

HUNTINGDONSHIRE LOCAL PLAN EXAMINATION

Matter 4: 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.

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?

No. The Government is clear in paragraph 178 of the NPPF that joint working on areas of common interest must be diligently undertaken for the mutual benefit of neighbouring authorities. The approach taken by the Council to unilaterally review and then reduce its OAN fails to consider the potential wider impacts from new evidence on the other authorities in the HMA. As such it is not possible to assess whether housing needs are being met for the Cambridge HMA, as is required by paragraph 47 of the NPPF, as there is no consistent evidence base against which to make this assessment.

2) 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?

No. The update does not provide a sufficient uplift to the demographic starting point to take account of market signals. It is important that, as required by paragraph 2a-020 of PPG, the Council should increase planned supply by an amount that could be expected to improve affordability. We do not consider the proposed level of housing will result in an improvement in affordability and as such is not a robust assessment of housing need when considered against the requirements of PPG.

3) 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?

The HBF generally supports the use of the most up to date household projections. Whilst, other projections based on longer migrations trends are considered to provide a smoother projection that is not unduly affected by singular events. Whilst we appreciate this point of view we consider it important that there is consistency in the application of the official projections which take into account the interactions between areas with regard to migration across the whole Country not just neighbouring authorities.

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?

No comment.

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?

An uplift of 5% for market signals is insufficient and should be increased. Due to limited guidance from Government as to what an appropriate uplift should be there have been discussions at many local plan examinations on this issue. Uplifts have generally ranged from 5% to 20% depending on market signals, but it would seem that more recently inspectors, and LPAs, have been choosing higher uplifts where market signals are worst.

But the Government have now given some indication as to what it considers to be a reasonable uplift as part of its consultation paper “Planning for the Right Homes in the Right Places” and most recently in the proposed amendments to the NPPF and Planning Practice Guidance. The standard methodology proposes a formula that requires an uplift of 2.5% above the demographic base for every 1 point above the baseline affordability ratio of 4. For Huntingdonshire this would require an uplift of 26% and the delivery of 1010 dpa.

However, the Government have been clear that the standard methodology should not be considered for plans that are currently being examined, or ones that have been submitted for examination. But the Government’s commitments to substantially increasing the number of homes per year should be taken into account when considering the level of uplift to be applied in response to market signals. The Government have stated that their goal is to deliver at least 300,000 new homes each year from 2020. Most recently this target was reiterated in the 2017 Autumn Budget. In his budget statement the Chancellor announced the Government’s target for house building across the country stating:

“I’m clear that we need to get to 300,000 units a year if we are going to start to tackle the affordability problem, with the additions coming in areas of high demand.”

If this is the aspiration of the Government then the intention of government policy as set out in the PPG must be to ensure that target is met. This will require uplifts far higher than the 5% being proposed by the Council. Evidence submitted by the Treasury to the House of Lords Select Committee on Economic Affairs suggested that to stabilise house price growth and prevent affordability from worsening would require between 250,000 and 300,000 new homes to be built each year. This roughly translates to a 1.25%¹ increase per annum to existing national housing stock in order to stabilise the housing market with

¹Dwelling Stock for England (including vacant homes) is 23,950,000. Source MHCLG <https://www.gov.uk/government/statistical-data-sets/live-tables-on-dwelling-stock-including-vacants>

regard to affordability. Given the variability of affordability across the country this would require greater increases above existing stock in those areas which are least affordable. This position is also consistent with paragraph 2a-020 of PPG which states that:

“The more significant the affordability constraints (as reflected in rising prices and rents and worsening affordability ratio and the stronger the indicators of high demand (e.g. the differential between land prices), the larger the improvement in affordability needed and, therefore, the larger the additional supply response should be.”

PPG also establishes in the same paragraph that any uplifts should be reasonable and that these uplifts should increase delivery by an amount that:

“... on reasonable assumptions and consistent with principles of sustainable development, could be expected to improve affordability, and monitor the response of the market over the plan period.”

It is evident that in order to deliver the homes needed, and also improve affordability, the uplifts to baseline demographic projections of household growth must be greater than have been applied since the publication of the PPG. For example, to increase housing stock in Huntingdonshire by 1.25% per annum would require the delivery of 938 homes² per year. However, it is possible on examining the Council's evidence base to see the impact of higher housing delivery on affordability. The chart in appendix 1 shows that between 2002/03 and 2011/12 growth has increased and with the later years of that period (2007/08 to 2011/12) seeing housing delivery average around 800 units per annum. Aside from the significant shift in affordability in 2008/09 following the recession affordability in this period has been relatively stable. What is noticeable is that the drop in delivery has seen a substantial worsening of lower quartile affordability ratios.

