HUNTINGDONSHIRE LOCAL PLAN EXAMINATION:

MATTER 4 STATEMENT: OVERALL PROVISION FOR HOUSING

Prepared on behalf of Gladman Developments Limited

Respondent ID: 1118265

11 June 2018

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APPENDICES

MATTER 4 – OVERALL PROVISION FOR HOUSING

Issue

Whether the Local Plan has been positively prepared and whether it is justified, effective and consistent with national policy in relation to the 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 The National Planning Policy Framework (NPPF) states that Local Planning Authorities (LPAs) should *"use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area."* This is reinforced by paragraph 159 which states LPAs should *"prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries."*

1.2 HOUS/01 submitted by Huntingdonshire District Council (HDC) covers HDC alone. It does not update the OAN for the Cambridge Housing Market Area (HMA) in which HDC is located. This conflicts with NPPF requirements. Although this does not affect HOUS/01's OAN calculation, it affects the issue of unmet need in the wider HMA, and the Duty to Co-operate.

1.3 HOUS/01[1] acknowledges the most recent HMA-wide OAN is dated 2013. It is therefore outdated. HOUS/01 seeks to justify its scope across HDC only by referring to PPG (ID2a-007), stating that *"there is collective agreement across the Cambridge HMA not to prepare a full SHMA/OAN review"*[2].

1.4 However, HOUS/01 only presents the second paragraph of ID2a-007 which states *"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 coordinate future housing reviews so they take place at the same time."* This paragraph states that future housing reviews should be co-ordinated at the same time. However, the first paragraph of ID2a-007 reinforces NPPF policies, stating *"LPAs should assess their development needs working with other local authorities in the relevant HMA."*

[1] Paragraph 13, page 3, HOUS/01
[2] Ibid

1.5 In this context, an updated HMA-wide OAN should be considered in the context of HDC's agreement (PREP/09) that HDC lies within the Cambridge Sub-Region HMA.

<u>Question 2</u>: 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?

2.1 A Proof of Evidence submitted by Barton Willmore (BW) in respect of appeal reference APP/H0520/W/16/3159161[3] is attached (Appendix 1). This provides a review of HDC's OAN evidence prior to HOUS/01, much of which remains relevant. However, the statement presented here updates Appendix 1 where required, following the publication of HOUS/01 (April 2017). Appendix 2 to this statement summarises the variances between BW and HOUS/01.

2.2 HOUS/01 is considered to follow the steps required by PPG; i.e. demographic, economic, and market signals; however, BW consider there are weaknesses in the approach applied in HOUS/01. These weaknesses limit HOUS/01's robustness and are summarised in Appendix 2.

<u>Question 3</u>: 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?

<u>Household Formation Rates (HFRs)</u>

3.1 HOUS/01 concludes that adjustment to the 2014-based HFRs is unnecessary, stating that 2014-based HFRs for Huntingdonshire are *"generally similar to the national and other rates for all age groups, including the younger age groups, in 2014, providing no evidence for an adjustment to the CLG 2014 household formation rates"*[4] This conclusion is made by analysing the 2014-based HFRs for 2014 <u>only</u>. HOUS/01 gives no consideration to HFR projections over the plan period, or comparison with HFRs from previous projections. This is considered a weakness of HOUS/01.

3.2 Appendix 1 (Section 4) addressed HFRs. Appendix 1[5] concludes that 2014-based household projections should be adjusted for suppressed HFRs in 25-34 and 35-44 age groups.

[3] APP/H0520/W/16/3159161, Land off Lucks Lane and West and South of the Osiers and Springfield Close, Buckden, Huntingdonshire
[4] HOUS/01, paragraph 64, page 15
[5] Pages 15-18

3.3 Appendix 1[6] illustrates the decline since 2001 of HFRs in the 25-34 age group, and how they are projected to decline further by the end of the 2014-based Ministry for Housing Communities and Local Government (MHCLG) projection period (2039). The 35-44 age group is projected to flatline. This contrasts markedly with 2008-based MHCLG household projections which projected a gradual *increase* from 2001 until 2033 in both age groups. This decline in projected HFRs has been due in part to worsening housing affordability which has made it increasingly difficult for younger people to form a household, alongside recent low rates of delivery. These factors have fed past trends and subsequently the projections.

3.4 Figure 1 (below) compares affordability and HFRs. In HDC, worsening affordability (2001-2008) coincided with falling HFRs (age 25-34) from their projected path (2008-based), altering course from an already evident decline (HFRs were already constrained) into a pronounced and steeper fall. Although affordability improved at the onset of recession (2009), the lower/median affordability ratios have worsened again since 2009, with a sharp increase over the past two years. The February 2017 Housing White Paper highlighted this issue[7].

3.5 PPG (ID2a-015) provides a mechanism for addressing HFR suppression. The decision of HOUS/01 to make no adjustment is not considered to be justified. Appendix 1[8] provides three approaches to addressing HFR suppression which provide a broadly comparable uplift to the 2014-based household projections (760 dpa) to 820-850 dpa.

Migration Trends

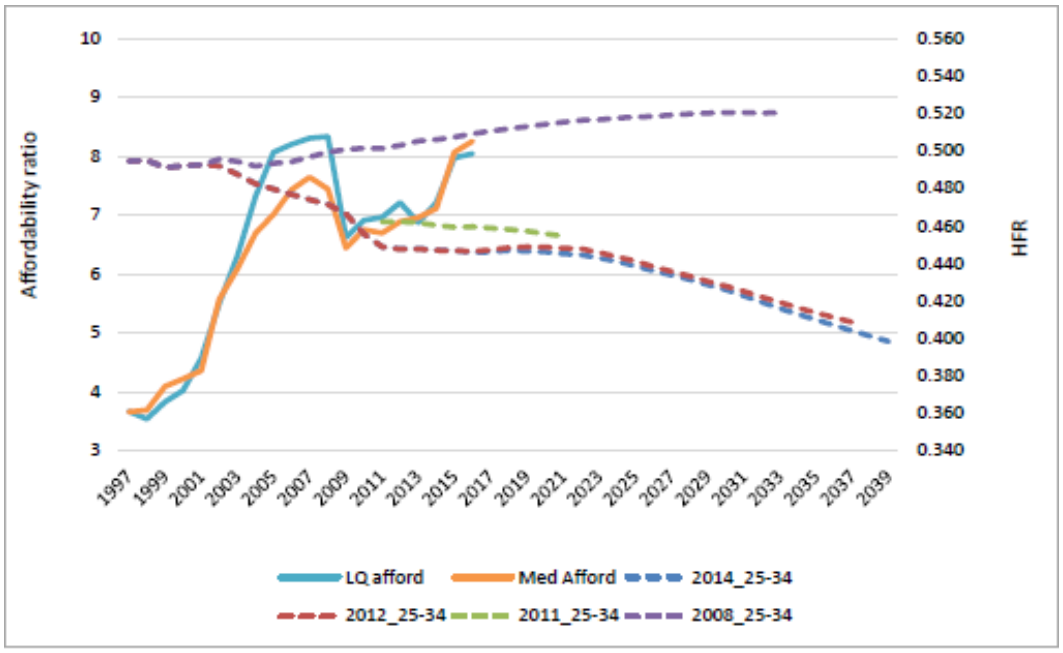
3.6 BW agree with HOUS/01 that adjustment to the 2014-based ONS Sub National Population Projections (SNPP) is not required for alternative migration periods.

[6] Figure 4.1, page 17

[7] *"As recently as the 1990s, a first-time buyer couple on a low-to-middle income saving five per cent of their wages each month would have enough for an average-sized deposit after just three years. Today it would take them 24 years. It's no surprise that home ownership among 25- to 34-year-olds has fallen from 59 per cent just over a decade ago to just 37 per cent today."*

[8] Appendix 1, page 17-18

Figure 1: Household formation (25-34-year olds) and affordability – Huntingdonshire



Source: MHCLG, ONS, and BW

Other factors

3.7 ONS recently (May 2018) published 2016-based ONS SNPP. This projects *lower* population growth (830 people per annum) in HDC than 2014-based ONS SNPP (1,360 people per annum), a 39% decline from 2014-based SNPP.

3.8 Although the 2016-based ONS SNPP project lower growth, it is not considered that they should be favoured over 2014-based ONS SNPP and 2014-based household projections used by HOUS/01 to represent baseline housing need, for the following reasons.

3.9 The 2016-based ONS household projections are not released until September 2018. How they convert 2016-based ONS SNPP into household projections is uncertain.

3.10 Second, the two years since the 2014-based ONS SNPP (2014/15 and 2015/16) recorded low net in-migration (285 and 147 people respectively). These are the lowest levels of net in-migration since 2001, the exception being the first year of the global economic recession (29 people, 2008/09).

3.11 In these two most recent years, HDC's 2017 Annual Monitoring Report (MON/01) shows 514 and 534 dwelling completions respectively[9]; lower than the proposed Local Plan target (804 dpa). The first six years of the proposed Plan (2011-2017) show average net completions of 613 dpa, **24% lower** than the proposed Local Plan target.

3.12 The recent low level of completions will have suppressed migration into Huntingdonshire, in turn suppressing the 2016-based ONS SNPP. The 2014-based ONS SNPP assumptions would have been based on 2009-2014 during which higher average completions (711 dpa) were evident. Notwithstanding that 711 dpa is lower than the Local Plan target, it contributed to higher average net migration (706 people per annum) than the period underpinning the 2016-based ONS SNPP (449 people per annum). It is therefore considered the 2014-based ONS SNPP remain a good starting point estimate of the OAN and should be used for the demographic OAHN.

3.13 PPG ID2a-016 supports this view, stating that although OANs should be informed by the latest available information, this *"does not automatically mean that housing assessments are rendered outdated every time new projections are issued."*

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?

4.1 Appendix 1 (section 6) details BW's economic-led OAN, using the 2016 EEFM referred to in HOUS/01. The 2016 EEFM projects 12,370 jobs in Huntingdonshire, 2011-2036 (495 jobs per annum – jpa). It should be noted the previous Local Plan 'Targeted Consultation 2015' supported 19,000 jobs (760 jpa, 2011-2036).

Number of Jobs to be used in determining OAN

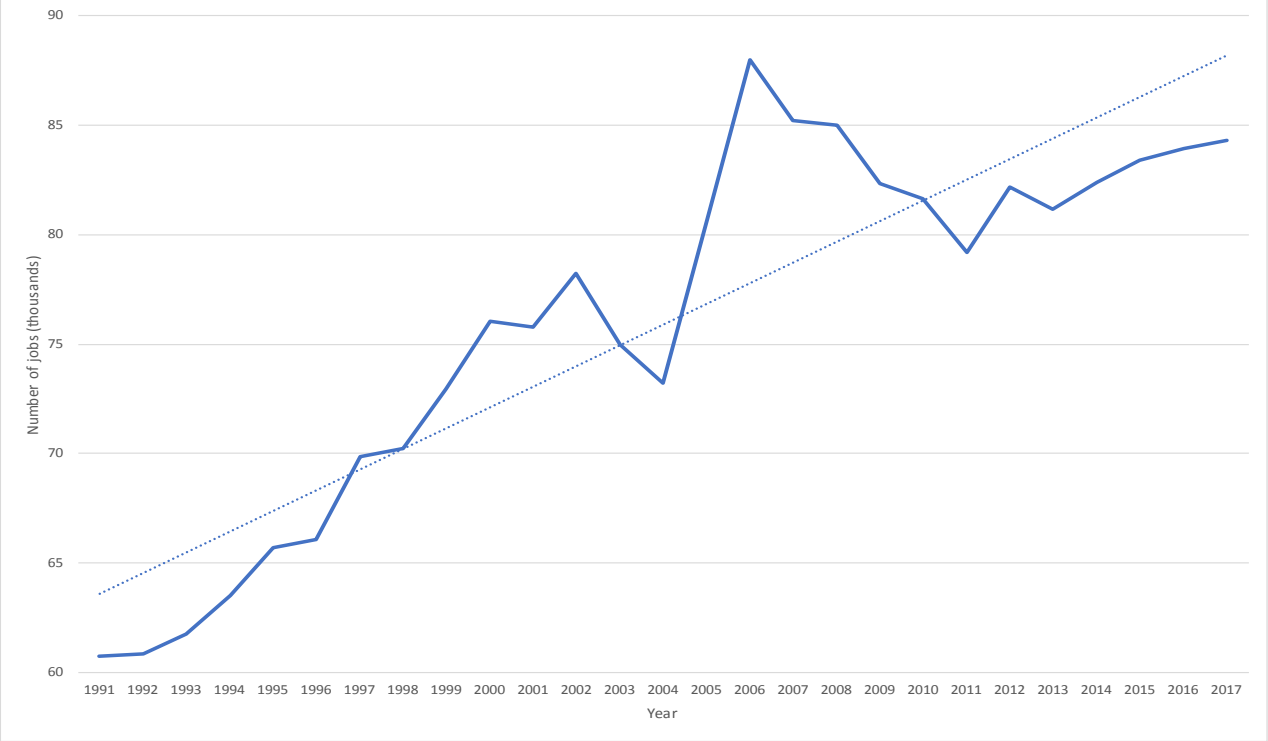
4.2 Notwithstanding the 2016 EEFM forecast, PPG paragraph ID2a-018 states *"plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts"*. HOUS/01 does not consider historical rates of job growth, a weakness of the evidence. Historic job growth rates should be considered to comply with PPG.

[9] Table 7.3, page 55, MON/01

4.3 Using data from the 2016 EEFM (which dates back to 2001) and the 2014 EEFM (1991), Appendix 1 considered historical job growth from 1991 to the start of the Plan period (2011). This showed past historical job growth of between 900 and 1,100 jpa.[10]

4.4 Below we have provided additional analysis to support the conclusions made in Appendix 1. This extends the analysis up to 2017. Figure 2 shows the number of jobs for each year between 1991 and 2017:

Figure 2: Number of jobs in Huntingdonshire by year, 1991-2017



Source: 2016 and 2014 EEFM

4.5 As in Appendix 1, Figure 2 illustrates how the number of jobs in HDC has fluctuated. An arbitrary time period should not therefore be used to calculate the number of jobs to be utilised for the purposes of OAN. For example, the 10-year period 2007-2017 (peak to trough) would show a *decline* and an underestimate (-3,683 jobs), whereas 1996-2006 (trough to peak) would show an overestimate (+21,942 jobs).

4.6 A 'trough to trough' or 'peak to peak' period should therefore be used, as explained in Appendix 1.[11] The period 1995-2015 shows a reasonable trough to trough period over 20 years, showing

[10] Pages 25-27, Appendix 1

17,680 jobs (884 jpa). Similarly, the 1999-2009 period shows 9,374 jobs (937 jpa). It is important to note how both figures remain significantly higher than the 495 jpa used by the Council in HOUS/01.

4.7 Appendix 1 recommended a mid-point between the 2016 EEFM forecast (circa 500 jpa), and the historical job growth up to the start of the Plan period (1,000 jpa). This resulted in an assumption of 760 jpa to align with HDC's 2015 Local Plan 'Targeted Consultation'. Our updated evidence suggests circa 720 jpa to be considered as representing a reasonable level of economic growth on which to base the OAN. The results of our economic-led OAN scenarios in Appendix 1 therefore remain robust and fit for purpose.

4.8 A further point to note is the use of a single forecast in HOUS/01. A more robust assessment would be to utilise a number of forecasts i.e. the EEFM plus the three leading forecasting houses (Experian, Cambridge, and Oxford) to arrive at an average forecast. This is an approach that was supported by the Inspector examining the South Worcestershire Local Plan. In this case the Inspector stated that *"The use of three separate growth forecasts (rather than just one as in the February 2012 SHMA) adds substantially to the robustness of Edge's modelling work."* [12]

Commuting

4.9 The commuting assumed by the 2016 EEFM fluctuates over the Plan period. We do not support the approach of adjusting commuting assumptions because adjusting commuting assumptions has implications for other local authorities in the HMA. This is a point PBA make in the Technical Advice Note produced for the Planning Advisory Service (PAS)[13] which HOUS/01 states it follows closely.[14]

4.10 For HDC, the 2016 EEFM assumes a reduction in net out-commuting from an outflow of -11,600 workers in 2011 to -10,500 workers in 2036. In the interim, the net outflow reduces to a low of -4,900 in 2014. The effect of reducing the outflow of workers is to reduce the level of housing need to support economic growth because the EEFM assumes that more labour can be drawn from the resident population without the need to bring in extra workers.

[11] Ibid
[12] Paragraph 11, page 3, Stage 1 of the Examination of the South Worcestershire Development Plan, Inspector's Further Interim Conclusions on the Outstanding Stage 1 Matters, 31 March 2014
[13] PBA, on behalf of the Planning Advisory Service, Objectively Assessed Need and Housing Targets – Technical Advice Note, second edition, July 2015, paragraph 8.16, page 36
[14] HOUS/01, paragraph 19, page 4

4.11 Our view is that commuting assumptions should not be changed over the projection period. This principle was established in the High Court[15], and on this basis, we recommend OAN sensitivity testing where the commuting rate is held constant between 2011 and 2036.

Double Jobbing

4.12 The July 2016 EEFM projects growth of 12,370 jobs in Huntingdonshire, 2011-2036, and states the number of workers required to fill these jobs is 11,360. This implies 1,010 of the jobs (8%) will be fulfilled by 'double-jobbing' (people with more than one job). This is a high assumption to make in the context of the ONS' 'Reconciliation of estimates of jobs: March 2018' which shows a figure of only 3.0% in comparison.

4.13 Furthermore, the 2016 EEFM assumes double-jobbing will **increase** in HDC, 2011-2036. In 2011 the EEFM assumes a double-jobbing ratio of 1.023 (every worker has 1.023 jobs) but by 2036 the double-jobbing ratio increases to 1.032. Assuming an increase reduces the number of people required to fill jobs, and therefore the OAN required to support them. We would suggest a fixed assumption of 3% in line with ONS data as set out above.

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?

5.1 HOUS/01 compares Huntingdonshire to its 'nearest statistical neighbours' (Maidstone and East Northamptonshire) as determined by the Chartered Institute of Public Finance & Accountancy (CIPFA); and England. HMA comparisons are not made, save for average house prices in 2016. Only one of six market signals is compared against HMA authorities. Paragraph ID2a-020 states comparison should be made in *"the HMA, alongside similar demographic and economic areas; and nationally."* All six market signals should be compared with the authorities in the HMA to comply with PPG.

5.2 The 5% uplift appears to have been made in the context of the PAS guidance, in which its authors (PBA) suggest 'moderate' under-provision/mixed evidence should result in a 10% market signals adjustment. However, PAS guidance is three years old. Since then a plethora of Local

[15] High Court Judgment between Oadby & Wigston Borough Council and (1) Secretary of State and (2) Bloor Homes Limited, July 2015

Plan Examination/Planning Appeal reports have addressed market signals using more robust methods and have increased the starting point estimate of OAN up to 25%. HOUS/01's justification is outdated.

5.3 The Office for Budget Responsibility/University of Reading (OBR/UoR) affordability calculator has recently been endorsed at the Mid Sussex and Waverley examinations. PAS guidance is considered outdated and furthermore should not be afforded any more weight than other assessments of housing need; it is not adopted policy or guidance, but solely the view of one planning consultant (PBA).

5.4 BW consider the market signals uplift should be higher than 5%. In this context a range of approaches were presented in Appendix 1. These resulted in market signals OAN of **between 920 and 1,260 dpa**. [16]

5.5 In the intervening period since Appendix 1's preparation, MHCLG have consulted on the proposed standard method for establishing housing need. This would require a **26% increase** to HDC's baseline household projection. Although yet to be adopted, this approach to addressing market signals is robustly prepared and is likely to be adopted by Government when the revised NPPF is published in summer 2018. It is important to note therefore that the standard method would lead to **1,010 dpa** in Huntingdonshire, as published by MHCLG in the September 2017 *'Planning for the Right Homes in the Right Places'* consultation. This is slightly lower than the range determined in Appendix 1.

