

**Single Issue Review of Core Strategy Policy CS7  
Examination**

**Monday 25 September 2017, 9.30am**

**Matter 2 – The objectively assessed need for housing  
and the housing requirement set out in Policy CS7 of the  
Single Issue Review**

**Forest Heath District Council's Hearing Statement**

## Issues

### The objectively assessed need for housing

#### 2.1 Forest Heath is identified as being within the Cambridgeshire Housing Market Area. Is this justified?

##### Response

- 2.1.1 Yes, this is justified. The Cambridge housing market area – defined as Cambridge, East Cambridgeshire, Fenland, Forest Heath, Huntingdonshire, South Cambridgeshire and St Edmundsbury council areas – is an established assessment area. Forest Heath Objectively Assessed Housing Need January 2016 (CD: C26) paragraphs 20 to 35 provide up-to-date supporting evidence for this assessment area.
- 2.1.2 The Planning Practice Guidance (PPG) at paragraph 2a-011-20140306 states that housing market areas can be defined by using three different sources of information: house prices and rates of change in house prices; household migration and search patterns; contextual data (for example travel to work area boundaries, retail and school catchment areas). Only the second source includes a numerical threshold, in this case relating to household moves, where 70% of moves will typically be contained within a housing market area.
- 2.1.3 Analysis of the latest migration and commuting data provides up-to-date supporting evidence for the established definition of the Cambridge housing market area. In the year preceding the 2011 Census, 7,107 people moved into Forest Heath and 6,068 people moved out of Forest Heath. The total number of 'in' moves from the housing market area was 5,117 and the total number of 'out' moves to the housing market area was 4,706. 72% ( $5,117/7,107 \times 100$ ) of all 'in' moves and 78% ( $4,706/6,068 \times 100$ ) of all 'out' moves were therefore contained within the housing market area, which exceeds the PPG's 70% threshold for identifying a housing market area. At the time of the 2011 Census, 82% of people who worked in Forest Heath lived in the housing market area and 87% of people who lived in Forest Heath worked in the housing market area.
- 2.1.4 Forest Heath is identified as being within the Cambridge housing market area by partner local authorities in the housing market area. All seven authorities are signatories to the Memorandum of Co-operation between the local authorities in the Cambridge Housing Market Area (CD: C14 Appendix 2(i)).
- 2.1.5 In their recent representations, Forest Heath is not identified by objectors as being within another housing market area.

#### 2.2 The Council considers the objectively assessed need for housing ('the OAN') to be 6,800 homes for the period 2011 to 2031. This is an annual average of 340 dwellings.

**a) Does this take into account the Government's latest household projections and the latest population projections published by the Office for National Statistics?**

