for younger people”.*
3. The primary criticism of the 2016-based projections was they used just two points (2001 and 2011) to project headship rates up to 2021, after which they are assumed to be constant (previous projections drew upon data going back to 1971). The period 2001 – 2011 of course saw very low levels of housebuilding, and a dramatic worsening of affordability. This resulted in a substantial increase in concealed families, and an increasing number of young adults not leaving their parents’ home. As such, there were significant concerns that this suppressed the household formation rates used in the 2016-based SNHP, particularly within the 25-44 age cohort, resulting in the projections understating actual need. If housing delivery were to be based on projections calculated in this way, there would be a danger that these projections based on concealed households and adults remaining living with parents would, in effect, become a self-fulfilling prophecy.
4. The issue of the 2016-based projections understating the extent of household growth resulted in the Government confirming they should not be used to calculate housing requirements through the Standard Method which forms part of current national policy.
5. The 2018-based SNHP are subject to similar – and additional – concerns to the 2016-based 2016-SNHP insofar as their appropriateness for use in determining future housing needs.
6. As with the 2016-based SNHP, the 2018-based SNHP again only used two points (2001 and 2011) to project headship rates up to 2021, after which they are assumed this to be constant. As such, they are subject to the same concerns that rendered the 2016-based SNHP unsuitable for use in estimating future housing needs. Notably,

current Government guidance remains that the 2014-based SNHP be used in the Standard Method for calculating local housing need.

## **Appendix B – Other concerns regarding the basis for the housing requirement in the LPSV**

1. Rather than the SHMA 2017 Update, the basis for the housing numbers the LPSV seeks to achieve is that agreed with the other authorities in the housing market area through a MoU in February 2017. The MoU set out the proposed distribution of 51,100 dwellings within the housing market area for 2011-2033 by Local Authority area. (NB this number of new homes is insufficient to meet total needs as identified through the SHMA Update 2017).
2. Such authorities include Uttlesford District Council. The MoU proposed that Uttlesford District would accommodate 12,500. However, there is now considerable uncertainty over whether this will be achieved – the Uttlesford Local Plan was withdrawn from examination in May 2020, following the identification of a number of concerns with the submitted Local Plan through the examination process.
3. Uttlesford District Council has confirmed its intention to prepare a new Local Plan. However, it is unclear if the MoU is still extant and whether the Council intends to deliver the number of homes this suggested for the District. Indeed, given that the new Local Plan will be required to comply with current national policy (and the calculation of local housing need as per current policy), as opposed to the approach taken to inform the numbers in the MoU, it is unclear if it will be at all possible for a new Uttlesford Local Plan to follow the MoU's proposed approach.
4. The above is of particular relevance to the LPSV given that the key aspect of the justification for not meeting the housing needs as identified through the SHMA Update 2017 (for which the SHMA Update 2020 concludes there has not been a meaningful change) is the MoU.
5. The above should also be seen within the context of the current local housing need (as per the Standard Method) for Epping Forest District being 953 dwellings per annum. The LPSV proposes a number which equates to a mere 518 dwellings per annum.
6. It is clear that the LPSV will not meet local housing needs, and there is substantial risk that housing needs across the housing market area will go unmet.

## **Appendix C – Addressing soundness concerns with the LPSV's proposed approach to meeting housing needs**

1. It is evident that the housing figure the LPSV currently proposes to deliver will not meet local housing needs, and that the circumstances on which it was previously based have material changed. Both issues give rise to substantial concerns in respect of the LPSV's soundness.
2. We consider the most appropriate solution would be to apply the Standard Method to the LPSV, and for modifications to be made to achieve this. Whilst the LPSV is not required to conform to the current NPPF and the use of the Standard Method to determine local housing need this sets out, use of the Standard Method would not only ensure that the plan sought to meet an up-to-date calculation of local housing needs but would also an approach consistent with other authorities preparing their Local Plans. In turn, this would negate the need for an early review of the LPSV, which would almost certainly entail further review of the Green Belt to meet development needs.
3. If however the LPSV were not to be modified to meet local housing needs as per the Standard Method, it will be critical to ensure that it is subject to an early review. Failure to do so would pose a significant risk that local housing needs as per current national policy would go unmet over a significant period of time – we are mindful that the current adopted Local Plan for Epping Forest District is now over 22 years old, and whilst this has since been subject to alterations, these themselves are now 14 years old. Any policy requiring early review of the LPSV would need to be robust and effective, and ensure that in the event that a more up-to-date Local Plan was not put into place in a timely fashion, then measures would be in place to help ensure that development needs did not continue to go unmet. This could, for example, include making clear that the failure to ensure early review of the LPSV in a timely fashion would, together with an absence of a five-year housing land supply, contribute to there being very special circumstances that could justify the grant of planning permission for residential development in the Green Belt.

## Appendix D – Glossary of terms and abbreviations

HMA	Housing Market Area
LPSV	Epping Forest Local Plan Submission Version
MoU	Memorandum of Understanding
SHMA 2015	West Essex and East Hertfordshire Strategic Housing Market Assessment 2015
SHMA Update 2017	West Essex and East Hertfordshire Strategic Housing Market Assessment Establishing the Full Objectively Assessed Need 2017
SHMA Update 2020	West Essex and East Hertfordshire Strategic Housing Market Assessment Updating Overall Housing Need using the 2018-based projections