5.6 We have also utilised the OBR/UoR approach endorsed by the Inspector in Mid Sussex/Waverley (see Appendix 3 for calculations). This shows the Council's OAN (804 dpa) would increase the 2017 median affordability ratio from 8.76 (2017) to 9.91 (2036). To maintain the ratio at 8.76 by 2036, **1,088 dpa** would be required. This figure falls within the range determined in Appendix 1 and provides further robust evidence to show that OAN for HDC should be a <u>minimum</u> of 1,000 dpa.

5.7 The two calculations (economic OAN and market signals OAN) should not be conflated. Separate OAN figures to meet job growth and address market signals should be presented in line with PPG. The higher of the two figures should be considered the full OAN.

[16] Paragraphs 7.17-7.37, page 41, Appendix 1

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?

6.1 HOUS/01[17] states need for 7,897 affordable dwellings, 2011-2036 (316 dpa). If affordable housing provision were to be delivered at a rate of 40%, as stated in Policy LP25 of the submitted Local Plan, an OAN of 19,743 homes would be required (790 dpa). This would mean that the Council's OAN would deliver their identified affordable need.

6.2 However, it should also be borne in mind how the scale of affordable need is a reflection of the affordability constraints in Huntingdonshire.

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?

7.1 BW consider there is a robust basis to arrive at an alternative OAN. As of April 2017, BW[18] concluded OAN in Huntingdonshire was **1,060 to 1,100 dpa**. This was to support a mid-point between the job forecast and historic job growth recorded by the EEFM, aligning with the 760 jpa set out in the 2015 Local Plan 'Targeted Consultation'. The economic OAN is also a mid-point of the market signals range set out above.

7.2 Appendix 1's OAN can be summarised as follows:

- Demographic OAN = 820-850 dpa;
- Economic OAN = 1,060-1,100 dpa;
- Market signals OAN = 920-1,260 dpa.

7.3 This evidence is considered to remain robust and fit for purpose, as our updated analysis of historic job growth confirms. HOUS/01[19] states that BW's modelling approach to economic-led OAN set out in Appendix 1 is inconsistent. In response, BW note a number of Section 78 appeal decisions and Local Plan Examinations have disagreed with this view. The Boreham Judgment[20] concluded the inconsistency point made by HOUS/01 was of no particular relevance in determining OAN.

[17] Paragraph 136, page 33, HOUS/01
[18] Table 8.1, page 45
[19] Paragraph 82, page 18, HOUS/01
[20] High Court Judgment between Chelmsford City Council and (1) Secretary of State and (2) Gladman Developments, 21 December 2016

7.4 The only update would be consideration of OBR/UoR's approach to improving affordability endorsed in the Mid Sussex/Waverley Local Plan Examinations. This shows 1,088 dpa to comply with PPGID2a-020[21]. The proposed standard method figure (1,010 dpa) should also be considered, although we note it is yet to be formally adopted. In the round, BW consider that **OAN is a minimum of 1,000 dpa**.

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?

8.1 See question 7; BW consider there is a robust basis for an alternative OAN. MON/1 acknowledges 3,675 net completions, 2011-2017; 1,149 dwellings lower (23.8%) than HDC's OAN (804 dpa).

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

9.1 No comment.

WORD COUNT: 2,988

[21] "increase planned supply by an amount that, on reasonable assumptions and consistent with principles of sustainable development, could be expected to improve affordability"

APPENDIX 1

PROOF OF EVIDENCE OF JAMES DONAGH IN RESPECT OF PLANNING APPEAL REFERENCE APP/H0520/W/16/3159161, APRIL 2017

BW

Town and Country Planning Act 1990
Planning and Compulsory Purchase Act 2004

Section 78 Appeal by Gladman Developments Ltd

Land off Lucks Lane and West and South of the Osiers and Springfield Close, Buckden, Huntingdonshire

Proof of Evidence of
James Donagh BA (Hons) MCD MIED
Relating to the Objective Assessment of Housing Need

Appeal Ref: APP/H0520/W/16/3159161
LPA Ref: 16/00576/OUT

April 2017

BARTON WILLMORE
PLANNING / DESIGN / DELIVERY

Town and Country Planning Act 1990 – Section 78

Town and Country Planning
(Inquiries Procedure) (England) rules 2000 (As Amended)

Land off Lucks Lane, Buckden, Huntingdonshire

Proof of Evidence of James Donagh BA (Hons) MA MCD MIED
Relating to the Objective Assessment of Housing Need

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APPENDICES

1.0 QUALIFICATIONS AND EXPERIENCE

1.1 My name is James Donagh. I am a Member of the Institute of Economic Development ('IED') with an honours degree and a Master of Civic Design.

1.2 I am a Director at Barton Willmore in the Research Team leading on economic issues. Barton Willmore is the UK's leading independent Planning and Design Consultancy, with 12 UK Offices employing over 280 professionals nationwide in the field of town planning, masterplanning, architecture, and landscape planning.

1.3 I have 20 years professional experience in housing, planning and economic development. Possessing a sound working knowledge of development economics, demographic and economic forecasting, my skills include housing market analysis, economic analysis, impact assessment and demographic and economic modelling.

1.4 In accordance with the Planning Inspectorate's Procedural Guidance I hereby declare that:

> **"The evidence which I have prepared and provide for this appeal reference APP/H0520/W/16/3159161 in this Proof of Evidence is true and I confirm that the opinions expressed are my true and professional opinions."**

2.0 INTRODUCTION

2.1 My Proof of Evidence has been prepared following the submission of an appeal against Huntingdonshire Council, submitted on behalf of Gladman Developments Ltd ("the Appellant") in relation to an application for outline planning permission for up to 180 residential dwellings (including 40% affordable housing), demolition of garage belonging to 24 Mayfield for pedestrian access, introduction of structural planting and landscaping, informal public open space and children's play area, surface water attenuation, vehicular access point from Lucks Lane and associated ancillary works ("the Appeal Site").

2.2 The content of my Proof specifically relates to overall housing need in Huntingdonshire District. By following the methodology recommended by Planning Practice Guidance (PPG) for assessing overall housing need I demonstrate that, **objectively assessed, Huntingdonshire has a need for between 1,060 and 1,100 dwellings per annum** over the period 2011 to 2036.

2.3 I append Barton Willmore's review of the Council's current housing need evidence; the Cambridge sub-region Strategic Housing Market Assessment (SHMA, 2013), for information. I understand that publication of new OAHN evidence from the Council is imminent however the 2013 SHMA is the most recent evidence that is publicly available.

2.4 My evidence is used to confirm the appellant's position that the Council cannot identify a deliverable supply of housing as required by paragraph 47 of the National Planning Policy Framework (NPPF).

2.5 The principle of an applicant or appellant putting forward OAN evidence and / or challenging a local authority's position on OAN has been recently endorsed in Shropshire Council v SoS DCLG David Wilson Homes (Paragraph 28, CD 11.10). Mrs Justice Lang held that in the absence of an up to date requirement, a decision maker is required by law to reach a conclusion on OAN based on the information before them and to base any assessment of deliverable housing supply on said OAN. She held *"In my view, [the Inspector] could not properly apply NPPF 49 (which has to be read together with NPPF 47) and NPPF 14 without first making [judgements as to the OAN and the level of supply against that OAN]".* Given this Judgment, it is the responsibility of the appellant and Council to put forward their respective positions in evidence and that of Inspector to determine what the OAN is for the purposes of the five year housing land supply calculation.

Proof Structure

2.6 The remainder of this Proof is divided into the following chapters:

Chapter 3, **The Objective Assessment of Housing Need (OAHN)**, summarises the relevant aspects of national planning policy, and then sets out the required standard for an objective assessment of housing need. This confirms that the 2013 SHMA is out of date;

Chapter 4, **Projected Household Formation Rates**, considers the household formation rates (HFRs) projected by the Department for Communities and Local Government (CLG). Analysis is undertaken to determine whether the HFRs should be adjusted to address factors outlined in section ID2a of the Planning Practice Guidance (PPG), and as concluded in Appendix 1;

Chapter 5, **Population Trends and the Demographic OAHN**, considers the official population projections published by the Office for National Statistics (ONS), and provides analysis to determine whether the official projections require adjustment to determine a robust level of demographic-led OAHN for Huntingdonshire. Barton Willmore utilise the PopGroup demographic forecasting model to determine the demographic-led OAHN required by PPG's ID2a;

Chapter 6, **Employment Trends and the Future Jobs OAHN**, presents analysis of past trends and economic forecasts in line with ID2a of the PPG to determine whether the demographic-led OAHN requires an upward adjustment to ensure that a lack of housing does not create a barrier to investment in Huntingdonshire;

Chapter 7, **Market Signals OAHN**, considers the six market signals identified by PPG and whether an upward adjustment is required to address worsening market signals in Huntingdonshire;

Chapter 8 provides a calculation of the OAHN based on the **Local Plan Expert Group (LPEG) methodology** submitted to Central Government in March 2016;

Chapter 9 draws together my evidence and sets out the **full OAHN** for Huntingdonshire that my analysis has concluded.

3.0 THE OBJECTIVE ASSESSMENT OF HOUSING DEVELOPMENT NEEDS

3.1 In this Chapter, I summarise the existing planning policy background in which the objective assessment of overall housing need (OAHN) must be established. This leads on to a summary of the methodological steps required by the Housing and Economic Development Needs Assessments (HEDNA) section of the Planning Practice Guidance (PPG), which seeks to support the NPPF's requirement for an OAHN.

3.2 Finally I set out the recommended changes to the existing PPG's HEDNA section proposed in March 2016 by the Local Plans Expert group (LPEG). I discuss the proposed methodology of the LPEG report in the context of my approach to assessing the OAHN.

i) National Planning Policy Framework (NPPF, 27 March 2012)

3.3 The NPPF sets out the Government's planning policies for England and how these are expected to be applied. The NPPF states that planning should proactively drive and support sustainable economic development to deliver the homes that the country needs, and that every effort should be made to objectively identify and then meet housing needs, taking account of market signals (paragraph 17).

3.4 The NPPF outlines how the Government is committed to ensuring that the planning system does everything it can to support sustainable economic growth. Planning should operate to encourage and not act as an impediment to sustainable growth. Therefore significant weight should be placed on the need to support economic growth through the planning system (paragraph 19).

3.5 To achieve this objective the NPPF goes on to state that to help achieve economic growth, local planning authorities should plan proactively to meet the development needs of business and support an economy fit for the 21st century (paragraph 20).

3.6 The NPPF identifies how the economic growth aspired to in the NPPF can only be delivered by providing adequate levels of housing. In paragraph 21 the NPPF therefore states that investment in business should not be over-burdened by the combined requirements of planning policy expectations. Planning policies should recognise and seek to address potential barriers to investment, including a poor environment or any lack of infrastructure, services or housing.

3.7 In respect of delivering a wide choice of high quality homes, the NPPF confirms the need for local authorities to boost significantly the supply of housing. To do so, it states that local planning authorities should identify and update annually a supply of specific deliverable sites sufficient to provide five years' worth of housing against their housing requirements (paragraph 47).

3.8 As part of establishing the OAHN a proportionate evidence base should be used based on adequate, up to date and relevant evidence, integrating assessments of and strategies for housing and employment uses, taking full account of relevant market and economic signals (paragraph 158).

3.9 For plan-making purposes, local planning authorities are required to clearly understand housing needs in their area. To do so they should prepare a Strategic Housing Market Assessment (SHMA) that identifies the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period (paragraph 159).

3.10 However, when formulating planning policies and calculating housing supply there is a requirement to understand the specific factors and considerations of each individual area to ensure that its role within the HMA is understood. This is a practical consideration but an important one when considering what paragraph 47 and 49 of the NPPF means at the local authority level. The principle of focusing on a single authority's OAN for the purposes of decision-taking is confirmed by the Court of Appeal in the Oadby and Wigston Case (paragraph 37 and 38, CD 11.03). My evidence therefore focuses on the issues within Huntingdonshire District.

3.11 The Hunston Court of Appeal Judgment (**CD 11.11**) addressed the interpretation of NPPF, and polices therein concerning housing development, in the absence of a Local Plan produced after and in accordance with NPPF. On the subject of relying upon revoked regional strategy housing requirements as an adequate substitute for full objective assessment of housing need, Sir David Keene's discussion reads as follows:

> **"… I am not persuaded that the inspector was entitled to use a housing requirement figure derived from a revoked plan, even as a proxy for what the local plan process may produce eventually."** (CD 11.11, paragraph 25, page 9)

3.12 In respect of NPPF Paragraph 47 and the need for a Local Plan to meet 'the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this Framework', the discussion then reads:

> **"That qualification … is not qualifying housing needs. It is qualifying the extent to which the Local Plan should go to meet**

> **those needs. The needs assessment, objectively arrived at, is not affected in advance of the production of the Local Plan, which will then set the requirement figure."** (CD 11.11, paragraph 25, page 9)

3.13 The discussion invites one to think in terms of two distinct stages. The first to arrive at the objectively assessed need for housing, taking no account of policy considerations or constraints. The second to make housing policy, through the plan making process, when the requirement to meet full objectively assessed housing need is weighed against and qualified by other policies and constraints.

3.14 With regards to constraints, Sir David Keene is clear that they should not be applied to the assessment of need, because they are a matter for local plan process.

> **"… it seems to me to have been mistaken to use a figure for housing requirements below the full objectively assessed needs figure until such time as the Local Plan process came up with a constrained figure."** (CD 11.11, paragraph 26, page 9)
>
> **"It follows that I agree with the Judge below that the Inspector erred by adopting such a constrained figure for housing need."** (CD 11.11, paragraph 25, page 9)

3.15 The Judge also made clear that it was not possible for an Inspector in a Section 78 appeal to impose constraints on the OAN to arrive at a constrained housing requirement figure as might an Inspector in a Local Plan Examination. That is simply not possible in a Section 78 appeal as it would involve a value judgement about the extent to which constraints might justify a reduction in the OAN to some (unquantified) lower figure.

> **"Moreover, I accept Mr Stinchcombe QC's submissions for Hunston that it is not for an inspector on a Section 78 appeal to seek to carry out some sort of local plan process as part of determining the appeal, so as to arrive at a constrained housing requirement figure."** (CD 11.11, paragraph 27, page 10)

3.16 One is therefore required to follow the guidance in the PPG on identifying the OAN, and not seek to reduce it because of constraints. That reduction based on constraints can only be done through the Local Plan process.

3.17 In Gallagher Homes and Lioncourt Homes versus Solihull Metropolitan Borough Council [2014] EWHC 1283 (admin) (**CD 11.06** "Solihull Judgment"), Mr Justice Hickinbottom, in his discussion pertaining to Ground 1 (that the Council adopted a plan that was not supported by a figure for objectively assessed need), concludes as follows:

> **"I respectfully agree with Sir David Keene (at [4] of Hunston): the drafting of paragraph 47 is less than clear to me, and the**

> **interpretive task is therefore far from easy. However a number of points are now, following Hunston, clear. Two relate to development control taking.**
> **i) Although the first bullet point of paragraph 47 directly concerns plan making, it is implicit that a local planning authority must ensure that it meets the full objectively assessed needs for market and affordable housing in the housing market as far as is consistent with the policies set out in the NPPF, even when considering development control decisions**
> **ii) Where there is no Local Plan, then the housing requirement for a local authority for the purposes of paragraph 47 is the full, objectively assessed need."** (CD 11.06, paragraph 88)

3.18 Reflecting further on observations made by Sir David Keane in the Hunston Court of Appeal Judgment, Mr Justice Hickinbottom goes on to conclude that:

> **" … in the context of the first bullet point in paragraph 47, policy matters and other constraining factors qualify, not the full objectively assessed housing needs, but rather the extent to which the authority should meet those needs on the basis of other NPPF policies that may, significantly and demonstrably outweigh the benefits of such housing provision."** (CD 11.06, paragraph 91)

3.19 A key point here is that that whilst household projections are a starting point in the assessment of housing need, they are not necessarily the same as the full objectively assessed need for housing, a concept introduced by Mr Justice Hickinbottom at paragraph 37 of his Judgment. Mr Justice Hickinbottom expands on the significance of full objectively assessed need as follows:

> **"Paragraph 47 requires full housing needs to be objectively assessed and then a distinct assessment made as to whether (and if so, to what extent) other policies dictate or justify constraint … The balancing exercise required by paragraph 47 cannot be performed without being informed by the actual full housing need."** (CD11. 06, paragraph 94)

3.20 Clearly, the full assessment of need is the starting point for policy formulation and decision taking until such time as a Local Plan is in place. A single household projection does not represent objectively assessed need for housing (CD 11.06, paragraph 83 (ii)).

ii) Planning Practice Guidance (PPG, 06 March 2014, CD 12.01)

3.21 The PPG was issued as a web based resource on 6th March 2014. The HEDNA section of the PPG (ID2a) is intended to provide guidance to local planning authorities on how to determine the full OAHN and present it in a SHMA as required by paragraph 159 of the NPPF. As confirmed by DCLG on the 07 March 2014, the previous SHMA practice guidance (DCLG, 2007) was

superseded by the publication of the PPG. I use section ID2a as a proxy for establishing the OAHN for Huntingdonshire.

3.22 As I have identified above I use the methodological steps of the PPG's HEDNA section as a proxy for determining OAHN for the purposes of this section 78 appeal.

3.23 The PPG's HEDNA section confirms that the OAHN must be an objective assessment based on facts and unbiased evidence, and that constraints should not be applied to the OAHN (ID2a, paragraph 4). The OAHN should be 'policy off'. Use of the PPG methodology for assessing OAHN is strongly recommended, to ensure that the assessment is transparent (ID2a, paragraph 5).

3.24 The full methodology for establishing the OAHN and affordable housing is set out in paragraphs ID2a-014 to 029. However the guidance related to establishing OAHN is set out between paragraphs 15 and 20. In this proof of evidence I provide an assessment of OAHN and not affordable housing. The relevant paragraphs of PPG I predominantly refer to are therefore paragraphs 15-20.

3.25 In determining sources of information to use in establishing OAHN, the PPG is introduced as an assessment that should be based predominately on secondary data (ID2a, paragraph 14).

The Starting Point Estimate of OAHN

3.26 The PPG HEDNA methodology states that the starting point for assessing full OAHN should be the household projections published by the DCLG. However the guidance then states how the DCLG household projections are trend based and may require adjustment to reflect factors, such as unmet or suppressed need, not captured in past trends, as follows.

> **"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. For example, formation rates may have been suppressed historically by under-supply and worsening affordability of housing."** (ID2a, paragraph 15, my emphasis, CD 12.01)

3.27 Whether an adjustment to the starting point estimate is required depends on the results of three adjustments set out by the PPG HEDNA in paragraphs 15-20. I set out these adjustments below:

Adjustment 1 – alternative demographic assumptions

3.28 The PPG HEDNA is clear that adjustments to the official DCLG household projections may be justified in the process undertaken to reach demographic-led housing need and full OAHN. Paragraph 17 states how plan makers may consider sensitivity testing, specific to their local circumstances, based on alternative assumptions in relation to the following two demographic factors:

1. underlying demographic projections including migration levels;
2. the underlying household formation rates.

Adjustment 2 - likely change in job numbers

3.29 In addition to taking into account demographic evidence the methodology states that job trends and or forecasts should also be taken into account when establishing full OAHN. The implication is that housing numbers should be increased where the demographic-led housing need fails to balance labour force growth with job growth.

> **"Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns … and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems."** (CD 12.01, paragraph 18)

Adjustment 3 - market signals

3.30 The final part of the PPG's OAHN methodology is concerned with market signals and their implications for housing supply as follows:

> **"The housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings."** (CD 12.01, paragraph 19)

3.31 Assessment of market signals is a further test intended to inform whether the starting point estimate of overall housing need (the household projections) should be adjusted upwards. Particular attention is given to the issue of affordability.

> **"The more significant the affordability constraints … and the stronger other indicators of high demand … the larger the**

> **improvement in affordability needed and, therefore, the larger the additional supply response should be."** (CD 12.01, paragraph 20)

Objective Assessment of Housing Need (OAHN)

3.32 My view is therefore that full OAHN required by PPG is a test of whether the starting point estimate of OAHN – the latest DCLG household projection – requires upward adjustment for the following factors:

a) Adjustment 1 – the latest demographic evidence and more positive household formation rates;
b) Adjustment 2 – to ensure the labour force supply can accommodate projected job demand;
c) Adjustment 3 – the requirement to address worsening market signals and improve affordability.