**Response**

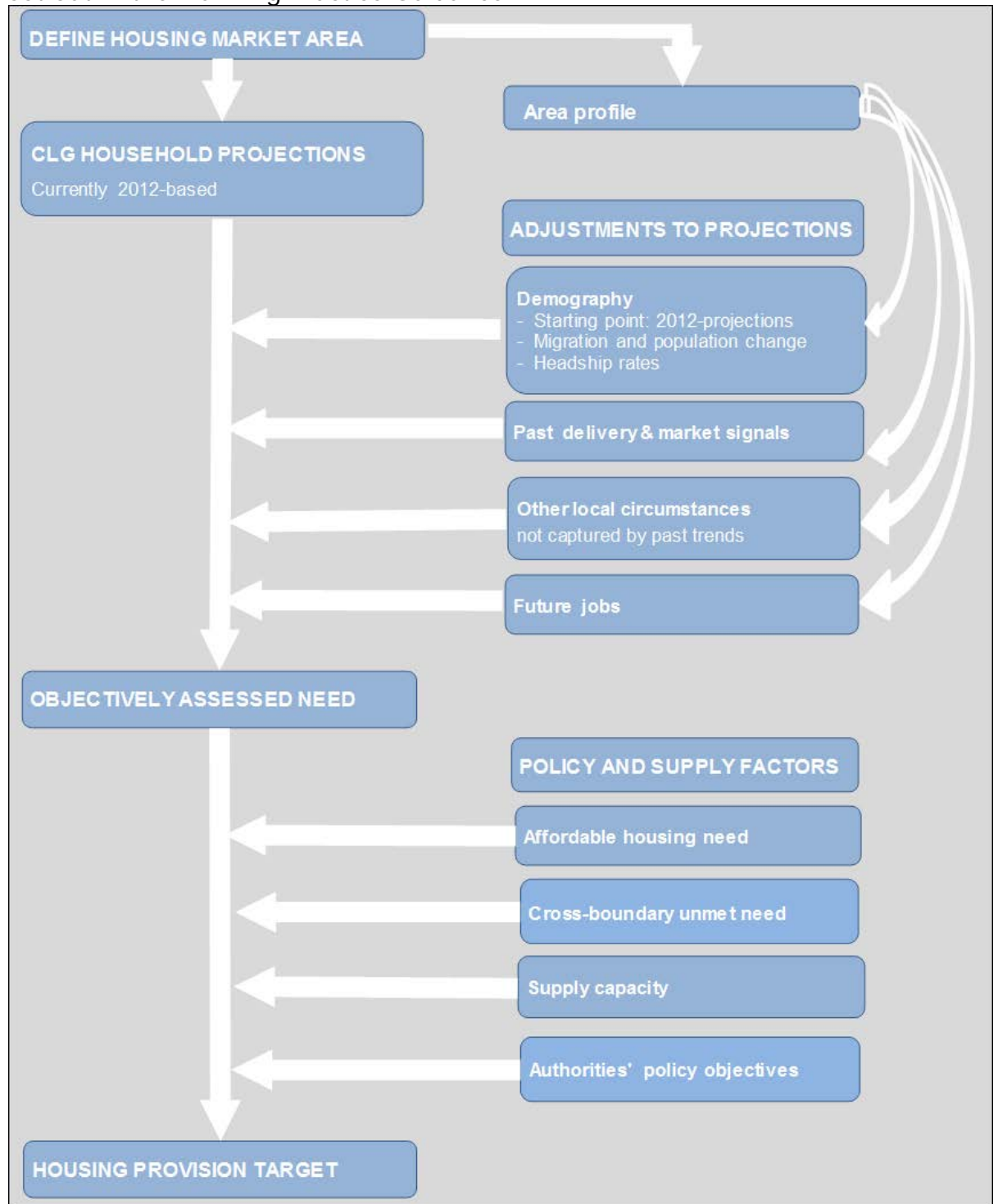
- 2.2.2 Yes, this does take into account the Government's latest (2014-based) household and population projections. Household projections published by the Department for Communities and Local Government provide the starting point estimate of overall housing need. Forest Heath Objectively Assessed Housing Need January 2016 (CD: C26) paragraphs 36 to 81 take account of the 2012-based household and population projections. Forest Heath Objectively Assessed Housing Need August 2016 (CD: C22) paragraphs 7 to 11 take account of the 2014-based household and population projections.
- 2.2.3 The 2012-2037 Household Projections (CLG 2012) were published on 27 February 2015, and were the most up-to-date estimate of future household growth in January 2016. The 2014-2039 Household Projections (CLG 2014) were published on 12 July 2016. The CLG 2014 estimate of 5,560 households is 6% lower than the CLG 2012 estimate of 5,940 households.
- 2.2.4 The Planning Practice Guidance at paragraph 2a-015-20140306 states that 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. The Council's January 2016 (CD: C26) report at paragraph 81 concludes that the CLG 2012 starting point estimate of 6,450 dwellings (5,940 households) requires no adjustment for the period 2011 to 2031. The Council's August 2016 (CD: C22) update at paragraph 10 finds that the lower CLG 2014 estimate of 6,040 dwellings (5,560 households) reflects a lower housing growth rate that was evident in the 2012 to 2014 period, and at paragraph 11 concludes that the CLG 2014 estimate therefore provides no evidence for an adjustment to the objectively assessed housing need identified in January 2016. Put another way, the Council's August 2016 update concludes that the CLG 2014 estimate of 6,040 dwellings requires an upward adjustment to equal the CLG 2012 estimate of 6,450 dwellings, which is in addition to the 5% uplift in response to market signals.

**b) What methodological approach has been used, and does it follow the advice set out in the Planning Practice Guidance (under the heading 'Methodology: assessing housing need')?**

**Response**

- 2.2.5 Yes, the methodological approach that has been used does follow the advice set out in the Planning Practice Guidance. Building on the existing evidence base of partner local authorities in the housing market area, the assessment by Cambridgeshire County Council Research Group and Peter Brett Associates follows closely the technical advice in the Objectively

Assessed Need and Housing Targets note prepared for the Planning Advisory Service by Peter Brett Associates (CD: C25). Forest Heath Objectively Assessed Housing Need January 2016 (CD: C26) paragraphs 17 to 19 and Forest Heath District Market Signals and Objectively Assessed Housing Need February 2016 (CD: C25) paragraph 1.3 and Figure 1.1 summarise the method used by Cambridgeshire Research Group and Peter Brett Associates, which follows closely the methodology set out in the Planning Practice Guidance.



**c) A 5% uplift has been applied to the OAN to reflect market signals. What is the reason for this?**

**Response**

2.2.6 A 5% uplift has been applied in response to the exceptionally high level of market rents, which is due to demand from USAFE (United States Air Force in Europe) personnel and their families. The Planning Practice Guidance at paragraph 2a-019-20140306 states that the demographic projection may require adjustment to reflect appropriate market signals. Forest Heath Objectively Assessed Housing Need January 2016 (CD: C26) paragraphs 102 to 129, Forest Heath District Market Signals and Objectively Assessed Housing Need February 2016 (CD: C25) paragraphs 2.1 to 4.16 and Forest Heath Objectively Assessed Housing Need August 2016 (CD: C22) paragraphs 12 to 14 take market signals into account.