The evidence shows that between 2012/13 and 2015/16 delivery has been significantly lower than in the previous years and clearly below that which is needed to prevent affordability from worsening. Between 2013 and 2017 lower quartile income to house price ratios increased from 6.87 to 9.15 with lower quartile house price rising from £142,000 to £195,000. Whilst part of this trend will be in relation to low wage inflation there is also some correlation between higher housing delivery and a reduced worsening in affordability. However, during a period of relatively high housing delivery in the Borough between 2006 and 2012 the rate at which affordability worsened, both before and after the recession, was less than in other authorities across Cambridgeshire with the exception of Fenland, as can be seen in chart 2 of appendix 1. This would suggest that to stabilise affordability in the Borough requires delivery of around 850 dwellings per annum.

As stated above, PPG requires Councils to set uplifts at a level that will improve affordability. In order to achieve this position, we would suggest that delivery for the plan

² Current housing stock (including vacant homes) for Huntingdonshire 75,110. Source MHCLG <https://www.gov.uk/government/statistical-data-sets/live-tables-on-dwelling-stock-including-vacants>

period would need to be in excess of the 804 dwellings per annum that was proposed in the 2017 update on the Objectively Assessed Housing Need SHMA. We would suggest that an uplift of 15% on the demographic starting point of 766 dpa could be expected to improve affordability. This would require the Council to deliver 22,000 homes between 2011 and 2036 at 880 dpa. Given the backlog in delivery this would require the Council to deliver 940 homes per year between 2017/18 and 2035/36. This level of delivery would also be in line with the 1.25% increase in existing housing stock that the Treasury consider to be required nationally in order to stabilise housing affordability.

6) Given the scale of identified affordable housing need, should the OAN be increased to assist in delivering more? If so to what extent?

The scale of affordable housing need is an indication that insufficient housing has been delivered in recent years. We would suggest that this indicates the need for a higher market signals uplift. A higher uplift will improve affordability overall – thus reducing the need for affordable housing – as well as allowing for the delivery of more affordable homes alongside market homes.

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?

No. As stated above we would suggest that a higher uplift to market signals is required in order to address the worsening affordability of housing within the Borough. At present there is no indication that the proposed level of delivery in the Local Plan will achieve this expressed aim of Government policy. We would suggest that the delivery of 880 dpa between 2011 and 2036 would be justified and effective in this respect.

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?

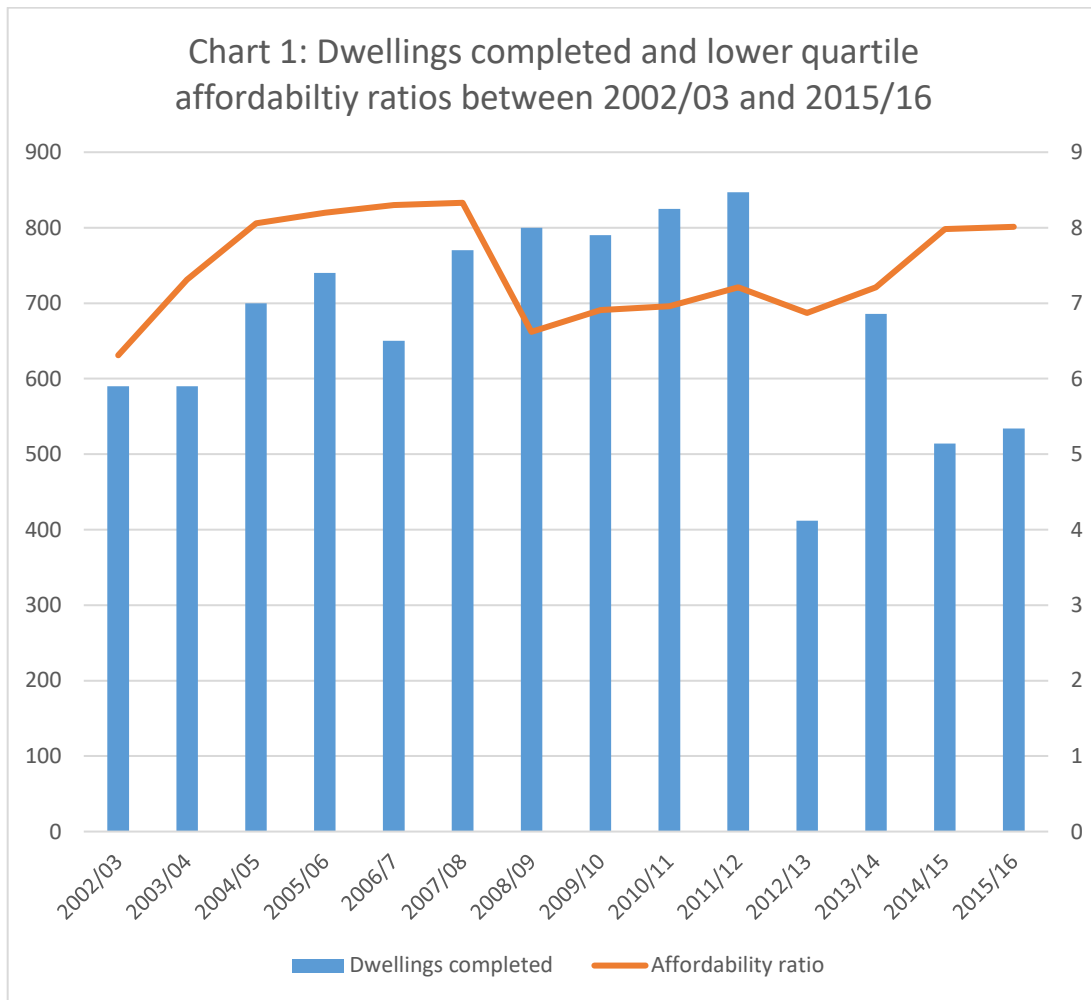
The Local Plan is required by paragraph 14 of the NPPF to meet objectively assessed development needs unless the adverse impacts of doing so would significantly and demonstrably outweigh the benefits or specific policies in the NPPF indicate development should be restricted. The Council has given no indication that delivery should be restricted on either of these points and as such should ensure that it meets development needs. Past rates of delivery have exceeded 800 dpa, even during the recession, which suggests a strong housing market with sufficient demand to sustain higher rates of delivery given that recent delivery has been substantially less than the need for housing within the Borough.