3.33 If the starting point estimate of OAHN would deliver the housing need resulting from consideration of these adjustments, then an upward adjustment to the starting point estimate is not required.

3.34 However if an uplift to the starting point estimate of OAHN is required to accommodate the adjustments required by PPG, then this uplift should be applied.

3.35 The approach I follow in this Proof of Evidence to establish full OAHN for Huntingdonshire therefore follows the PPG HEDNA methodology I have summarised above.

3.36 The result of the OAHN I present is therefore a 'policy off', unconstrained assessment of housing need that takes no account of the impact of planned interventions strategies and policies.

Assessing Affordable Housing Need

3.37 The methodology for assessing affordable housing need (2a-022 to 029) is largely unchanged from the methodology it supersedes (SHMA 2007). In summary, total affordable need is estimated by subtracting total available stock from total gross need. Whilst it has no bearing on the assessment of overall housing need, delivering the required number of affordable homes can be used to justify an increase in planned housing supply (2a-029).

> **"The total affordable housing need should then be considered in the context of its likely delivery as a proportion of mixed market and**

> **affordable housing developments … <u>An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes</u>."** (CD 12.01, 2a-029, my emphasis)

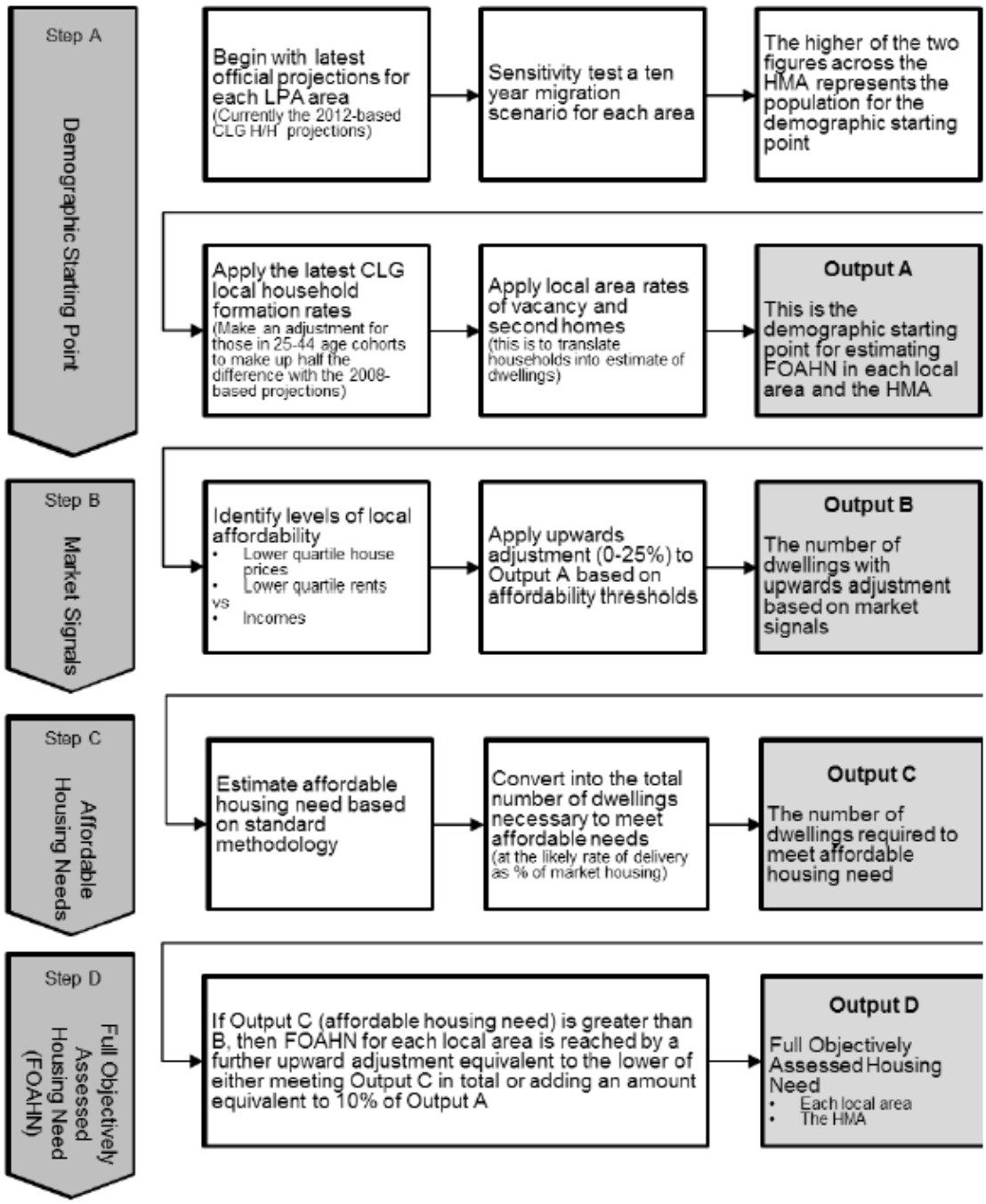
iii) Local Plans Expert Group (LPEG): Appendix 6 - Report to the Communities Secretary and to the Minister of Housing and Planning (March 2016, CD 12.02)

3.38 The LPEG was established by the Communities Secretary, Greg Clark and the Minister for Housing and Planning, Brandon Lewis MP, in September 2015, with a remit to consider how local plan making can be made more efficient and effective.

3.39 In short, the LPEG identified two main problems for local authorities, as follows:

- There is no pre-set determination of the boundaries of Housing Market Areas;
- There is no definitive guidance on the way in which to prepare a SHMA, leading to significant disagreement and uncertainty over housing numbers, which then affects every stage of the plan making progress.

3.40 In respect of the second point, the LPEG report includes Appendix 6, which recommends changes to the Housing and Economic Development Needs Assessment (HEDNA) section of PPG in order to establish OAHN. The recommended methodology is summarised as follows:



Source: Page 22, CD 12.02 March 2016

3.41 The LPEG recommendations have recently been referred to in the Government's Housing White Paper (February 2017) as I refer to below. Notwithstanding that the LPEG recommendations are yet to be formally adopted, for completeness and for information purposes only, I have included a calculation of OAHN based on their recommendations (see section 8 of this Proof of Evidence).

iv) Housing White Paper – 'Fixing our Broken Housing Market' (February 2017) (CD 12.03)

3.42 The Housing White Paper was published in February 2017, and acknowledges a **need for 225-275,000 new homes per annum** to keep up with population growth and start to tackle years of under-supply in the country (paragraph 2, page 9, CD 12.03). The Paper acknowledges that one of the main problems leading to significant under-supply of housing has been the failure of local authorities to plan for the homes they need (paragraph 4, page 9, CD 12.03), and as a consequence the ratio of average house prices to average earnings has more than doubled since 1998 (paragraph 5, page 9, CD 12.03).

3.43 In seeking to address these problems, the White Paper states how a 'radical rethink' of the approach to home building is required. This includes the existing approach to establishing the Objectively Assessed Housing Need (OAHN). The White Paper therefore states the following in respect of how the OAHN is proposed to be reformed:

> **"at the moment, some local authorities can duck potentially difficult decisions, because they are free to come up with their own methodology for calculating 'objectively assessed need'. So, we are going to consult on a <u>new standard methodology</u> for calculating 'objectively assessed need', and encourage councils to plan on this basis."** (paragraph 7, page 14, CD 12.03)

3.44 The White Paper acknowledges the recommendations in this regard of the Local Plans Expert Group (LPEG) report, which concluded that a standardised methodology was one of the most important reforms that could be made to improve plan-making (paragraph A.21, page 74, CD 12.03).

3.45 The White Paper confirms that Councils will be incentivised to use the new standard approach, although where it is justified, deviation from the standard approach may be acceptable.

3.46 The standardised methodology will therefore be intended to provide the 'baseline' OAHN, to which amendments can be made if it is deemed to have been justified. The timescale for the new standardised methodology is confirmed in the White Paper as follows:

> **"To incentivise authorities to get plans in place, in the absence of an up-to-date local or strategic plan we propose that <u>by April 2018</u> the new methodology for calculating objectively assessed requirement would apply as the baseline for assessing five year housing land supply and housing delivery."** (paragraph 1.15, page 23, CD 12.03)

3.47 Consultation on the proposed changes is therefore expected throughout 2017. However in the interim period the existing OAHN methodology set out in the PPG's Housing and Economic Development Needs Assessment (HEDNA) section is to be followed.

4.0 PROJECTED HOUSEHOLD FORMATION RATES

i) Introduction

4.1 In this section of my Proof of Evidence (PoE) I address the issue of household formation rates (HFRs) in Huntingdonshire. The Department for Communities and Local Government (CLG) official household projections are underpinned by assumptions of household formation, and in this respect the PPG (paragraph ID2a-015) states the following:

> **"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. For example, formation rates may have been suppressed historically by under-supply and worsening affordability of housing. The assessment will therefore need to reflect the consequences of past under delivery of housing."** (Paragraph ID2a-015, CD 12.01, my emphasis)

4.2 Huntingdonshire District Council (HDC) are yet to publish up to date OAHN evidence, although this is expected imminently. I am therefore unable to provide a review and critique of their updated approach for the purposes of this appeal. In this absence I have appended (Appendix 1) my review and critique of the OAHN evidence which underpinned the OAHN determined in the 2013 SHMA (CD 9.01) and taken forward in the most recent draft Local Plan (CD 8.02). Below I present my approach in respect of household formation rates.

ii) My approach to HFRs

4.3 Paragraph ID2a-015 of the PPG (CD 12.01) identifies how household formation rates published by CLG are underpinned by past trends alone. They do not take account of government policy such as the NPPF, and may have been suppressed by the worsening affordability of housing, a factor that has led to an increase in concealed households (i.e. young couples living with parents).

4.4 At a national level the housing crisis in the UK has been well documented, and the recent Housing White Paper (CD 12.03, February 2017) is clear that the country has not been building enough homes, and housing delivery requires a significant boost in line with the policies of the NPPF. The Paper identifies the difficulties being faced by the younger age groups in particular as follows:

> **"Rising prices are particularly tough on younger people trying to get onto the housing ladder, or wanting to move into their first family home. Some young people have no choice but to continue to**

> **live with their parents, friends or strangers to make ends meet."** (Paragraph 4.3, page 58, CD 12.03)

4.5 The 25-34 year age group is widely considered as the age group in which the housing crisis has the most pronounced influence. This is acknowledged by the Housing White Paper which comments as follows:

> **"We want councils to use the new standardised approach as they produce their plans and will incentivise them to do so. We expect councils that decide not to use the new approach to explain why not and to justify to the Planning Inspectorate the methodology they have adopted in their area."** (paragraph 1.14, page 23, CD 12.03)
>
> **"As recently as the 1990s, a first-time buyer couple on a low-to-middle income saving five per cent of their wages each month would have enough for an average-sized deposit after just three years. Today it would take them 24 years. It's no surprise that home ownership among 25-to 34-year-olds has fallen from 59 per cent just over a decade ago to just 37 per cent today.**
>
> **Without help from the "Bank of Mum and Dad", many young people will struggle to get on the housing ladder."** (Paragraphs 2-3, page 10, CD 12.03)

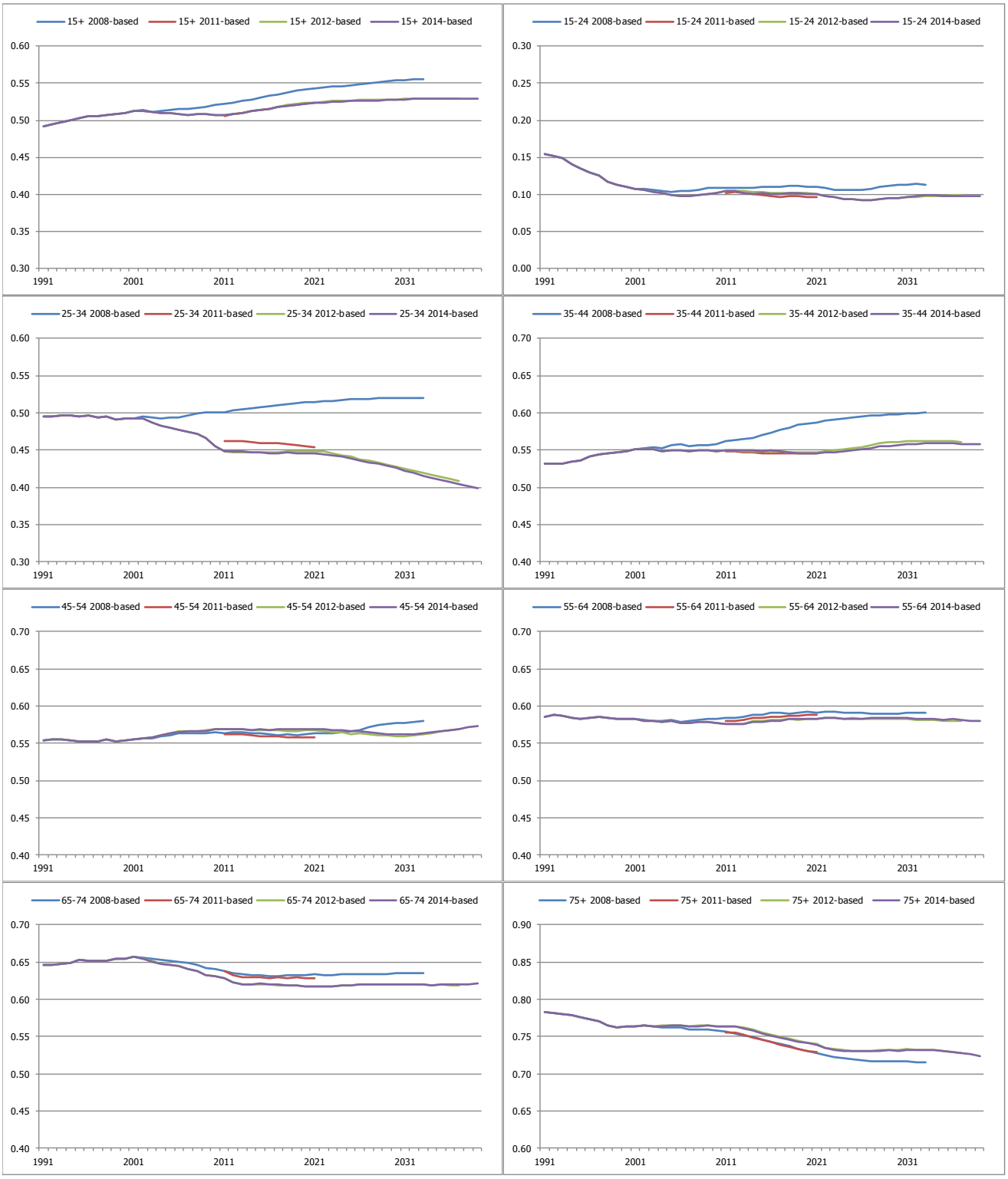
4.6 Although the White Paper acknowledges the impact on 25-34 year olds, the impact is also felt in the 35-44 year age group. This is borne out in the projected household formation rates of the projection series that have been published post 2011 Census. Three series have been published, and we compare these in Figure 4.1 (below) with the 2008-based CLG projection which was published prior to the 2011 Census and projected a more positive level of household formation.

4.7 Figure 4.1 illustrates how the more recent 2012 and 2014-based CLG household projections are underpinned by declining household formation rates in the 25-34 age group, in contrast to the 2008-based projections which projected an increase in household formation in this age group.

4.8 This is a consequence of the affordability issues set out above, resulting in more concealed households in this age group. In Huntingdonshire, reference to Figure 4.1 illustrates a similar pattern in the 35-44 age group.

4.9 In this context, to plan on the basis of the latest 2014-based HFRs as published would only serve to exacerbate the problems that the White Paper has identified. In line with PPG it is therefore considered appropriate to apply more positive rates of household formation in the 25-34 and 35-44 age groups, in order to align with the policies of the NPPF and significantly boost housing supply.

Figure 4.1: Household Formation Rate Comparison: Huntingdonshire District



Source: CLG

4.10 I therefore consider three alternative scenarios for household formation, as follows:

- The '**HFR Sensitivity – 50%**' provides for a gradual 50% return in the 25-34 and 35-44 age groups from the suppressed 2014-based HFRs to the more positive 2008-based

HFRs by 2033, only where the 2014 HFRs are projected to be lower in 2033 than the 2008 HFRs. All other age groups remain as per the published 2014-based HFRs. This is the approach recommended by the Local Plans Expert Group report submitted to Central Government in March 2016.

- The '**HFR Sensitivity – 2001**' gradually returns the HFRs for males and females aged 25-34 and 35-44 years back to the more positive 2001 rates by 2033, only where the 2014 HFRs are projected to decline below the 2001 rates. All other age groups remain at the 2014-based projected rates.

- The '**HFR Sensitivity – 2014'** maintains the 2014-based HFRs for males and females in the 25-34 and 35-44 age groups at the 2014 level, only where the HFRs are projected to decline from 2014 levels by 2033. All other age groups remain at the 2014-based projected rates.

4.11 These household formation sensitivity scenarios should be applied to the population growth of the bespoke demographic forecasting scenarios I present in the following sections of this PoE, based on demographic and economic-led growth.

5.0 POPULATION TRENDS AND THE DEMOGRAPHIC OAHN

i) Introduction

5.1 In this section of my Proof of Evidence (PoE) I consider what the appropriate population growth should be for Huntingdonshire District to establish the demographic-led OAHN for the District. The Office for National Statistics (ONS) publish official Sub National Population Projections (SNPP) for each local authority in England. These official ONS SNPP underpin CLG's official household projections which represent the 'starting point estimate' of OAHN.

5.2 However paragraph ID2a-017 of the PPG states the following in the context of the official ONS SNPP and CLG household projections:

> **"plan makers may consider sensitivity testing, specific to their local circumstances, based on alternative assumptions in relation to the underlying demographic projections and household formation rates. Account should also be taken of the most recent demographic evidence including the latest Office for National Statistics population estimates."**

5.3 In this context it is considered that it may be justified to adjust the ONS SNPP based on alternative assumptions of net migration, alongside the adjustments to Household Formation Rates (HFRs) discussed in the previous section of this PoE.

iii) My approach to population trends and the demographic OAHN

5.4 The recent series of official ONS SNPP for Huntingdonshire are reproduced in Table 5.1 below:

Table 5.1: ONS SNPP Comparison: Huntingdonshire District, 2011-2021/2036

CLG projection series	2011	2021	2031	2036		2011-2021 (per annum)	2011-2031 (per annum)	2011-2036 (per annum)
2014-based	170,039	184,339	198,076	203,824		14,300 (1,430)	28,037 (1,402)	33,785 (1,351)
2012-based	170,039	182,506	194,053	198,814		12,467 (1,247)	24,014 (1,201)	28,775 (1,151)
Interim 2011-based	170,039	184,151				14,112 (1,411)		

Source: ONS

5.5 The official ONS SNPP underpins the starting point estimate of OAHN for Huntingdonshire. However in the context of the PPG's OAHN methodology, I consider whether an adjustment to the population growth projected by the ONS SNPP is required in Huntingdonshire District.

5.6 The latest 2014-based ONS SNPP is underpinned by the net migration trend between 2009 and 2014, a period during which the country was in recession and the movement of people was influenced differently to a more stable period. Towards the end of the period however, the Country began to move out of the recessionary period.

5.7 It is therefore appropriate to consider the 2009-2014 period against a longer period of migration trends which cover a period of economic recession and buoyancy. Table 5.2 (below) provides this comparison.

5.8 Table 5.2 shows how net migration has remained relatively stable over the last 15 years, based on the five different average trend periods assessed. The 2007-2012 period (which underpinned the 2012-based ONS SNPP), unsurprisingly shows the lowest average net migration trend (in-migration averaging 476 people per annum). This period was influenced for the most part by the severe economic recession, inhibiting the ability of people to move home. This is borne out by the figures for 2008/09 and 2011/12 in particular (net in-migration of only 29 and 108 people respectively) which stand out against the other 13 years recorded in Table 5.2.

5.9 Notwithstanding that the period underpinning the 2014-based ONS SNPP (2009-2014) includes the final years of recession, the average net in-migration exceeds the alternative periods by quite a significant degree (net in-migration of 642 people per annum). In the context of three of the five years showing net in-migration over 850 people per annum, it is considered that the ONS 2014-based SNPP provides a robust indication of net migration in Huntingdonshire.

5.10 On this basis, it is not considered necessary to determine demographic-led OAHN based on an alternative period to that underpinning the official ONS projections. However as I have identified in section 4 of my PoE, the underlying household formation rates of the 2014-based CLG projections require an adjustment.

Table 5.2: Historic Components of Population Change: Huntingdonshire (2001-2015)

	Natural change	Net Migration	Other changes		Total change
			Total	Of which UPC	
2001/02	623	641	23	-24	1,287
2002/03	482	638	30	-21	1,150
2003/04	578	481	1,969	-27	3,028
2004/05	613	555	-1,000	-38	168
2005/06	513	649	-88	-35	1,074
2006/07	617	338	-87	-30	868
2007/08	799	527	256	-34	1,582
2008/09	694	29	-17	-32	706
2009/10	783	863	-346	-19	1,300
2010/11	755	852	80	-121	1,687
2011/12	883	108	-7	0	984
2012/13	714	475	-223	0	966
2013/14	756	912	-52	0	1,616
2014/15	553	247	561	0	1,361
Total 2001-15	**9,363**	**7,315**	**1,099**	**-381**	**17,777**
Average 2001/15	**669**	**523**	**79**	**-27**	**1,270**
Average 2007/12	**783**	**476**	**-7**	**-41**	**1,252**
Average 2009/14	**778**	**642**	**-110**	**-28**	**1,311**
Average 2010/15	**732**	**519**	**72**	**-24**	**1,323**
Average 2005/15	**707**	**500**	**8**	**-27**	**1,214**

Source: ONS/ Barton Willmore

5.11 In this context, Table 5.3 (below) presents my OAHN sensitivity testing of the 2014-based ONS SNPP based on the alternative household formation rate scenarios set out in section 4 of this PoE.

Table 5.3: Demographic-Led OAHN Sensitivity Testing: 2014 SNPP for Huntingdonshire

		2011	2031	2036	2011-2031 (per annum)	2011-2036 (per annum)
Population: 2014 SNPP		170,039	198,076	203,824	28,037 (1,402)	33,785 (1,351)
HFR Sensitivity Scenario (Dwellings)	**HFR Sensitivity 2014**	71,225	88,110	91,648	16,885 (844)	20,422 (817)
	HFR Sensitivity 50%	71,225	88,359	91,668	17,133 (857)	20,443 (818)
	HFR Sensitivity 2001	71,225	89,406	92,478	18,180 (909)	21,253 (850)

Source: Barton Willmore

5.12 Table 5.3 shows how the most recent 2014-based ONS SNPP would lead to a demographic-led OAHN of between 817 and 850 dwellings per annum, 2011-2036, based on three approaches to alleviating household formation suppression in younger age groups. The demographic-led OAHN is therefore considered to align with the most recent emerging Plan housing requirement of 840 dpa, 2011-2036.

iv) Conclusions

5.13 In conclusion, my evidence shows how an adjustment to the 2014-based ONS SNPP is not required for alternative net-migration trends. However in the context of paragraph ID2a-015 of the PPG, my analysis is considered to show suppressed household formation rates in the 25-34 and 35-44 age groups.

5.14 I consider that this suppression requires addressing, and I have therefore applied three alternative approaches to household formation in the two age groups affected. Household formation rates in all other age groups remain as published in the most recent 2014-based CLG household projections.

5.15 This increases the starting point estimate of OAHN from 761 dwellings per annum to a range of **between 817 and 850 dwellings per annum, 2011-2036**.

6.0 EMPLOYMENT TRENDS AND THE FUTURE JOBS OAHN

a) INTRODUCTION

6.1 The previous section of my Proof of Evidence (PoE) has established how the demographic-led OAHN results in a range of between 817 and 850 dwellings per annum (dpa), 2011-2036. The next stage is to determine whether the demographic-led OAHN will support economic growth, and if not, the uplift required to do so. This stage in establishing the OAHN is made in the context of paragraph 18, section ID2a of the PPG (CD 12.01) which states the following:

> **"Plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area.**
>
> **Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility or other sustainable options such as walking or cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems."** (Paragraph ID2a-018, CD 12.01)

6.2 In the context of this section of the PPG, the analysis I present in this section of my PoE presents the most up-to-date evidence available in respect of past trends and forecast job growth. A conclusion on economic-led OAHN is then presented.

b) ECONOMIC ASSUMPTIONS

i) Job Growth Forecasts

6.3 Huntingdonshire District Council's (HDC's) previous 2013 Strategic Housing Market Assessment (SHMA, CD 9.01) determined there would be growth of 19,000 jobs, 2011-2036 (760 jobs per annum), incorporating 8,000 additional jobs from the Alconbury Enterprise Zone.

6.4 The 2013 SHMA included job growth forecasts published in the East of England Forecasting Model (EEFM) from 2013. Two more recent EEFM baseline job forecasts are publicly available, and I consider them here. Table 6.1 summarises the forecasts against the 2013 EEFM used by the 2013 SHMA.

Table 6.1: East of England Forecasting Model: Job Growth 2011-2031/2036

EEFM	2011	2031	2036		2011-2031 (per annum)	2011-2036 (per annum)
2016 Baseline	79,193	89,939	91,561		10,746 (537)	12,368 (495)
2014 Baseline	80,411	90,450	n/a		10,039 (502)	n/a
2013 Baseline	79,990	84,484	n/a		4,494 (225)	n/a

Source: East of England Forecasting Model

6.5 It is clear that the more recent 2014 and 2016 EEFMs project significantly higher baseline job growth than the 2013 EEFM considered in the 2013 SHMA. Both the 2014 and 2016 EEFMs projections are over double the 2013 EEFM.

6.6 However the figures of the 2014 and 2016 EEFMs are not directly comparable to the job figure identified in the 2013 SHMA, because of the method used for determining them, explained in the evidence report underpinning the 2013 SHMA as follows:

> **"The indicative employment growth is determined from a run of the EEFM, with the population figures in 2031 adjusted to reflect the indicative population growth, so the scale of the indicative jobs growth reflects that of the indicative population growth."** [1] (Our emphasis)

6.7 The job growth presented in the Council's 2013 SHMA was therefore constrained by the conclusion of what the indicative population growth will be. They are therefore 'constrained' by an assumed level of population in 2031/2036 for Huntingdonshire.

6.8 The PPG is clear that the likely change in job numbers based on past trends and/or economic forecasts should be consulted on when considering the OAHN. The analysis should also be 'policy off', whereas the 2013 SHMA applied a 'policy on' number of additional jobs created by the Alconbury Enterprise Zone (8,000 additional jobs). Furthermore the PPG is very clear that the OAHN should not be constrained.

6.9 Based on the 2016 EEFM it can be concluded that forecast job growth equates to approximately 500 jobs per annum, 2011-2036. However this should also be compared with past trend job growth in Huntingdonshire. I consider past trends below.

[1] Paragraph 6.1.13, page 36, Population, Housing and Employment Forecasts Technical Report, Cambridgeshire County Council, April 2013

ii) Past Trends Job Growth

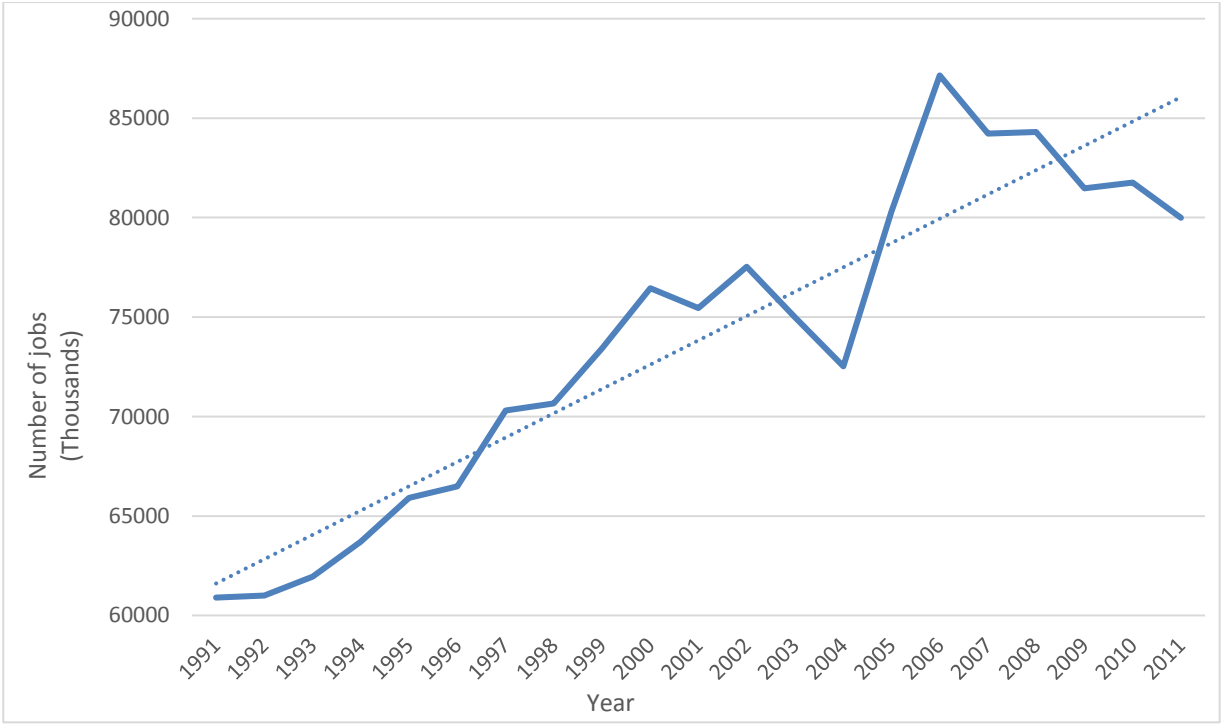
6.10 The PPG requires an assessment of the likely change in job numbers based on past trends and/or economic forecasts. The publicly available information from the EEFM provides job data back to 1991, and I consider that data here.

6.11 In assessing the number of jobs based on past trends, it is important to ensure that a representative period is used, and there is no bias in the data. The period over which past trends are calculated is very sensitive to small changes in the number of years for which the analysis is undertaken. For example the number of jobs may increase or decrease more dramatically over a single year rather than a longer period due to circumstances such as the onset or exit from recession.

6.12 Barton Willmore's approach is therefore to consider two periods known as 'peak to peak' and 'trough to trough'. This is considered to provide the most realistic and representative periods to assess past trends job growth, considering a business cycle from peak to peak and trough to trough.

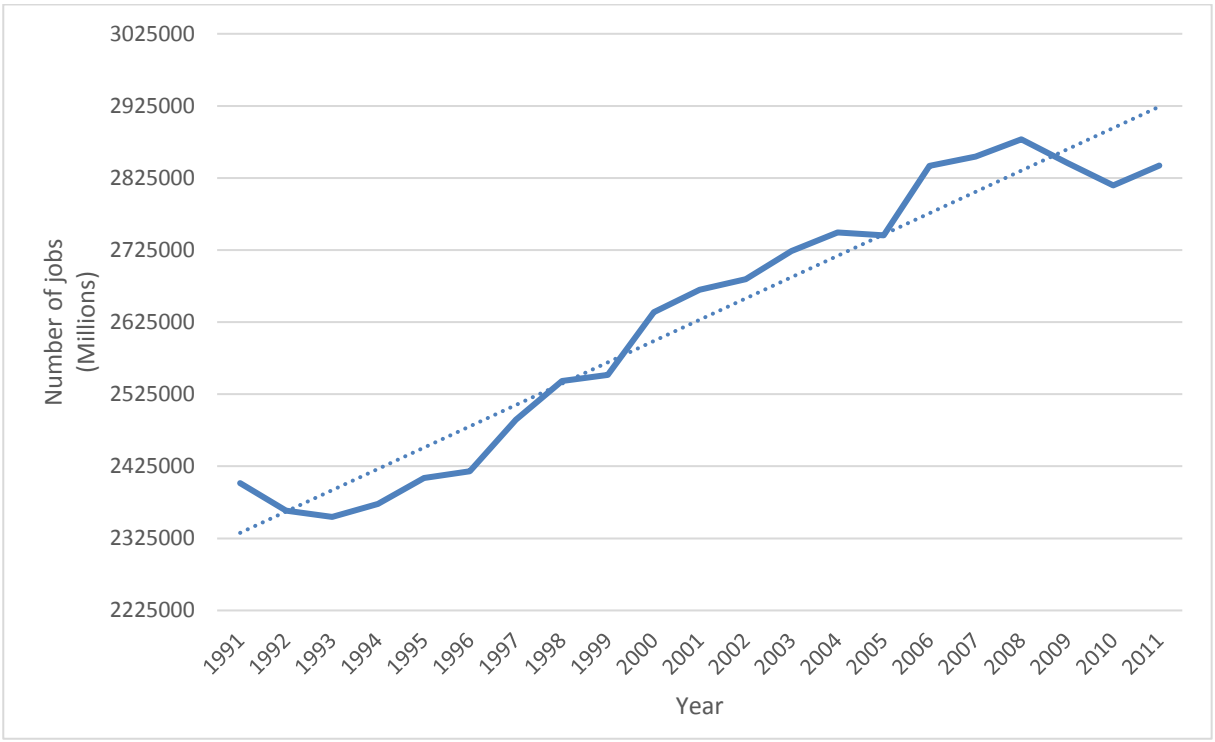
6.13 The job growth between 1991 and 2011 recorded by the 2013 EEFM is illustrated in Figure 6.1 below to highlight the peaks and troughs of job growth brought about by economic cycles in Huntingdonshire. Figure 6.2 illustrates the same period in the Eastern region.

Figure 6.1: Past Trends Job Growth 1991-2011: Huntingdonshire



Source: EEFM 2013

Figure 6.2: Past Trends Job Growth: East of England



Source: EEFM 2013

6.14 Figures 6.1 and 6.2 illustrate the sensitivity of the start and end dates used for calculating past trends in the East of England region, and Huntingdonshire. It shows how the number of jobs in Huntingdonshire fell and rose sharply between 2002 and 2006. It would therefore potentially *overestimate* the growth if the period of 1996-2006 were to be used (2,065 jobs per annum). Similarly the 1999-2009 period would potentially *underestimate* historic growth (800 jobs per annum).

6.15 This should also be considered in the context of the region (Figure 6.2), which gives a broader indication of how the wider economy has performed over the same 20-year period. The data for the East of England shows clear 'troughs' in 1996, 1999, 2005, and 2010. Huntingdonshire shows a similar trough in 1996 and in 2011 and we therefore measure the trough to trough period from 1996-2011 in Huntingdonshire. This shows growth of 13,494 jobs in 15 years, equating to 900 jobs per annum.

6.16 The 'peak' years in the East of England region appear to have been 1991, 2000, 2001, 2006, 2007 and 2008. The equivalent peaks in Huntingdonshire are 1997, 2000, 2002, 2006 and 2007. It would therefore appear appropriate to determine the 2000-2007 period to broadly align with the region. This 'peak to peak' period shows growth of 1,100 jobs per annum.

6.17 This should also be considered in the context of assuming an arbitrary 15 or 20-year period, as is often the case where assessments of past trends are made. If I were to do this it would show growth of 950 jobs per annum (20 years, 1991-2011) and 900 jobs per annum (15 years, 1996-2011).

6.18 It is therefore considered fair to assume that a representative range of past trends job growth is between 900 and 1,100 jobs per annum, the average of which is 1,000 jobs per annum. As a mid-point position I therefore conclude that OAHN based on the past trends job growth data of the EEFM should be based on **1,000 new jobs per annum, 2011-2036**.

iii) Economic Activity Rates

6.19 The 'choice' of economic activity rates has a significant bearing on the resultant economic-led OAHN. For example, in an area with a large number of older people, a high economic activity rate in older age groups will require less young people to move into an area to fill jobs. Housing need to support job growth will therefore be lower. It is therefore imperative that economic activity rates are realistic.

6.20 This has recently been considered in the Examination of the Telford Local Plan in which the Inspector's Interim Findings (**CD 12.06**) concluded that economic activity rates produced by forecasting houses are unrealistically high. In the Telford case the Council's consultant, PBA, had relied on the economic activity rates produced by Experian. The Inspector at Telford comments as follows in respect of these rates:

> **"caution about the increase inactivity rates that is suggested for those ages 65 and over. The rate of increase suggested by PBA in that regard appears striking. I accept that as a result of the methodology that PBA has used, these figures represent outputs of the Experian model rather than inputs. However, they suggest to me that the Council's position that (in summary) the level of jobs growth that it has identified could be supported by the supply of labour is insufficiently robust. It is important that a labour force shortfall does not arise that could restrict the Council's job growth ambitions. For the avoidance of doubt, I consider that a more cautious approach is therefore justified."** (paragraph 4, page 1, CD 12.06)

6.21 My approach is to use the local economic activity rates for Huntingdonshire from the 2011 Census and project them forward following the trajectory of the economic activity rate projections published by the Office for Budget Responsibility (OBR) in January 2017.

6.22 The OBR was created in 2010 to provide independent and authoritative analysis of the UK's public finances. It is one of a growing number of official independent fiscal watchdogs around

the world. The OBR's economic forecasting informs Government fiscal policy and accompanies the Autumn Statement and the Budget statement in March. It is therefore considered as the most robust independent source available.

6.23 The OBR research includes trend-based projections of activity rate change by age and gender that can be used, first to model local labour force (the population that is economically active) growth and second; to establish whether labour force growth derived from local demographic projections will be sufficient to meet job demand (forecast job growth). The OBR rates also take account of planned changes to the State Pension Age in the UK.

6.24 In circumstances where labour supply is not projected to be sufficient, the rates are used to calculate how much migration into the area will need to rise, having regard to unemployment rate change and commuting patterns (as discussed above), in order for labour supply to increase to the point where it will meet job demand in full.

6.25 My use of OBR economic activity rates has been supported in section 78 planning appeals, Local Plan Examinations, and High Court Judgments in preference to the economic activity rates used by the forecasting houses (such as Oxford Economics). This is because it was concluded by those Inspectors and Judge that the economic activity rates produced by the modelling houses were unrealistically high in older age groups. The danger of assuming too high an activity rate in older age groups has the potential to underestimate housing need.

6.26 The OBR rates were preferred in section 78 appeal references APP/V0728/W/15/3018546 (Ormesby, Middlesborough, CD 10.14), and APP/W1525/W/15/3049361 (Boreham, Essex, CD 10.15). As both appeal decisions concluded, *"OBR figures are used by the Government in the most important activities of the State."* The latter decision was recently upheld in the High Court (CD 11.01), emphasising the robust nature of the OBR rates.

6.27 Furthermore in the recent Local Plan Examination of the Mid Sussex District Local Plan, despite the overall OAHN figure being disagreed on, the Council and Barton Willmore agreed on the use of OBR economic activity rate projections, and the Inspector did not question their use. This shows support for the OBR projections by local planning authorities.

6.28 It is important to note how the OBR projections of economic activity have recently been updated (January 2017) and used for the purposes of the demographic modelling I have set out in this PoE. The appeal decisions and Local Plan examination decisions referred to above used the previous November 2015 OBR projections of economic activity.

6.29 The January 2017 projections show higher economic activity in each of the five year age groups between the ages of 25-54. Furthermore economic activity in the 60+ age group is also projected to increase by the latest 2017 OBR projections when compared to the previous 2015 projections.

6.30 The significance of this is that the latest January 2017 OBR rates are more positive than the previous November 2015 rates, which in turn will require less people of working age to move into an area, therefore requiring less housing.

6.31 Some critics considered the November 2015 OBR rates to be too pessimistic, and notwithstanding the fact that Planning Inspectors disagreed with this view (as set out above in CDs 10.14 and 10.15), the same criticism is even less robust in the context of the higher 2017 projections across all age groups.