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

No comment

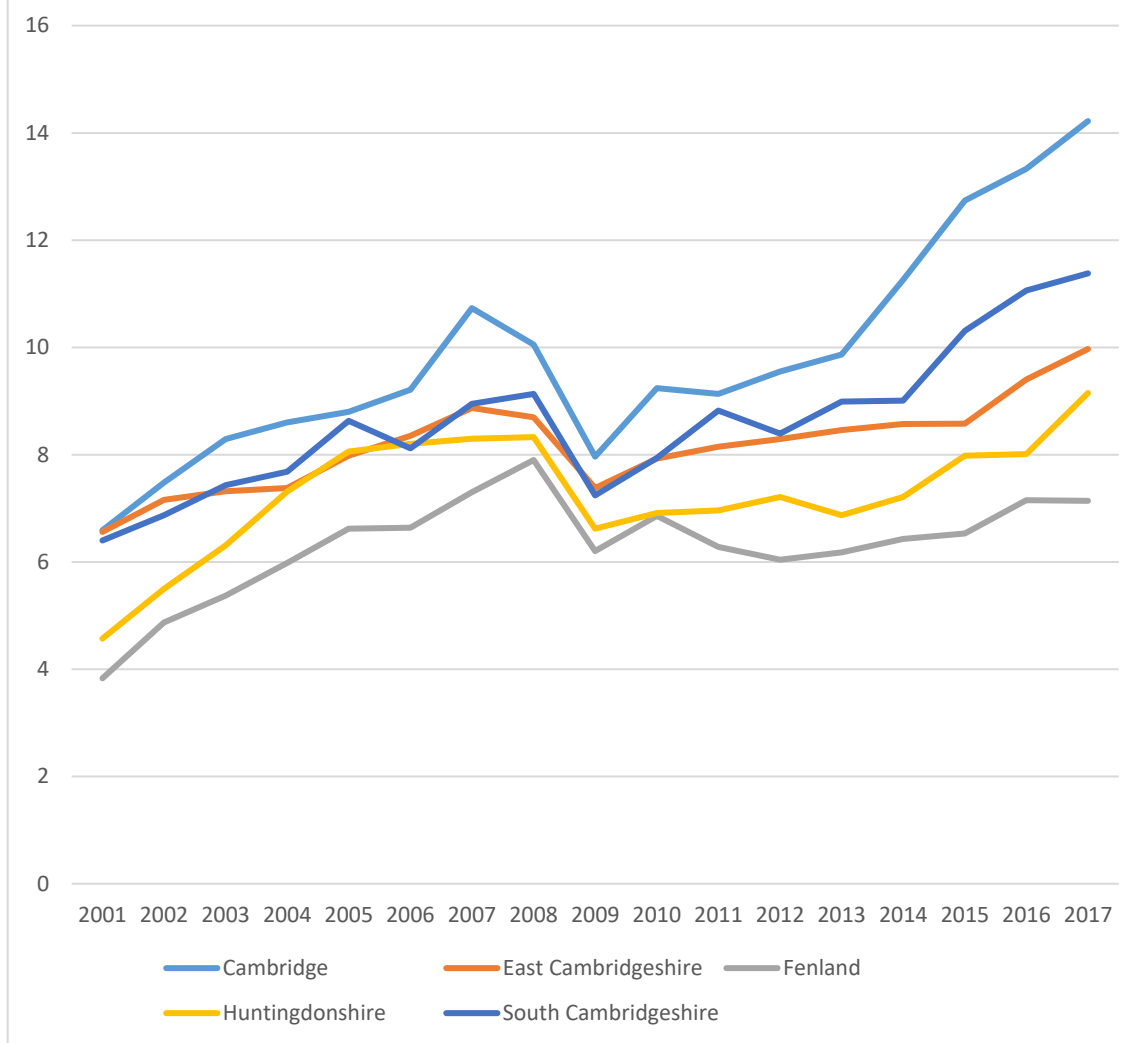
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Appendix 1



Source: ONS and DCLG

Chart 2. Lower Quartile house price to income ratio - Cambridgeshire



Source: ONS