6.32 I consider the OBR projections of economic activity to be highly robust.

iv) Unemployment

6.33 My approach is to take a positive stance in respect of unemployment, assuming that the pre-recession average, which was reached in 2016, will continue throughout the remainder of the Plan period. It is important to note how assuming a higher unemployment rate would lead to a reduction in the housing number generated by the demographic modelling software.

v) Commuting

6.34 The commuting ratio is a further assumption that needs to be entered into the demographic forecasting scenarios used to determine OAHN.

6.35 As part of a 'policy off' OAHN, the commuting ratio should be held constant over the projection period. Application of a change in the ratio, either way, is considered to be 'policy on', and something which would need to be agreed with other authorities of the HMA. This principle was established in the High Court Judgment between Oadby & Wigston Borough Council and (1) Secretary of State and (2) Bloor Homes Limited (CD 11.02, July 2015). The High Court decision was subsequently upheld in the Court of Appeal (CD 11.03, October 2016). The key section of the Judgment is as follows:

> **"… For an authority to decide not to accommodate additional workers drawn to its area by increased employment opportunities is <u>clearly a policy on decision</u> which affects adjacent authorities who would be expected to house those additional commuting**

> **workers, unless there was evidence (accepted by the inspector or other planning decision-maker) that in fact the increase in employment in the borough would not increase the overall accommodation needs. In the absence of such evidence, or a development plan or any form of agreement between the authorities to the effect that adjacent authorities agree to increase their housing accommodation accordingly, the decision-maker is entitled to allow for provision to house those additional workers. To decide not to do so on the basis that they will be accommodated in adjacent authorities is a policy on decision."** (paragraph 34 (i), CD 11.02)

6.36 My approach is therefore to assume that the 2011 Census commuting ratio (1.15) remains constant over the plan period. A ratio of 1.15 means that Huntingdonshire is a net exporter of labour. For every 100 jobs created, 115 labour force participants will be required.

c) ECONOMIC-LED OAHN FOR HUNTINGDONSHIRE

6.37 My review of the East of England Forecasting Model (EEFM) used by HDC historically in their evidence base shows that forecast job growth (500 jobs per annum) is approximately half of the past trends job growth (1,000 jobs per annum). My conclusion on what constitutes a reasonable assumption of past trends is explained earlier in this Proof of Evidence.

6.38 In the context of the range of job growth (500 – 1,000 jobs per annum) based on EEFM's forecast and past trends leads me to consider that a mid-point would be reasonable for the purposes of considering the OAHN. The most recent version of the Huntingdonshire Local Plan (Targeted Consultation 2015, CD 8.02) included growth of 760 jobs per annum, 2011-2036. This represents the mid-point of the forecasts and past trends I have presented in this PoE, and I therefore consider this would represent a reasonable assumption for future growth.

6.39 Having established the level of job growth (760 jobs per annum), I have applied the economic assumptions set out above to determine the following:

1. **Does the demographic-led OAHN I have determined support 760 jobs per annum?**
2. **If the answer to 1 is 'no', what is the OAHN required to support 760 jobs per annum?**

6.40 In order to answer the first question, I have added another row to Table 5.3 from the previous section of my PoE. This is set out in Table 6.2 below:

Table 6.2: Demographic-led OAHN in Huntingdonshire

		2011	2031	2036		2011-2031 (per annum)	2011-2036 (per annum)
Population: 2014 SNPP		170,039	198,076	203,824		28,037 (1,402)	33,785 (1,351)
HFR Sensitivity Scenario (Dwellings)	**HFR Sensitivity 2014**	71,225	88,110	91,648		16,885 (844)	20,422 (817)
	HFR Sensitivity 50%	71,225	88,359	91,668		17,133 (857)	20,443 (818)
	HFR Sensitivity 2001	71,225	89,406	92,478		18,180 (909)	21,253 (850)
Jobs supported		77,280	87,465	88,880		10,245 (512)	11,660 (466)

Source: Barton Willmore

6.41 Table 6.2 illustrates how the demographic-led OAHN I have determined will only be sufficient to support growth of 466 jobs per annum, 2011-2036. This would fail to support the mid-point figure of past trends and forecasts that I have determined. It would also fail to meet the bottom end of the range based on the 2016 EEFM forecast (500 jobs per annum).

6.42 In this context I therefore present in Table 6.3 the OAHN to support 760 jobs per annum, 2011-2036.

Table 6.3: Economic-led OAHN in Huntingdonshire

		2011	2031	2036		2011-2031 (per annum)	2011-2036 (per annum)
Population Growth		170,039	207,896	218,814		37,857 (1,893)	48,775 (1,951)
2014 CLG HFRs		71,225	91,100	96,241		19,875 (994)	25,016 (1,001)
HFR Sensitivity Scenario (Dwellings)	**HFR Sensitivity 2014**	71,225	92,135	97,794		20,910 (1,045)	26,568 (1,063)
	HFR Sensitivity 50%	71,225	92,404	97,816		21,178 (1,059)	26,591 (1,064)
	HFR Sensitivity 2001	71,225	93,542	98,716		22,316 (1,116)	27,491 (1,100)
Jobs Supported		77,280	92,420	96,220		15,200 (760)	19,000 (760)

Source: Barton Willmore

6.43 Table 6.3 shows how a minimum of 1,000 dpa would be required in Huntingdonshire to support growth of 760 jobs per annum, 2011-2036.

6.44 However the minimum level of need (1,000 dpa) would not account for any household formation suppression in the 25-34 and 35-44 age groups I have identified. Alleviating suppression in these age groups would require **between 1,063 and 1,100 dpa, 2011-2036**.

d) ECONOMIC-LED OAHN SUMMARY

6.45 In summary the analysis I have presented in this section of my PoE has concluded that a reasonable assumption of job growth in Huntingdonshire would be 760 jobs per annum, 2011-2036. This conclusion has been made on the basis of past trends and forecast data of job growth published in the EEFM, used by the Council in their evidence base.

6.46 On this basis the bespoke demographic modelling I have undertaken using the PopGroup demographic forecasting model, has shown how the demographic-led OAHN would fail to support 760 jobs per annum. It would also fail to support the minimum of the past trends/forecasts range I have presented (500 – 1,000 jobs per annum).

6.47 To support 760 jobs per annum, and to alleviate household formation suppression in younger age groups will require **between 1,063 and 1,100 dpa, 2011-2036**.

7.0 MARKET SIGNALS BASED OAHN

a) INTRODUCTION

7.1 The PPG requires a full analysis of relevant market signals to determine whether an upward adjustment to the official CLG household projections is required. The PPG (ID2a-019, CD 12.01) lists six market signals to be analysed and states how *"prices or rents rising faster than the national/local average may well indicate particular market undersupply relative to demand."*

7.2 The analysis must incorporate a comparison of the six indicators listed by PPG in the housing market area; similar demographic and economic areas; and nationally. A worsening trend in any of the indicators will require an upward adjustment to planned housing numbers based solely on household projections.

7.3 In this section of my Proof of Evidence I consider the market signals indicators in the context of Huntingdonshire District Council's evidence base, and analysis of my own.

b) PPG MARKET SIGNALS ASSESSMENT

i) House Prices

7.4 Median house price data for Huntingdonshire and the surrounding six Housing Market Area (HMA) authorities is set out in Table 7.1:

Table 7.1: Median House Price change, 1995-2016

	Absolute Change 1995-2016	% Change 1995-2016
Cambridge	330,500	476%
East Cambridgeshire	193,500	342%
Fenland	120,000	300%
Forest Heath	136,500	279%
Huntingdonshire	174,250	323%
South Cambridgeshire	257,550	368%
St. Edmundsbury	186,500	349%
HMA	199,829	348%
East	194,995	355%
England	162,000	306%

Source: ONS

7.5 The data shows how median house price change in Huntingdonshire has been greater than only two of the HMA authorities in respect of absolute levels and rate of change. However compared to the national average both absolute levels and rate of change have increased at a greater rate.

ii) Affordability

7.6 The ONS have recently (March 2017) taken responsibility for the calculation of affordability ratios from CLG. The ONS data presents affordability ratios from 1997-2016, and I present the lower quartile ratios in Table 7.2 below:

Table 7.2: Lower Quartile Affordability Change, 1999-2016

Local Authority	1999	2016	Change 1999-2016	
			Absolute level	Rate of Change
Cambridge	5.54	13.32	7.78	140%
East Cambridgeshire	5.55	9.39	3.84	69%
Fenland	3.08	7.20	4.12	134%
Forest Heath	4.28	7.82	3.54	83%
Huntingdonshire	3.83	8.04	4.21	110%
South Cambridgeshire	5.15	11.03	5.88	114%
St Edmundsbury	4.13	9.90	5.77	140%
HMA	4.51	9.53	5.02	113%
East of England	4.01	8.91	4.90	122%
England	3.77	7.16	3.39	90%

Source: ONS

7.7 Table 7.2 shows how the lower quartile ratio has increased quicker in Huntingdonshire than compared with three of the other six authorities in the HMA in respect of the absolute levels. The change in absolute levels have also been significantly higher than the national average. The rate of change in Huntingdonshire (110%) has also been significantly higher than the national average (90%), and two of the other six authorities in the HMA.

7.8 The PPG is clear that a comparison should be made with the national average, alongside the HMA and similar geographic/economic areas. The evidence shows how Huntingdonshire's affordability has been worsening at a more acute rate than the national average.

7.9 The lower quartile affordability ratio has historically been used to determine affordability changes in local authorities. However the median affordability ratio is also of use. The median ratio has been recommended for use by the Local Plans Expert Group (LPEG) in their report to Central Government. It is therefore considered to be of use for the purposes of my analysis. Table 7.3 presents the median affordability ratios.

Table 7.3: Median Affordability Change, 1999-2016

Local Authority	1999	2016	Change 1999-2016	
			Absolute level	Rate of Change
Cambridge	5.60	12.97	7.37	132%
East Cambridgeshire	5.63	9.47	3.84	68%
Fenland	2.97	6.57	3.60	121%
Forest Heath	4.30	8.17	3.87	90%
Huntingdonshire	4.09	8.25	4.16	102%
South Cambridgeshire	5.48	10.12	4.64	85%
St Edmundsbury	4.32	9.37	5.05	117%
HMA	4.63	9.27	4.65	100%
East of England	4.11	8.96	4.85	118%
England	3.96	7.72	3.76	95%

Source: ONS

7.10 Analysis of the median affordability ratio shows a similar pattern to that of the lower quartile ratio. However the median ratio has increased at a more rapid rate than three of the HMA authorities in terms of absolute levels and rate of change. The rate of change in Huntingdonshire has also exceeded the regional and national average.

7.11 Furthermore based on LPEG's proposed approach to market signals, the median affordability ratio would require a 20% uplift to demographic-led housing need.

iii) Rate of Development

7.12 Against the emerging Local Plan requirement of 840 dwellings per annum, 2011-2036, only 600 dwellings per annum have been completed (Huntingdonshire Annual Monitoring Report 2016, CD 9.02). This is a shortfall of 29% over the first five years of the emerging Plan, if the requirement remains at 840 dpa following the imminent update to the OAHN.

7.13 This deficit would have affected the level of in-migration to Huntingdonshire, and household formation, and is a significant deficit that should be considered as a contributing factor in determining the market signals uplift in Huntingdonshire.

iv) Overcrowding

7.14 Reference to ONS data shows that nationally, there was a 71% increase in overcrowding between the 2001 and 2011 Census. However in Huntingdonshire there was a 118% increase, significantly higher than the national average, the regional average (87%), and the HMA average (100%). This is set out in Table 7.4 below:

Table 7.4: Change in Concealed Households, 2001-2011

	Concealed Families 2001	Concealed Families 2011	% Change	Absolute Change
Cambridge	202	476	136%	274
East Cambridgeshire	180	286	59%	106
Fenland	246	468	90%	222
Forest Heath	93	177	90%	84
Huntingdonshire	315	688	118%	373
South Cambridgeshire	285	507	78%	222
St Edmundsbury	164	367	124%	203
HMA	1,485	2,969	100%	1,484
South West	13,068	20,995	61%	7,927
England	161,254	275,954	71%	114,700

Source: ONS

v) Residential Rents

7.15 Rental prices in Huntingdonshire remain comparatively low against the other authorities of the HMA; the regional average; and the national average.

vi) Summary

7.16 Table 7.5 provides a summary comparison of the market signals analysis presented above. It shows how a number of market signals have worsened more acutely than the comparison areas. In this context it I consider it is necessary to make an adjustment for market signals pressure in Huntingdonshire District.

Table 7.5: Market Signals Comparison Summary

			Market Signal				
			Rate of development	House prices	Affordability	Residential rents	Overcrowding/ concealed households
Absolute	Huntingdonshire		Y	Y	Y	Y	Y
	More acute worsening in Huntingdonshire than comparison with	Cambridge	n/a	N	N	N	n/a
		East Cambridgeshire	n/a	N	Y	N	n/a
		Fenland	n/a	Y	Y	N	n/a
		Forest Heath	n/a	Y	Y	N	n/a
		South Cambridgeshire	n/a	N	N	N	n/a
		St Edmundsbury	n/a	N	N	N	n/a
		HMA	n/a	N	N	N	n/a
		East of England	n/a	N	N	N	n/a
		England	n/a	Y	Y	N	n/a
Rate	Huntingdonshire		Y	Y	Y	Y	Y
	More acute worsening in Huntingdonshire than comparison with	Cambridge	n/a	N	N	N	N
		East Cambridgeshire	n/a	N	Y	N	Y
		Fenland	n/a	Y	Y	N	Y
		Forest Heath	n/a	Y	Y	N	Y
		South Cambridgeshire	n/a	N	N	N	Y
		St Edmundsbury	n/a	N	N	N	N
		HMA	n/a	N	N	N	Y
		East of England	n/a	N	N	N	Y
		England	n/a	Y	Y	N	Y

c) APPROACHES TO DETERMINING MARKET SIGNALS UPLIFT

7.17 Section ID2a (CD 12.01) of the PPG does not prescribe a method for determining the quantity of the market signals uplift, only stating that the uplift should be sufficient to improve affordability (Paragraph ID2a-020, CD 12.01). However a number of independent academic studies have sought to determine the level of provision required to improve affordability. Furthermore as I have discussed, LPEG's recommended changes to the existing PPG methodology for OAHN provide a formula for determining the market signals uplift. I therefore consider these methods in turn below.

i) Local Plans Expert Group (LPEG)

7.17 The only systematic approach to this issue, and clear guidance to answer the question of how much uplift is required for market signals pressure, is offered by the LPEG recommendations presented to Government in March 2016 (CD 12.02).

7.18 I note that the LPEG recommendations to Central Government are not yet adopted as formal policy or guidance, however the recent Housing White Paper (February 2017, CD 12.03) has referred to the LPEG report and has stated that a standardised approach to establishing 'baseline' OAHN will be introduced by April 2018.

7.20 Notwithstanding this the LPEG recommendations provide an alternative methodology to assessing OAHN based on alterations to the existing provisions of the PPG's HEDNA. It is therefore considered appropriate to consider their recommendations here, particularly in the context of the LPEG recommendations prescribing specific adjustments for market signals, and the lack of clear guidance in the existing PPG in respect of market signals uplifts.

7.21 In respect of market signals the LPEG report uses a measure of absolute affordability to justify a market signals uplift (additional to the household formation rate adjustment). The median house price affordability banding thresholds arrived at by LPEG are:

- less than 5.3 = 0% uplift;
- 5.3 to less than 7.0 = 10% uplift;
- 7.0 to less than 8.7 = 20% uplift;
- more than 8.7 = 25% uplift.

7.22 For the purposes of calculating the LPEG uplift, the average of the most recent three years of recorded data is used. ONS have recently (March 2017) taken responsibility for affordability ratios and I have used the past three years data to determine the average in Huntingdonshire (7.80). This ratio comfortably falls within the threshold requiring a 20% uplift to demographic-led OAHN.

7.23 Application of the LPEG market signals adjustment (20%) to the 2014-based CLG household projection as published (761 dwellings per annum, 2011-2036) without any adjustment for more positive household formation rates, would require OAHN of **913 dwellings per annum**, 2011-2036. Over the 25-year Plan period this would equate to an additional 1,825 dwellings above the 21,000 dwellings planned for in the emerging Plan.

7.24 However under the LPEG methodology, the 20% would be applied to the demographic-led OAHN once an adjustment for household formation rates is applied. I have determined this figure to be 818 dwellings per annum. A 20% uplift to this figure would lead to an OAHN of **981 dwellings per annum**, which is broadly comparable to the OAHN I have determined based on economic growth.

ii) Barker Review (March 2004)

7.25 The Barker Review used a baseline figure of 140,000 dwellings against which to measure its proposed increase on past supply in order to 'improve the housing market'. It's conclusion of an additional 120,000 dwellings per annum needed implied an increase in housebuilding of 85.7% over past supply levels. Whilst this has not been met at a national level in the period since (and has led to a much further worsening in affordability), it continues to provide a benchmark for how much Huntingdonshire might need to improve supply against recent delivery to similarly bring about an improvement in the local housing market (assuming the scale of problem now is, at best, similar to the level it was in 2004).

7.26 Over the past 10 years (2005-2015), which has seen the lower quartile affordability ratio increase from 7.31 to 8.04, Huntingdonshire has delivered an average of 678 dwellings per annum. A Barker Review style 85.7% increase on this supply position would imply a need for **1,259 dpa** in order to improve the housing market.

7.27 This would be equivalent to a 65.4% market signals increase from the demographic starting point of 761 dpa.

iii) National Housing & Planning Advice Unit (NHPAU)

7.28 The NHPAU was founded by Government as direct response to the recommendations of the Barker Review and in October 2007 published *'Developing a target range for the supply of new homes across England'*[2]. This flowed from analytical modelling on the impact of the Government's housing supply target for housing affordability prospects over the medium and long-term. The report concluded that a supply range from 240,000 dpa (Government's annual target at that point) to 280,000 dpa should be tested (Table 18), going on to identify (para 4.68):

[2] Developing a target range for the supply of new homes across England' (October 2007), NHPAU - http://webarchive.nationalarchives.gov.uk/20120919132719/http://www.communities.gov.uk/documents/housing/pdf/523984.pdf

> **"NHPAU believes that there is a realistic possibility of stabilising the affordability of market housing over the long-term if a supply target for 270,000 net additions to stock, in the right place and of the right type can be adopted through the planning system for delivery before or by 2016."**

7.29 The target of 270,000 per annum would equate to a **24% increase** above the baseline 2014-based CLG household projection for England (circa 218,000 dwellings per annum, 2014-2039). Applied to the starting point CLG projection in Huntingdonshire this would result in OAHN of **944 dpa, 2011-2036**.

7.30 Crucially, the NHPAU concluded that if stabilising affordability in each region is the goal, then the most efficient way to achieve that is to proportionately increase supply in the areas where affordability is most severe. Thus it focussed 80% of its uplifts (over the then RSS targets) across the South East, the South West and the **East of England**.

iv) Redfern Review (November 2016, CD 12.04)

7.31 The Redfern Review was an independent review of the causes of falling home ownership, and associated housing market challenges. Published in November 2016, it was informed by a housing market model and built by Oxford Economics which looked at the impacts of different supply assumptions on prices and home ownership. The review ultimately concludes (paragraph 33):

> **"…looking forward, if the number of households in the UK were to grow at around 200,000 per year, new supply of 300,000 dwellings per year over a decade would be expected to cut house price inflation by around 5 percentage points (0.5 percentage points a year)… In other words boosting housing supply will have a material impact on house prices, but only if sustained over a long period."**

7.32 The accompanying report by Oxford Economics (CD 12.05) identifies that *"To put downward pressure on prices new supply would need to outstrip underlying household formation"*. It actually models a boost in housing supply of 100,000 above their baseline forecast of 210,000 dwellings per annum, concluding that 310,000 dwellings per annum *"helps to keep prices in check"* up to 2026, albeit still rising marginally.

7.33 Although no corresponding analysis is presented on the affordability ratio (i.e. accounting for changes in income over that period), the adoption of 310,000 dwellings per annum as a figure to keep prices in check would represent a **44.2%** uplift over the demographic baseline suggested by the 2014-based projections. A lower percentage would be sufficient to hold affordability constant if household incomes increased in a corresponding manner.

7.33 In Huntingdonshire, a 44.2% increase to the 2014-based household projection (761 dpa) would lead to a requirement for **1,097 dpa, 2011-2036**.

v) Conclusions on Market Signals

7.34 Although the PPG makes it clear as to which market signals should be analysed, it fails to provide clarity on what level of uplift would be required to provide an adequate response. Paragraph ID2a-020 states that the uplift should be based on reasonable assumptions and be expected to improve affordability.

7.35 I have therefore provided details of the market signals uplift that would be required on the basis of the Local Plans Expert Group's (LPEG), Redfern Review, Barker Review, and the NHPAU recommendations. **These recommendations would require an OAHN range of between 913 and 1,259 dpa, 2011-2036** in response to market signals. This equates to an increase of between 20% and 65% above the starting point estimate of OAHN for Huntingdonshire (761 dpa).

7.37 I consider that this evidence and analysis provides further support for the economic-led OAHN I have determined; **approximately 1,000 dpa, 2011-2036.** The alternative approaches to market signals uplift are tabulated below:

Table 7.6: Alternative Market Signals Approaches in Huntingdonshire

Approach	**Dwellings per annum 2011-2036**
NHPAU	944
LPEG	981
Redfern Review	1,097
Barker Review	1,259

8.0 LOCAL PLANS EXPERT GROUP (LPEG) OAHN CALCULATION

8.1 As I have set out in detail in section 3 of this Proof of Evidence, the LPEG was established by the Communities Secretary, Greg Clark and the Minister for Housing and Planning, Brandon Lewis MP, in September 2015, with a remit to consider how local plan making could be made more efficient and effective.

8.2 As part of their recommendations, Appendix 6 of the LPEG report (CD 12.02) provided a revised Planning Practice Guidance (PPG) 'Housing and Economic Development Need Assessment' (HEDNA) methodology from which to establish the objective assessment of overall housing need (OAHN). Representations were invited by DCLG in respect of these proposed changes by 27th April 2016.

8.3 Section 3 of this Proof of Evidence discusses the proposed changes to the PPG HEDNA in detail, and in this context I have sought to provide a calculation of OAHN based on the proposed changes.

8.4 Table 8.1 shows how my calculation of OAHN based on the LPEG recommendations would result in a requirement for **1,080 dwellings per annum** in Huntingdonshire District.

Table 8.1: LPEG OAHN calculation for Huntingdonshire District, 2011-2036

Stage	Step	OAHN Process	Growth 2011-2036 (per annum)
A. Demographic Starting Point	1.	Latest DCLG household projection population (2014-based ONS SNPP)	33,790 (1,350)
	2.	10-year net-migration scenario population	30,650 (1,230)
	3.	Highest population = 2014-based ONS SNPP	33,790 (1,350)
	4.	2014-based CLG projection (2014 HFRs unadjusted) households	18,590 (740)
	5.	2014-based CLG projection (50% 25-44 HFR return to 2008-based HFRs) households	19,970 (800)
	6.	Vacant and second homes adjustment	2.3%
	7.	**OUTPUT A: Demographic starting point (Dwellings)**	**20,440 (820)**
B. Market Signals	1.	Ratio of median quartile house prices to median earnings (3 year average)	7.8
	2.	Upward adjustment required to Output A	20%
	3.	**OUTPUT B: Demographic starting point plus market signals adjustment - dwellings**	**24,530 (980)**
C. Affordable Housing Need	1.	Estimate affordable need based on standard methodology (dwellings)	12,000* (480)
	2.	Total number of dwellings necessary to meet affordable needs (as the likely rate of delivery as % of market housing**) dwellings.	34,260* (1,370)
	3.	**OUTPUT C: Number of dwellings required to meet affordable housing need in full (dwellings)**	**34,260 (1,370)**
D. FULL OAHN	1.	Is Output C greater than Output B?	Yes
	2.	Is an uplift for affordable housing need required?	Yes
	3.	How much uplift is required based on LPEG guidance?	10% to output B
	4.	**FULL OBJECTIVELY ASSESSED HOUSING NEED FOR HUNTINGDONSHIRE DISTRICT, 2011-2036**	**26,980 (1,080)**

*Based on affordable housing need set out in Table 26 of the 2013 Cambridge sub-region SHMA (CD 9.01);
**35% provision as set out in policy LP11 of Huntingdonshire's Local Plan to 2036: Targeted Consultation 2015 (CD 8.02)
Note: Figures rounded to nearest 10.

9.0 SUMMARY AND CONCLUSIONS

8.1 In this Proof of Evidence, I have identified the correct approach to assessing housing need, as laid down in PPG ID2a 015 to 020 (CD 12.01). In essence, the PPG compliant assessment of need is one that takes the latest household projections as a starting point estimate of overall need and then makes adjustments, as required, to arrive at the full objectively assessed and policy off housing need, so that it satisfies all of the following tests:

- At least equals the housing number implied by the latest demographic evidence;
- Will accommodate job demand; and
- On reasonable assumptions could be expected to improve affordability.

i) The Council's Assessment

8.2 As I have outlined, Huntingdonshire District Council's (HDC) OAHN evidence base is due to be updated imminently. The existing evidence base is outdated, being published prior to the PPG. Notwithstanding its age I have provided a review of this evidence in Appendix 1 to this Proof of Evidence for completeness.

ii) Full Objectively Assessed Housing Need (OAHN) for Huntingdonshire

8.3 The assessment I have presented in this Proof of Evidence is considered to follow the PPG methodology set out in ID2a 015 to 020 (CD 12.01). The key components are set out in Table 8.1 (below).

8.4 My assessment shows how the starting point estimate of OAHN is 760 dwellings per annum (dpa), 2011-2036 (Table 8.1, Stage A). My analysis does not suggest there is a need to adjust for longer term net-migration trends in Huntingdonshire. However there is clear evidence of household formation suppression in the 25-34 and 35-44 year age groups. Adjusting for a more positive rate of household formation in these age groups (based on three different approaches) would increase the demographic-led OAHN to between 820 and 850 dpa, 2011-2036 (Stage B).

8.5 The demographic-led OAHN would support 470 jobs per annum (Stage C). However this falls short of the latest 2016 East of England Forecasting Model (EEFM) projection (500 jobs per annum), or the conclusion I have determined is reasonable based on past trends (1,000 jobs per annum). I have determined economic-led OAHN based on a mid-point of past trends and forecasts (760 jobs per annum) which I consider to be a prudent approach. This increases the

OAHN to between 1,060 and 1,100 dpa, 2011-2036, once an adjustment for household formation is applied.

Table 8.1: Full Objectively Assessed Housing Need for Huntingdonshire, 2011-2036

OAHN Stage	OAHN Step	Total Growth (per annum)		
A	DCLG 2014-based projection (Households)	18,590 (740)		
	Vacant/Second Homes Adjustment	2.31%		
	OAHN STARTING POINT (Dwellings)	19,010 (760)		
		Household Formation Rate sensitivity		
		HFR Sensitivity 2014 level (per annum)	Blended 25-44 HFRs 50% (per annum)	HFR Sensitivity 2001 level (per annum)
B	Housing Need - Adjusted HFRs (Dwellings)	20,420 (820)	20,440 (820)	21,250 (850)
=	**DEMOGRAPHIC-LED HOUSING NEED (Dwellings) (A+B)**	**20,420 (820)**	**20,440 (820)**	**21,250 (850)**
C	Jobs supported by demographic-led OAHN	11,660 (470)		
	Job Growth Assumption (EEFM past trends and forecasts)	19,000 (760)		
	Job Surplus/Deficit	-7,340 (-290)		
=	**ECONOMIC-LED HOUSING NEED (Dwellings)**	**26,570 (1,060)**	**26,590 (1,060)**	**27,490 (1,100)**
D	(Adjustment to Demographic-led)	6,150 (250)	6,150 (250)	6,240 (250)
	MARKET SIGNALS			
E	Adverse Market Signals Observed?	Yes		
	Market Signals Range (dwellings)	23,280 – 31,480 (930 – 1,260)		
	Additional uplift to economic-led OAHN recommended?	No		
=	**FULL OBJECTIVELY ASSESSED HOUSING NEED**	**26,570 (1,060)**	**26,590 (1,060)**	**27,490 (1,100)**

Source: Barton Willmore
N.B. Figures may not sum due to rounding

8.6 Stage E summarises how adverse market signals are apparent in Huntingdonshire, and the OAHN must therefore incorporate a response to market signals pressure in order to improve affordability. The PPG fails to provide guidance on how the market signals adjustment should be quantified, although it should seek to improve affordability. I have therefore provided

analysis of these approaches and calculations based on their methodologies. This leads to a range of between 930 and 1,260 dpa, 2011-2036. On this basis I would recommend that the economic-led OAHN would provide a reasonable response to market signals pressure.

8.7 In conclusion, based on the existing provisions of the PPG, **full OAHN for Huntingdonshire is considered to range between 1,060 and 1,100 dpa, 2011-2036.**

8.8 If the recommendations of LPEG were to be adopted, the OAHN calculated using this method would be **1,080 dpa, 2011-2036.**

APPENDIX 1

CRITICAL REVIEW AND EVALUATION OF THE OBJECTIVE ASSESSMENT OF OVERALL HOUSING NEED (OAHN) FOR HUNTINGDONSHIRE IN THE CAMBRIDGE SUB-REGION STRATEGIC HOUSING MARKET ASSESSMENT (SHMA) 2013

1.0 INTRODUCTION

1.1 As of early April 2017, the most recent document to assess OAHN in Huntingdonshire is the Cambridge sub-region Strategic Housing Market Assessment (SHMA) of 2013. The evidence is therefore considered to be significantly outdated, as demographic projections have been updated more than once in the interim by the ONS and CLG, and the Planning Practice Guidance (PPG) has been published to provide the methodology by which local authorities are expected to assess OAHN.

1.2 Notwithstanding that the evidence is considered to be significantly outdated, in the absence of more recent evidence it is considered appropriate for a critical review of the 2013 SHMA to be undertaken. I present that review in this Appendix in order to support my proof of Evidence.

1.3 I deal with each stage of the OAHN in turn, beginning with the starting point estimate and demographic-led OAHN, before considering the assumptions in respect of economic-led OAHN, and finally the uplift to required in respect of market signals evidence.

2.0 DEMOGRAPHIC OAHN PRESENTED IN THE COUNCIL'S EVIDENCE

i) Introduction

2.1 This section considers the demographic evidence presented in the 2013 SHMA, alongside the demographic projections, estimates, and trends that have been published in the interim period.

ii) Starting Point Estimate (Step 1, PPG ID2a-015)

2.2 The PPG requires the latest CLG projections to be considered for the starting point estimate of OAHN. Given the time since the 2013 Cambridge sub-region SHMA was produced in 2013, two more recent series' of CLG projections have been published.

2.3 Table 2.1 compares the interim 2011-based CLG household projection, available at the time of the 2013 SHMA, with the two projections released since the SHMA. The SHMA presents OAHN over the 2011-2031/2036 period for Huntingdonshire, and we have incorporated three projection periods to provide a direct comparison.

Table 1.1: CLG household projections comparison: Huntingdonshire District, 2011-2021/2031/2036

CLG projection series	2011	2021	2031	2036		2011-2021 (per annum)	2011-2031 (per annum)	2011-2036 (per annum)
2014-based	69,582	77,962	85,146	88,167		8,380 (838)	15,564 (778)	18,585 (743)
2012-based	69,591	77,032	83,403	86,091		7,441 (744)	13,812 (691)	16,500 (660)
Interim 2011-based	69,538	77,183				7,645 (765)		

Source: CLG

2.4 Table 2.1 shows that the starting point estimate at the time of the most recent SHMA was for growth of 765 households per annum. However the projection series this is drawn from (the interim 2011-based) only projected growth over a 10-year period, meaning that the Huntingdonshire Plan period (2011-2036) cannot be calculated from this projection.

2.5 However comparison with the most recent 2014-based CLG household projection (published July 2016) shows how the projection for the 2011-2021 period has increased by 9.6% to growth of 838 households per annum in the latest 2014-based CLG household projection.

2.6 Furthermore the two projection series published since the 2013 SHMA both enable the calculation of a projection over the 2011-2031/2036 period covered in the most recent Plan and the SHMA. Table 2.1 illustrates how the most recent 2014-based series projects growth of 778 (2011-2031) and 743 (2011-2036) households per annum respectively over the full Plan period. This represents a 12.6% increase on the previous 2012-based projection (691/660 households per annum).

Starting Point Estimate: Converting Households to Dwellings

2.7 To reach a starting point level of dwellings, an adjustment for vacant and second dwellings has to be applied to the household projection. In Huntingdonshire this adjustment is 2.31%, and would lead to 15,924 dwellings, 2011-2031, or 19,014 dwellings, 2011-2036 (796/761 dwellings per annum). It should be noted that this vacancy rate has been obtained from the latest available data from Council Tax records, in the absence of a rate being published in the SHMA.

2.8 The starting point estimate of OAHN is therefore considered to be 796 dwellings, 2011-2031 or 761 dwellings per annum, 2011-2036.

iii) Alternative Population Projections (Step 2, PPG ID2a-016/017)

2.9 The 2013 Cambridgeshire SHMA was published prior to the publication of the PPG's HEDNA methodology, and the SHMA recognises this by stating how at the time of its publication *"there is no national guidance on assessing development needs in accordance with the National Planning Policy Framework".*

2.10 The SHMA therefore developed its own alternative population projection based on a 'policy-on' assumption of job growth at the Alconbury Enterprise Zone, located within the District. We consider this factor in more detail in the following employment-led section of this Appendix, but in summary this led the SHMA to conclude that the population in 2031 would increase from approximately 195,000 people (based on a demographic trend) to 201,000 people (209,000 people by 2036). From a range of alternative demographic-led scenarios, the SHMA determined an indicative demographic-led population growth of approximately 25,000 people, 2011-2031 (1,250 people per annum).

2.11 This compares with the official ONS Sub National Population Projections (SNPP), as set out in Table 2.2 below and totalling 28,000 people (2011-2031) based on the most recent 2014-based ONS SNPP.

Table 2.2: ONS SNPP Comparison: Huntingdonshire District, 2011-2021/2031/2036

CLG projection series	2011	2021	2031	2036		2011-2021 (per annum)	2011-2031 (per annum)	2011-2036 (per annum)
2014-based	170,039	184,339	198,076	203,824		14,300 (1,430)	28,037 (1,402)	33,785 (1,351)
2012-based	170,039	182,506	194,053	198,814		12,467 (1,247)	24,014 (1,201)	28,775 (1,151)
Interim 2011-based	170,039	184,151				14,112 (1,411)		

Source: ONS

Net Migration

2.12 Alongside the most recent ONS SNPP, the PPG (ID2a-016/017) allows consideration of alternative migration trend periods. This exercise is considered essential due to the ONS SNPP being underpinned by a 5-year period of demographic trends which may have been suppressed by a low level of net migration, created by factors such as a lack of housing delivery.

2.13 The latest 2014-based ONS SNPP is underpinned by the net migration trend between 2009 and 2014, a period during which the country was in recession and the movement of people was influenced differently to a more stable period. Towards the end of the period however, the Country began to move out of the recessionary period.

2.14 It is therefore appropriate to consider the 2009-2014 period against a longer period of migration trends which cover a period of economic recession and buoyancy. Table 2.3 provides this comparison.

Table 2.3: Historic Components of Population Change: Huntingdonshire (2001-2015)

	Natural change	Net Migration	Other changes		Total change
			Total	Of which UPC	
2001/02	623	641	23	-24	1,287
2002/03	482	638	30	-21	1,150
2003/04	578	481	1,969	-27	3,028
2004/05	613	555	-1,000	-38	168
2005/06	513	649	-88	-35	1,074
2006/07	617	338	-87	-30	868
2007/08	799	527	256	-34	1,582
2008/09	694	29	-17	-32	706
2009/10	783	863	-346	-19	1,300
2010/11	755	852	80	-121	1,687
2011/12	883	108	-7	0	984
2012/13	714	475	-223	0	966
2013/14	756	912	-52	0	1,616
2014/15	553	247	561	0	1,361
Total 2001-15	**9,363**	**7,315**	**1,099**	**-381**	**17,777**
Average 2001/15	**669**	**523**	**79**	**-27**	**1,270**
Average 2007/12	**783**	**476**	**-7**	**-41**	**1,252**
Average 2009/14	**778**	**642**	**-110**	**-28**	**1,311**
Average 2010/15	**732**	**519**	**72**	**-24**	**1,323**
Average 2005/15	**707**	**500**	**8**	**-27**	**1,214**

Source: ONS/ Barton Willmore

2.15 Table 2.3 shows how migration has remained relatively stable over the last 15 years, based on the five different average periods calculated. The 2007-2012 period (which underpinned the 2012-based ONS SNPP), unsurprisingly shows the lowest average net migration trend (in-migration averaging 476 people per annum). This period was influenced for the most part by the severe economic recession, inhibiting the ability of people to move home. This is borne out by the figures for 2008/09 and 2011/12 in particular (net in-migration of only 29 and 108 people respectively) which stand out against the other 13 years.

2.16 Notwithstanding that the period underpinning the 2014-based ONS SNPP (2009-2014) includes the final years of recession, the average net in-migration exceeds the alternative periods by quite a significant degree (net in-migration of 642 people per annum). In the context of three of the five years showing net in-migration over 850 people per annum, it is considered that the ONS 2014-based SNPP provides a robust indication of net migration in Huntingdonshire.

2.17 On this basis, it is not considered necessary to determine demographic-led OAHN based on an alternative period to that underpinning the official ONS projections.

iv) Household Formation in Huntingdonshire (Step 2, PPG ID2a-015)

2.18 The PPG provides guidance on how the household formation rates underpinning the conversion of population to households should be applied. This is another source of guidance that was unavailable to the authors of the 2013 SHMA.

2.19 Paragraph ID2a-015 of the PPG identifies how household formation rates published by CLG are underpinned by past trends alone. They do not take account of government policy such as the NPPF, and may have been suppressed by the worsening affordability of housing, a factor that has led to an increase in concealed households (i.e. young couples living with parents).

2.20 The housing crisis in the UK has been well documented, and the recent Housing White Paper (February 2017) is clear that the country has not been building enough homes, and housing delivery requires a significant boost in line with the policies of the NPPF. The Paper identifies the difficulties being faced by the younger age groups in particular as follows:

> **"Rising prices are particularly tough on younger people trying to get onto the housing ladder, or wanting to move into their first family home. Some young people have no choice but to continue to live with their parents, friends or strangers to make ends meet."[1]**

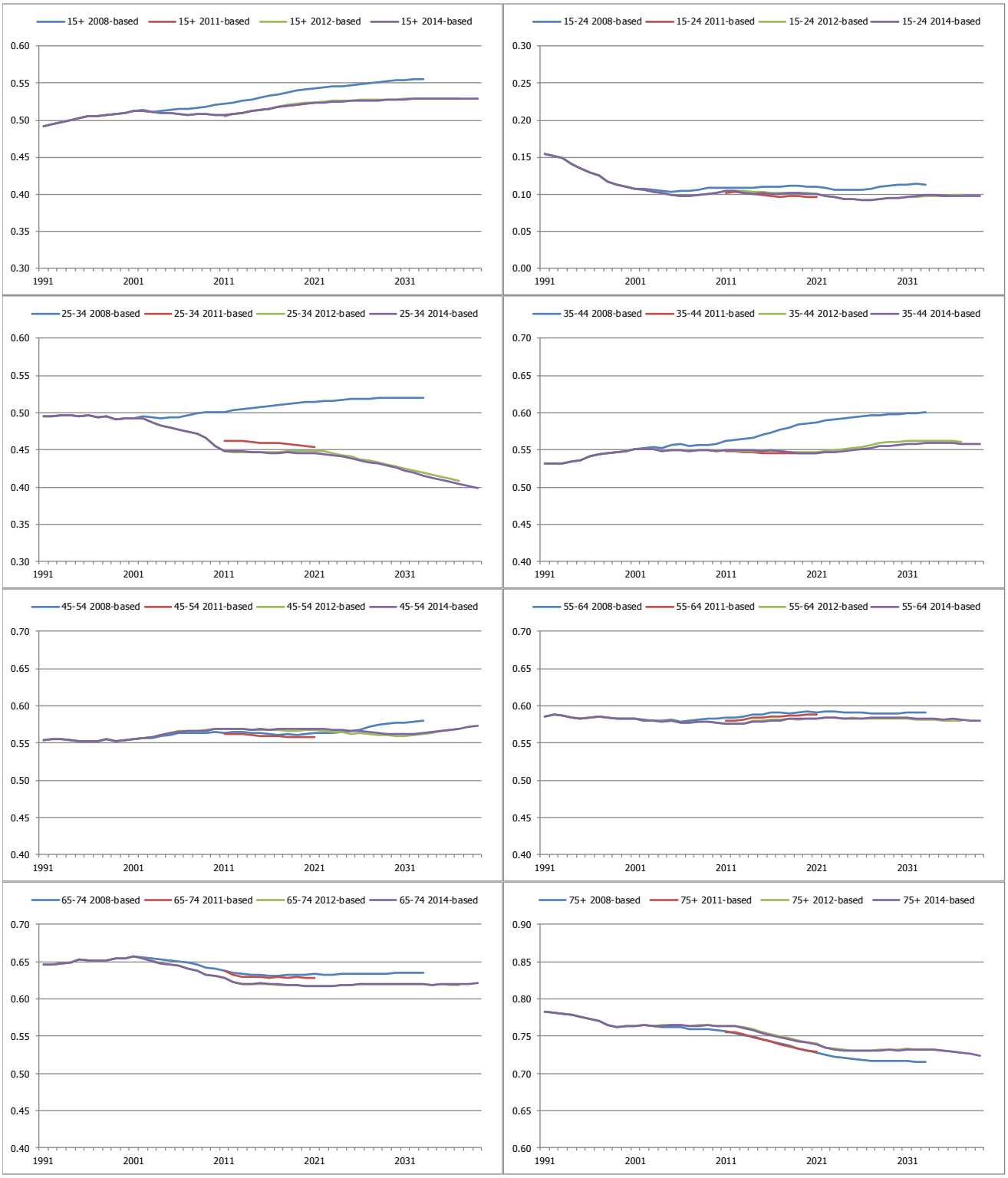
2.21 The 25-34 year age group is widely considered as the age group in which the housing crisis has the most pronounced influence. This is acknowledged by the Housing White Paper which comments as follows:

> **"As recently as the 1990s, a first-time buyer couple on a low-to-middle income saving five per cent of their wages each month would have enough for an average-sized deposit after just three years. Today it would take them 24 years. It's no surprise that home ownership among 25-to 34-year-olds has fallen from 59 per cent just over a decade ago to just 37 per cent today.**
>
> **Without help from the "Bank of Mum and Dad", many young people will struggle to get on the housing ladder." [2]**

2.22 Although the White Paper acknowledges the impact on 25-34 year olds, the impact is also felt in the 35-44 year age group. This is borne out in the projected household formation rates of the projection series that have been published post 2011 Census. Three series have been published, and we compare these in Figure 2.1 with the 2008-based CLG projection which was published prior to the 2011 Census and projected a more positive level of household formation.

[1] Paragraph 4.3, page 58, Fixing our broken housing market, February 2017
[2] Paragraphs 2-3, page 10, Fixing our broken housing market, February 2017

Figure 2.1: Household Formation Rate Comparison: Huntingdonshire District



Source: CLG

2.23 Figure 2.1 illustrates how the more recent 2012 and 2014-based CLG household projections are underpinned by declining household formation rates in the 25-34 age group, in contrast to the 2008-based projections which projected an increase in household formation in this age group.

2.24 This is a consequence of the affordability issues set out above, resulting in more concealed households in this age group. In Huntingdonshire a similar pattern is clear in the 35-44 age group.

2.25 In this context, to plan on the basis of the latest 2014-based household formation rates as published would only serve to exacerbate the problems that the White Paper has identified. In line with PPG it is therefore considered appropriate to apply more positive rates of household formation in the 25-34 and 35-44 age groups, in order to align with the policies of the NPPF and significantly boost housing supply.

2.26 I therefore consider three alternative scenarios for household formation in my Proof of Evidence, as follows:

- The '**HFR Sensitivity – 50%**' provides for a gradual 50% return in the 25-34 and 35-44 age groups from the suppressed 2014-based HFRs to the more positive 2008-based HFRs by 2033, only where the 2014 HFRs are projected to be lower in 2033 than the 2008 HFRs. All other age groups remain as per the published 2014-based HFRs. This is the approach recommended by the Local Plans Expert Group report submitted to Central Government in March 2016.

- The '**HFR Sensitivity – 2001**' gradually returns the HFRs for males and females aged 25-34 and 35-44 years back to the more positive 2001 rates by 2033, only where the 2014 HFRs are projected to decline below the 2001 rates. All other age groups remain at the 2014-based projected rates.

- The '**HFR Sensitivity – 2014'** maintains the 2014-based HFRs for males and females in the 25-34 and 35-44 age groups at the 2014 level, only where the HFRs are projected to decline from 2014 levels by 2033. All other age groups remain at the 2014-based projected rates.

3.0 THE APPROACH TO RECONCILING HOUSING NEED AND JOB GROWTH IN THE COUNCIL'S EVIDENCE

i) Introduction

3.1 The 2013 Cambridgeshire SHMA incorporated an uplift for job growth based on analysis of the East of England Forecasting Model (EEFM) and the Local Economic Forecasting Model (LEFM). In Huntingdonshire the evidence base also assumed an additional 8,000 jobs for the Alconbury Enterprise Zone. It was considered by the SHMA that 21,000 new dwellings would support 19,000 new jobs over the 2011-2036 period, and this was taken forward in the most recent version of the emerging Local Plan.

3.2 The PPG post-dates the Council's 2013 SHMA and its underlying evidence, and subsequently confirmed how an analysis of past trends and/or economic forecasts should be undertaken, and the OAHN increased in order to support the labour force growth required to support job growth.

3.3 I therefore present data based on economic forecasts and past trends in this section of the Appendix.

ii) Forecast Job Growth

3.4 The 2013 SHMA and the evidence base underpinning it shows an assumption that 15,000 jobs will be created in Huntingdonshire, 2011-2031 (750 jobs per annum). Similarly, that 19,000 jobs will be created over the 2011-2036 period (760 jobs per annum), both incorporating 8,000 additional jobs from the Alconbury Enterprise Zone.

3.5 This leads to the SHMA determining that 17,000 dwellings (2011-2031) and 21,000 dwellings (2011-2036) will be required in Huntingdonshire (840-850 dwellings per annum).

3.6 Notwithstanding this job growth and the number of dwellings required to support it, the 2013 EEFM, and the Local Economic Forecasting Model (LEFM) also referenced in the SHMA, are significantly out of date, being underpinned by 2012 data. Two more recent EEFM scenarios are publicly available, and we consider them here. Table 3.1 summarises the forecasts against the 2013 EEFM used by the 2013 SHMA.

Table 3.1: East of England Forecasting Model: Job Growth 2011-2031/2036

EEFM	2011	2031	2036		2011-2031 (per annum)	2011-2036 (per annum)
2016 Baseline	79,193	89,939	91,561		10,746 (537)	12,368 (495)
2014 Baseline	80,411	90,450	n/a		10,039 (502)	n/a
2013 Baseline	79,990	84,484	n/a		4,494 (225)	n/a

Source: East of England Forecasting Model

3.7 It is clear that the more recent 2014 and 2016 EEFMs project significantly higher baseline job growth than the 2013 EEFM considered in the 2013 SHMA. Both the 2014 and 2016 EEFMs projections are over double the 2013 EEFM. This is despite the SHMA determining economic-led OAHN based on a much higher assumption of job growth (760 jobs per annum).

3.8 However the figures of the 2014 and 2016 EEFMs are not directly comparable to the job figure identified in the 2013 SHMA, because of the method used for determining them, explained in the evidence report underpinning the 2013 SHMA as follows:

> **"The indicative employment growth is determined from a run of the EEFM, with the population figures in 2031 adjusted to reflect the indicative population growth, so the scale of the indicative jobs growth reflects that of the indicative population growth."** [3] (Our emphasis)

3.9 The job growth presented in the Council's evidence base is therefore constrained by the conclusion of what the indicative population growth will be. They are therefore 'constrained' by an assumed level of population in 2031/2036 for Huntingdonshire.

3.10 The PPG was published in early 2014, and post-dates the 2013 SHMA. The PPG is clear that the likely change in job numbers based on past trends and/or economic forecasts should be consulted on when considering the OAHN. The analysis should also be 'policy off', whereas the 2013 SHMA applied a 'policy on' number of additional jobs created by the Alconbury Enterprise Zone (8,000 additional jobs). Furthermore the PPG is very clear that the OAHN should not be constrained.

3.11 In this context it is common practice for assessments of OAHN to be constrained by the number of projected jobs, rather than the population, where an assessment is being made of the

[3] Paragraph 6.1.13, page 36, Population, Housing and Employment Forecasts Technical Report, Cambridgeshire County Council, April 2013

number of homes required to support economic growth. The approach to the jobs-led OAHN set out in the Council's 2013 evidence base therefore needs to be updated to reflect the PPG.

3.12 For the sensitivity testing presented in this report we therefore provide a jobs-led sensitivity testing scenario based on the number of jobs assumed in the 2013 SHMA, alongside the number of jobs forecast by the latest 2016 EEFM.

3.13 Furthermore alongside economic forecasts, past trends in job growth should also be considered for the purposes of establishing the OAHN. I therefore summarise the past trends data of the EEFM below.

iii) Past Trends Job Growth

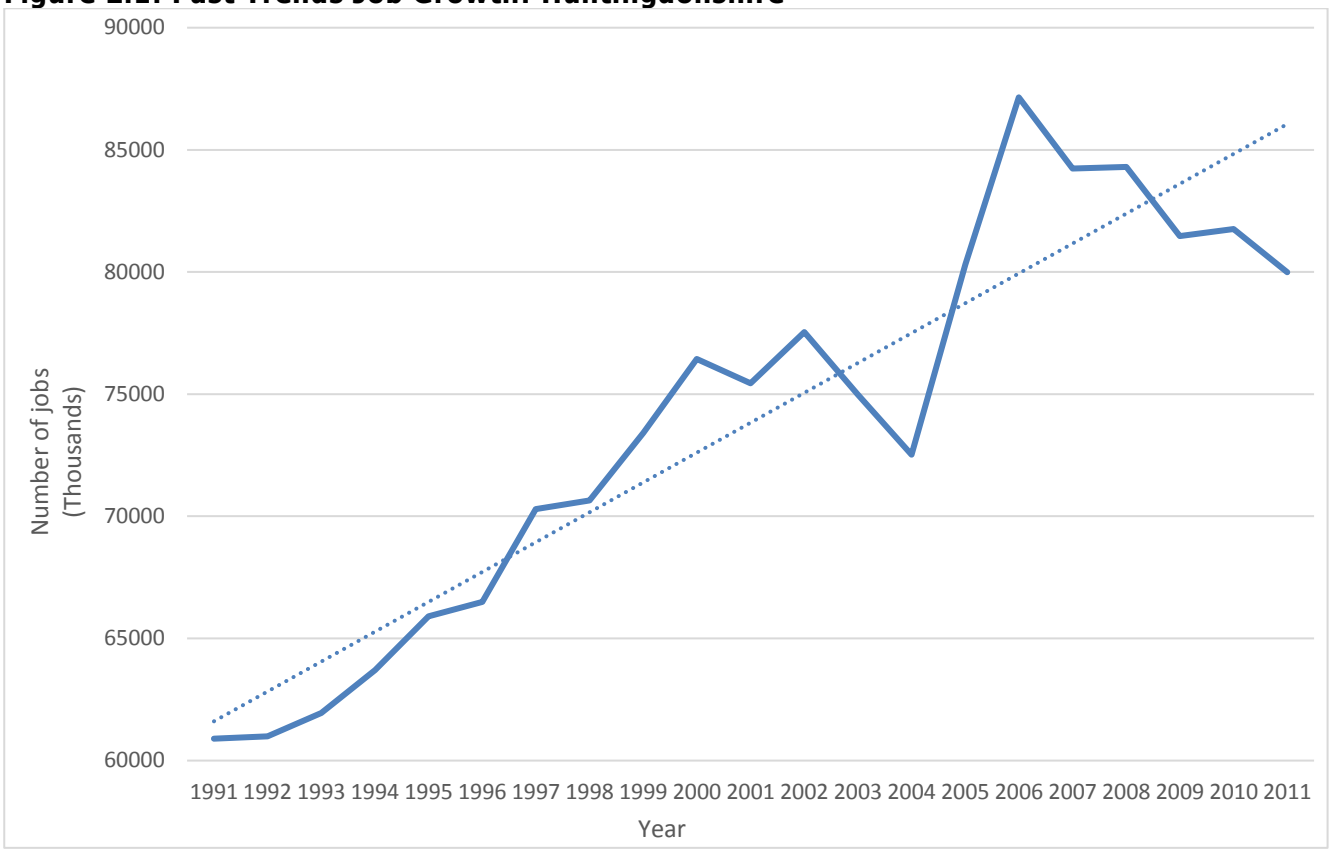
3.14 The PPG requires an assessment of the likely change in job numbers based on past trends and/or economic forecasts. The publicly available information from the EEFM provides job data back to 1991, and we consider that data here.

3.15 In assessing the number of jobs based on past trends, it is important to ensure that a representative period is used, and there is no bias in the data. The period over which past trends are calculated is very sensitive to small changes in the number of years for which the analysis is undertaken. For example the number of jobs may increase or decrease more dramatically over a single year rather than a longer period due to the onset or exit from recession.

3.16 Barton Willmore's approach is therefore to consider two periods known as 'peak to peak' and 'trough to trough'. This is considered to provide the most realistic and representative periods to assess past trends job growth, considering a business cycle from peak to peak and trough to trough.

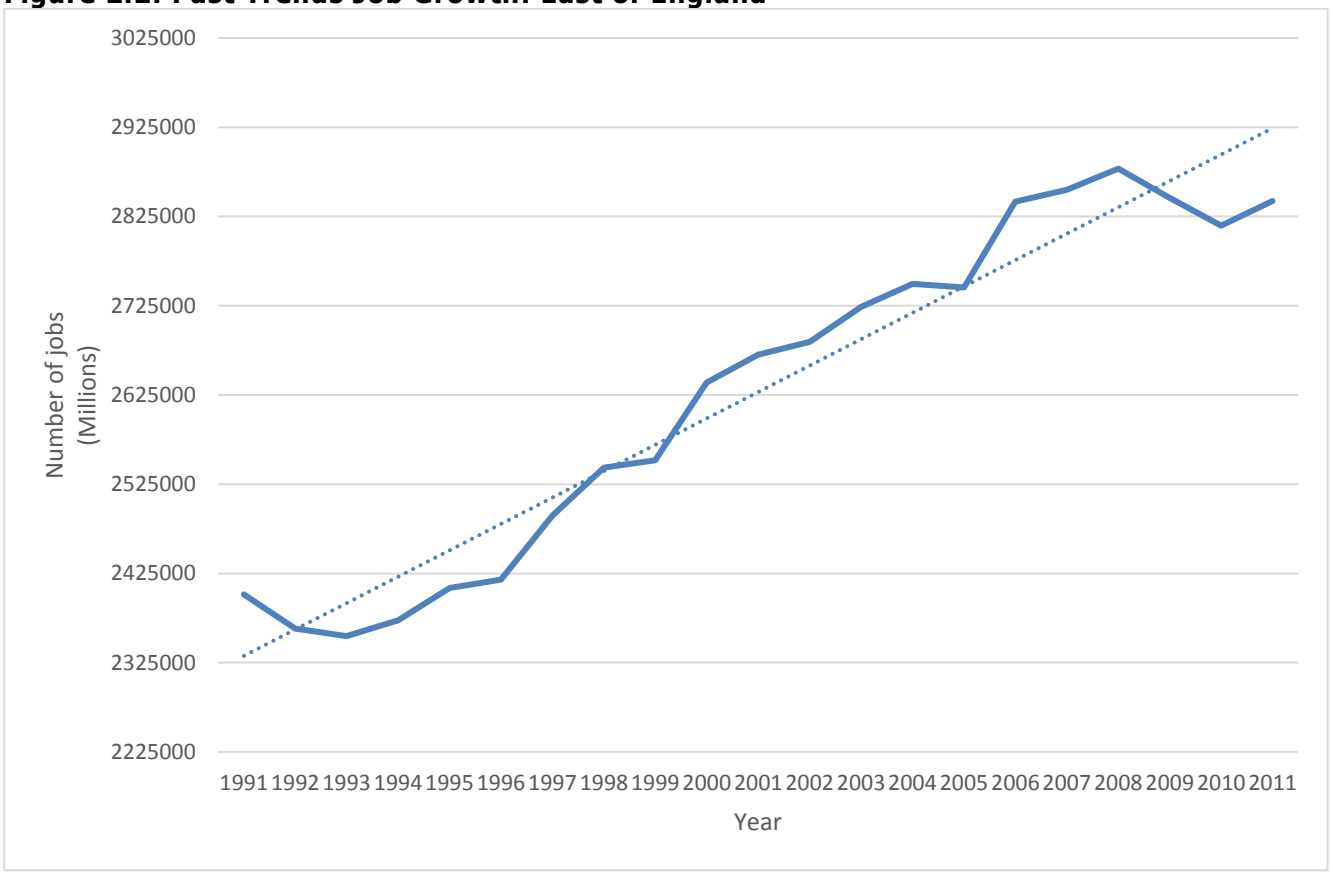
3.17 The job growth between 1991 and 2011 recorded by the 2013 EEFM is illustrated in Figure 2.1 below to highlight the peaks and troughs of job growth brought about by economic cycles in Huntingdonshire. Figure 2.2 illustrates the same period in the Eastern region.

Figure 2.1: Past Trends Job Growth: Huntingdonshire



Source: EEFM 2013

Figure 2.2: Past Trends Job Growth: East of England



Source: EEFM 2013

3.18 Figures 4.1 and 4.2 illustrate the sensitivity of the start and end dates used for calculating past trends in the East of England region, and Huntingdonshire. It shows how the number of jobs in Huntingdonshire fell and rose sharply between 2002 and 2006. It would therefore potentially *overestimate* the growth if the period of 1996-2006 were to be used (2,065 jobs per annum). Similarly the 1999-2009 period would potentially *underestimate* historic growth (800 jobs per annum).

3.19 This should also be considered in the context of the region (Figure 4.2), which gives a broader indication of how the wider economy has performed over the same 20-year period. The data for the East of England shows clear 'troughs' in 1996, 1999, 2005, and 2010. Huntingdonshire shows a similar trough in 1996 and in 2011 and we therefore measure the trough to trough period from 1996-2011 in Huntingdonshire. This shows growth of 13,494 jobs in 15 years, equating to 900 jobs per annum.

3.20 The 'peak' years in the East of England region appear to have been 1991, 2000, 2001, 2006, 2007 and 2008. The equivalent peaks in Huntingdonshire are 1997, 2000, 2002, 2006 and 2007. It would therefore appear appropriate to determine the 2000-2007 period to broadly align with the region. This 'peak to peak' period shows growth of 1,100 jobs per annum.

3.21 This should also be considered in the context of assuming an arbitrary 15 or 20-year period, as is often the case where assessments of past trends are made. If I were to do this it would show growth of 950 jobs per annum (20 years, 1991-2011) and 900 jobs per annum (15 years, 1996-2011).

3.22 It is therefore considered fair to assume that a representative range of past trends job growth is between 900 and 1,100 jobs per annum, the average of which is 1,000 jobs per annum. We therefore conclude that OAHN based on the past trends job growth data of the EEFM should be based on 1,000 new jobs per annum, 2011-2036.

Economic Activity

3.23 It is unclear as to how the assumptions of economic activity have been applied in the Council's existing evidence base. No comment on them can be offered in this critique, other than to note how their publication is necessary in order to determine the number of homes required to support job growth.

3.24 Barton Willmore's approach is to include the January 2017 economic activity rate projections of the Office for Budget Responsibility (OBR) and apply these to the District rates recorded by

the 2011 Census by age and gender. This is an approach that has been supported by Planning Inspectors in section 78 appeal decisions and at Local Plan Examinations.

Unemployment

3.25 As well as economic activity there is no explicit guidance to show the unemployment levels that were assumed by the SHMA.

3.26 Barton Willmore take a positive stance on this assumption, assuming that the pre-recession average, which was reached in 2016, will continue throughout the remainder of the Plan period.

Commuting

3.27 The commuting ratio is a further assumption that needs to be entered into the demographic forecasting scenarios used to determine OAHN. The 2013 SHMA was published prior to the release of the 2011 Census commuting results, and therefore any assumptions are out of date.

3.28 Notwithstanding this, as part of a 'policy off' OAHN, the commuting ratio should be held constant over the projection period. Application of a change in the ratio, either way, is considered to be 'policy on', and something which would need to be agreed with other authorities of the HMA.

3.29 Sensitivity testing based on holding the 2011 Census commuting ratio (1.15) constant over the plan period is recommended. A ratio of 1.15 means that Huntingdonshire is a net exporter of labour. For every 100 jobs created, 115 labour force participants will be required.

4.0 THE APPROACH TO MARKET SIGNALS TAKEN IN THE COUNCIL'S EVIDENCE

i) Introduction

4.1 The 2013 SHMA was published prior to the PPG which provides detailed guidance on how market signals should be considered for the purposes of determining OAHN. The PPG lists six market signals to be analysed (ID2a-019/020). Notwithstanding that the 2013 SHMA was published prior to the PPG, the SHMA provides analysis of some of the market signals required to be assessed.

ii) 2013 SHMA

House Prices

4.2 Chapter 5 of the 2013 SHMA provides detailed analysis of property prices in the Cambridgeshire HMA in terms of average price[4] between 2001 and 2011. It is considered that this shows a representative period of change, however it should be updated to reflect the most recent data. This is considered particularly important due to the ONS recently taking responsibility for this data source from CLG.

4.3 The SHMA comments that average house prices in East Cambridgeshire, Huntingdonshire and St Edmundsbury are generally quite close to sub-regional, regional and national averages.[5] However the PPG requires an analysis of the rate of change and the absolute level of change in comparison to similar demographic and economic areas, and nationally.

4.4 The SHMA provides this for some of the authorities within the text, however it is not included for all authorities and it is therefore difficult to make a judgement of how Huntingdonshire compares to similar demographic/economic areas, and the national average.

Affordability Ratios

4.5 Perhaps the most critical of the PPG's market signals relate to affordability, and in particular the lower quartile and median affordability ratios. The lower quartile ratio measures lower quartile earnings to lower quartile house prices. The lower the ratio, the more affordable housing is. The median ratio calculates median earnings against median house prices.

[4] Figure 2, page 9, Chapter 5, Cambridge sub-region SHMA, 2013
[5] page 9, Chapter 5, Cambridge sub-region SHMA, 2013

4.6 The 2013 SHMA provides evidence of both ratios[6] and reports a lower quartile ratio of 8.09 and a median ratio of 5.38 in Huntingdonshire, as of February 2013. The SHMA goes on to provide reference to a report entitled 'Demographia' in which a median ratio of over 5.1 was considered to mean an area was 'severely unaffordable'. [7] Reference to CLG's more recent data shows how Huntingdonshire's median ratio has risen from 6.83 in 2013 to 8.29 in 2015.

4.7 Despite reporting data on these ratios, the absolute levels and rates of change required by the PPG are not included in the SHMA. The official data from ONS/CLG and more recent academic studies on how to improve affordability should be considered in updated evidence.

Rents

4.8 Chapter 6 of the 2013 SHMA presents average rental data for the period between June 2011 and March 2013. This reports that Huntingdonshire's average rent fell slightly during this period, and is the lowest of the seven authorities in the Cambridgeshire Housing Market Area, with exception of Fenland. However there is data available up to and including 2015/16 and this should be appraised in any updated of the 2013 SHMA.

Rate of Development

4.9 The 2013 SHMA reports housing delivery between 2001/02 and 2010/11, showing delivery of 6,714 dwellings, an average of 671 dwellings per annum. Calculated against the East of England Plan target (560 dpa) this equates to 20% over-delivery.

4.10 However against the emerging Local Plan requirement of 840 dwellings per annum, 2011-2036, only 600 dwellings per annum have been completed. This is a shortfall of 29% over the first five years of the emerging Plan, if the requirement remains at 840 dpa following the imminent update to the OAHN.

4.11 A shortfall of 29% is considered to be significant over the first five years of the Plan period, and a relevant market signals response should be made.

Overcrowding

4.12 The 2013 SHMA reports that in 2011, approximately 2.4% of households in Huntingdonshire were overcrowded. However again there is no long term comparison which is required by PPG.

[6] Pages 12-14, Chapter 5, Cambridge sub-region SHMA, 2013
[7] page 12, Chapter 5, Cambridge sub-region SHMA, 2013

4.13 Reference to ONS data shows that nationally, there was a 71% increase in overcrowding between the 2001 and 2011 Census. However in Huntingdonshire there was a 118% increase, significantly higher than the national average, the regional average (87%), and the HMA average (100%).

2013 SHMA Summary

4.14 The analysis identified by the 2013 SHMA has identified market signals pressure in Huntingdonshire and across the wider Cambridgeshire HMA. However despite this, and owing to the SHMA's publication prior to the OAHN methodology of the PPG, the SHMA provides no adjustment to the OAHN in order to remedy the market signals issues that have been identified.

5.0 SUMMARY AND CONCLUSIONS

5.1 This Appendix provides a summary of the Council's most recent OAHN evidence base.

5.2 The key conclusions of the review are as follows:

i) HDC's OAHN Evidence Base status

- The most recent OAHN for HDC is presented in the 2013 SHMA for the Cambridge sub region. This is now approximately four years old and requires updating following the publication of the Planning Practice Guidance (PPG) methodology for OAHN (section ID2a);

- New OAHN evidence is expected imminently however a publication date is yet to be confirmed;

- The 2013 SHMA's OAHN for HDC is included in the most recent 2015 version of the emerging Local Plan, and is also included in the most recent Annual Monitoring Report for the Council (2015/16 version);

- The review presented in this appendix therefore responds to the OAHN of 840 dwellings per annum (dpa), 2011-2036.

ii) Demographic-Led OAHN (PPG ID2a-015-017)

- In the intervening period since the publication of the 2013 SHMA, two further official ONS sub national population projections (SNPP) and CLG household projections (2012 and 2014-based) have been released. These sources inform the PPG's 'starting point estimate' of OAHN (PPG ID2a-015);

- Both the 2012 and 2014-based ONS SNPP and CLG household projections showed an increase to the CLG projection available at the time of the 2013 SHMA;

- The starting point estimate of OAHN is the 2014-based CLG projection. Adjusting for vacant and second dwellings shows this to be **761 dpa, 2011-2036**;

- The starting point estimate is underpinned by demographic trends over the 2009-2014 period, during which demographic behaviour was affected by the economic recession.

The SHMA does not consider alternative periods of demographic change which may be more representative, in line with PPG ID2a-017;

- Due to its age, the 2013 SHMA does not consider the underlying household formation rates (HFRs) of the latest 2014-based CLG household projections. PPG ID2a-015 states how the HFRs are based on past trends and may require adjustment for suppression due to under-supply and worsening affordability;

iii) Economic-Led OAHN (PPG ID2a-018)

- The 2013 SHMA concludes on OAHN of 840 dpa, 2011-2036, and 760 jobs per annum (jpa), 2011-2036. This conclusion on job growth was based partly on the forecast of the 2013 East of England Forecasting Model (EEFM) and was taken forward in policy LP1 – 'Strategy for Development' of the most recent version of the emerging Local Plan;

- The 2013 SHMA did not consider alternative job growth forecasts from sources such as Experian Economics, Oxford Economics, or Cambridge Econometrics;

- Barton Willmore's analysis of the more recent 2016 EEFM shows a baseline job growth forecast (circa 500 jobs per annum) of **over double** the 2013 EEFM baseline forecast. However this is lower than the 760 jpa assumed in the 2013 SHMA;

- In addition to job forecast, past trends job growth should also be analysed to accord with ID2a-018 of the PPG;

- Analysis of past trends job growth in Huntingdonshire between 1991 and 2011 has led Baron Willmore to an assumption of 1,000 jpa. This is considered by Barton Willmore to be a prudent assumption based on the publicly available evidence of the EEFM. Alternative periods of past trend growth show up to 2,000 jpa;

- A mid-point of the latest EEFM's job forecast, and EEFM past trends, aligns with the 760 jpa determined in the 2013 SHMA and taken forward in the most recent draft Plan;

iv) Market Signals (PPG ID2a-019/020)

- Despite presenting a range of the market signals indicators required to be analysed by PPG, the 2013 SHMA does not present the analysis required by PPG. Neither does it consider whether an uplift is required for market signals pressure. This is due to the 2013 SHMA being published prior to the PPG;

- Barton Willmore's analysis shows a number of market signals that have worsened against national averages. Furthermore delivery over the last 10 years has been lower than planned provision. The first five years of the emerging Plan has seen delivery that is 29% lower than the emerging Plan has targeted;

- Updated OAHN evidence would need to consider an appropriate supply uplift to improve affordability in Huntingdonshire. There are a number of academic reports that can be consulted to do this.

v) Summary and Way Forward

5.3 In summary it is considered that the existing OAHN evidence base of HDC is significantly outdated. An update is expected imminently but in its absence this report has considered the 2013 SHMA and more recent publicly available information.

5.4 The sensitivity testing of the Council's OAHN suggests that the existing OAHN of 840 dpa is an underestimate and requires an increase to meet job growth and market signals. OAHN based on the 760 jobs per annum assumed by the HDC draft Plan would result in a **minimum of 1,000 dpa, 2011-2036**. It is considered that this would also provide for a mid-point of the alternative evidence base documents in respect of market signals.

5.5 It is important to note that this conclusion is based on the evidence available from the Council's evidence base, and other publicly available information. A full OAHN report may result in an increase to this OAHN once alternative job growth forecasts have been acquired and additional analysis is undertaken.

APPENDIX 2

OAN COMPARISON TABLE – BW AND HOUS/01 APPROACH

APPENDIX 2: SUMMARY COMPARISON OF OAN DETERMINED BY BARTON WILLMORE AND HUNTINGDONSHIRE COUNCIL (HOUS/01)

OAN for Huntingdonshire	HOUS/01	BW	Reason for variance/ notes
Starting point (CLG 2014-based household projection),	**19,140** (766)	**19,010** (760)	Both parties convert to dwellings using a vacant/second homes factor. **HOUS/01** conversion factor = 2.98%; Census 2011 ratio of households to dwellings = (table KS401EW) **BW** conversion factor = 2.31%; DCLG, CTB 2015 (Second Homes); DCLG Live Table 125/615 2015 (Vacant)
Demographic adjustment (population change) *Applied to starting point*	**N/A**	**N/A**	Both **HOUS/01** and **BW** test the alternative of alternative migration assumptions (e.g. 10 year trends) but conclude that the 2014-based population projections should not be adjusted.
Demographic adjustment (household formation rate) *Applied to starting point*	**0**	**1,410** to **2,240** (60 to 90)	**HOUS/01** compares aggregate (male and female,10 yr age bands) household formation in 2014 (itself a projection or estimate) in HDC, the HMA, England and x2 comparable. ***Does not look at HFR projections***. Concludes no significant difference therefore no adjustment made; **BW** examines HFR projections (by the same age bands), notes relative suppression in 25 – 44 groups) and adjusts CLG stage 1 household formation rate for 25-44 year olds by applying 3 alternative methods, i) half way back to the 2008-based rate by 2033, ii) holding the rate observed in 2014 constant, iii) returning the rates to their 2001 values
DEMOGRAPHIC OAN	**19,140** (760)	**20,420 to 21,250** (820 to 850)	
Jobs supported by demographic OAN	Not calculated	11,660 (470)	**HOUS/01** does not attempt to quantify this. **BW** derive the number of jobs that will be supported by any given population projection as follows; **i)** apply OBR economic activity rates, by age group and gender to derive a labour force projection, **ii)** apply ONS based unemployment rates to the labour force projection to derive a resident employment projection, **iii)** apply the local Census 2011 commuting to the employed person projection to derive the number of jobs, within the district, that can be supported by the demographic OAN.
Job projection, 2011 to 2036	12,370 (500)	19,000 (760)	**HOUS/01** refer to their 'in house' East of England Forecasting Model (EEFM), 2016 vintage; which includes the job growth projection for Huntingdonshire of 12,370 jobs by 2036 (circa 500 jobs per annum); **BW** considers past and projected job change sourced from EEFM 2014 and 2016. In addition, BW refers to the HDC Local Plan Targeted Consultation, 2015 (LPTC) which considered a range of forecasts and settles upon 19,000 jobs by 2036 (LPTC page 50, para 3.108) as the objectively assessed job growth estimate for the district.
Uplift in new homes needed to match housing and jobs growth; *Applied to starting point*	770 (40)	7,560 to 8,480 (300 to 340)	**HOUS/01** increase the demographic OAN's projected growth in the working age population to the level predicted by EEFM, thus creating the need for an overall uplift in population (and in turn households and dwellings); **BW** follow the 3-step approach described above, but in reverse (from jobs to population as opposed to population to jobs). The two approaches are completely different, but yield remarkably similar results (on a 'homes per job' basis). ***The difference in the uplift arises from the difference in the job projection used and not the approach to relating job growth to housing growth.***
ECONOMIC LED HOUSING NEED	**19,910** (800)	**26,570 to 27,490** (1,060 to 1,100)	
Worsening trends in market signals identified? (Y/N)	Y	Y	Both **HOUS/01** and **BW** observe worsening market signals and agree that an uplift to the starting point must therefore be applied.
Scale of uplift determined; *Applied to starting point*	960 (40)	2,580 to 6,780 (100 to 270)	**HOUS/01** take their bearings from the PAS guidance (PBA, 2015) which references to a 10% 'rule of thumb' uplift. It is HOUS/01's judgement that a 5% uplift only is merited for Huntingdonshire, having regard to signals from 2009 to 2014 and noting that they mirror England trend. **BW** range informed by four credible independent sources in Appendix 1, and two further sources used since Appendix 1 publication (see hearing statement).
MARKET SIGNALS OAN	**20,100** (804)	**23,000 – 27,200** (920 – 1,088)	
RECOMMENDED OAN	**20,100** (804)	**25,000** (1,000)	**BW OAN is considered a minimum to meet economic-led need and address (but not improve) worsening affordability in Huntingdonshire.**

*Figures are rounded to the nearest 10

APPENDIX 3

OFFICE FOR BUDGET RESPONSIBILITY HOUSE PRICE AND EARNINGS FORECASTS/UNIVERSITY OF READING AFFORDABILITY CALCULATOR

APPENDIX 3: UNIVERSITY OF READING/OFFICE FOR BUDGET RESPONSIBILITY AFFORDABILITY CALCULATOR

Median Affordability Calculator																				
Huntingdonshire																				
Earnings rate of increase =	1.027	(OBR March 2018)																		
Housing Price rate of increase =	1.033	(OBR March 2018)																		
***Number of homes taken from 2017 Council Tax Base**																				
Implicit dwelling growth in OBR model	826	per annum	(2017-2034)																	
	2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**
Median Earnings	28,544	29,315	30,106	30,919	31,754	32,611	33,492	34,396	35,325	36,278	37,258	38,264	39,297	40,358	41,448	42,567	43,716	44,896	46,109	47,354
Median House price	250,000	258,250	266,772	275,576	284,670	294,064	303,768	313,792	324,147	334,844	345,894	357,309	369,100	381,280	393,862	406,860	420,286	434,156	448,483	463,283
Number of homes* (assuming 1% growth as per OBR)	76,174	76,936	77,705	78,482	79,267	80,060	80,860	81,669	82,486	83,310	84,143	84,985	85,835	86,693	87,560	88,436	89,320	90,213	91,115	92,026
Median affordability Ratio	8.76	8.81	8.86	8.91	8.96	9.02	9.07	9.12	9.18	9.23	9.28	9.34	9.39	9.45	9.50	9.56	9.61	9.67	9.73	9.78
Total annual dwelling increase =	804	per annum	(Local Plan target)																	
No. of houses	76,174	76,978	77,782	78,586	79,390	80,194	80,998	81,802	82,606	83,410	84,214	85,018	85,822	86,626	87,430	88,234	89,038	89,842	90,646	91,450
Increase in supply above baseline assumption		0.1%	0.1%	0.1%	0.2%	0.2%	0.2%	0.2%	0.1%	0.1%	0.1%	0.0%	0.0%	-0.1%	-0.1%	-0.2%	-0.3%	-0.4%	-0.5%	-0.6%
Price change (assuming -2.0)		-0.1%	-0.2%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.2%	-0.2%	-0.1%	0.0%	0.2%	0.3%	0.5%	0.6%	0.8%	1.0%	1.3%
Median House price including reduction	250,000	257,966	266,244	274,846	283,786	293,077	302,733	312,769	323,201	334,044	345,314	357,031	369,210	381,871	395,032	408,715	422,940	437,729	453,103	469,087
New ratio	8.76	8.80	8.84	8.89	8.94	8.99	9.04	9.09	9.15	9.21	9.27	9.33	9.40	9.46	9.53	9.60	9.67	9.75	9.83	9.91
Total annual dwelling increase =	1000	per annum	(BW OAHN)																	
No. of houses	76,174	77,174	78,174	79,174	80,174	81,174	82,174	83,174	84,174	85,174	86,174	87,174	88,174	89,174	90,174	91,174	92,174	93,174	94,174	95,174
Increase in supply above baseline assumption		0.3%	0.6%	0.9%	1.1%	1.4%	1.6%	1.8%	2.0%	2.2%	2.4%	2.6%	2.7%	2.9%	3.0%	3.1%	3.2%	3.3%	3.4%	3.4%
Price change (assuming -2.0)		-0.6%	-1.2%	-1.8%	-2.3%	-2.8%	-3.2%	-3.7%	-4.1%	-4.5%	-4.8%	-5.2%	-5.5%	-5.7%	-6.0%	-6.2%	-6.4%	-6.6%	-6.7%	-6.8%
Median House price including reduction	250,000	256,650	263,553	270,717	278,155	285,878	293,897	302,226	310,877	319,864	329,200	338,901	348,982	359,458	370,346	381,664	393,428	405,658	418,372	431,592
New ratio	8.76	8.76	8.75	8.76	8.76	8.77	8.78	8.79	8.80	8.82	8.84	8.86	8.88	8.91	8.94	8.97	9.00	9.04	9.07	9.11
Dwellings required to keep affordability ratio constant =	1088	per annum																		
No. of houses	76,174	77,262	78,349	79,437	80,525	81,612	82,700	83,788	84,875	85,963	87,051	88,139	89,226	90,314	91,402	92,489	93,577	94,665	95,752	96,840
Increase in supply above baseline assumption		0.4%	0.8%	1.2%	1.6%	1.9%	2.3%	2.6%	2.9%	3.2%	3.5%	3.7%	4.0%	4.2%	4.4%	4.6%	4.8%	4.9%	5.1%	5.2%
Price change (assuming -2.0)		-0.8%	-1.7%	-2.4%	-3.2%	-3.9%	-4.6%	-5.2%	-5.8%	-6.4%	-6.9%	-7.4%	-7.9%	-8.4%	-8.8%	-9.2%	-9.5%	-9.9%	-10.2%	-10.5%
Median House price including reduction	250,000	256,062	262,348	268,870	275,636	282,657	289,944	297,509	305,364	313,520	321,991	330,791	339,932	349,431	359,302	369,561	380,225	391,310	402,835	414,818
New ratio	8.76	8.73	8.71	8.70	8.68	8.67	8.66	8.65	8.64	8.64	8.64	8.64	8.65	8.66	8.67	8.68	8.70	8.72	8.74	8.76