2.2.7 The Council's February 2016 (CD: C25) report at paragraph 6.1 concludes that there is little justification for an uplift to the demographic projections. In the base period whose trends the CLG 2012 projections roll forward, 2007-12, the evidence mostly suggests that housing land supply has met demand. But there is one indicator that points in the opposite direction: the exceptionally high level of market rents, which is due to demand from USAFE personnel and their families. The Council's January 2016 report at paragraph 124 concludes that a 5% uplift is an appropriate adjustment to the CLG 2012 projection. The Council's August 2016 update at paragraphs 12 and 13 concludes that a recent average house price increase reflects the lower housing growth rate that was evident in the 2012 to 2014 period and provides evidence that a 13% uplift is an appropriate adjustment to the CLG 2014 projection.

**d) Why has 5% been selected (rather than a different percentage), and what is the justification for this specific figure?**

**Response**

2.2.8 Taking account of the outcomes of three other local plan examinations, the Council's February 2016 report (CD: C25) at paragraph 6.9 concludes that the supply-demand imbalance reflected in the demographic projections for Forest Heath is less than for Eastleigh and Uttlesford and far less than for Canterbury. Therefore a market signals uplift of 5% has been selected. Paragraphs 6.1 to 6.9 of the Council's February 2016 report provide the justification for this specific figure.

2.2.9 Since the February 2016 report (CD: C25), a number of Local Plan Inspectors' reports have addressed market signals uplifts. In South Derbyshire, Stratford on Avon, Swale, Maidstone and Warwick Inspectors found that no uplift was justified. In some instances, there was evidence of some market stress, but this was not judged sufficient to justify an uplift. Examples include past under-delivery in Maidstone, high house

prices in Warwick, and relatively poor or worsening affordability in Cornwall and South Derbyshire was less affordable.

2.2.10 Conversely, Inspectors reporting since February 2016 have recommended market signals uplifts for Central Lincolnshire (3%), High Peak (5%), Luton (10%), Sefton (10%) and Bromsgrove (20%). Luton's uplift was established with reference to Eastleigh. In none of the cases where an uplift has been applied have private rents been identified as the sole indicator justifying a market signals adjustment - so there is no clear precedent on this point. Rather, affordability (which relates to house prices, not rents) it is the main indicator cited by inspectors; this is confirmed at Luton, Sefton and Bromsgrove. On this basis Forest Heath should not have any market signals uplift, because its house price affordability is relatively good.

2.2.11 In short, there is no precedent in recent Inspector's reports to suggest that the 5% market signals uplift for Forest Heath is insufficient.

2.2.12 The Council's January 2016 report (CD: C26) at paragraph 108 finds that Forest Heath has the second lowest average house price of the seven districts in the Cambridge housing market area. Cambridge and South Cambridgeshire Local Plan Examination Objectively Assessed Housing Need: Further Evidence November 2015 (CD: D14) at paragraph 3.41 concludes that market signals for South Cambridgeshire point to 'modest' market pressures, similar to Eastleigh and Uttlesford, which suggests an uplift of 10% to the demographically projected housing need, and at paragraph 3.42 concludes that for Cambridge market signals are similar to Canterbury, which suggests a 30% uplift. The exceptionally high level of market rents in Forest Heath suggests an uplift of more than 0%. The supply-demand imbalance in Forest Heath is less than in South Cambridgeshire and far less than in Cambridge, which suggests an uplift of less than 10%. Therefore the selection of a 5% uplift for Forest Heath follows a consistent approach to assessing housing need within the Cambridge housing market area.

**e) Have employment trends been taken into account? If so, how, and what conclusions are drawn in this regard?**

**Response**

2.2.13 Yes, employment trends have been taken into account, using the East of England Forecasting Model (EEFM). The EEFM's economic forecasts indicate that housebuilding in line with Forest Heath's demographic projection would deliver enough workers to match the district's expected job growth, and also to provide additional net out-commuters to Cambridge and South Cambridgeshire. Forest Heath Objectively Assessed Housing Need January 2016 (CD: C26) paragraphs 82 to 101 and Forest Heath Objectively Assessed Housing Need August 2016 (CD: C22) paragraphs 15 to 17 take employment trends into account.

2.2.14 The Council's January 2016 report takes account of the EEFM 2014 employment forecasts and at paragraph 101 having regard to the growth of the working age population in the housing market area concludes that the demographic projection requires no adjustment. The Council's August 2016 update takes account of the EEFM 2016 employment forecasts and at paragraph 16 concludes that the EEFM 2016 forecast provides no evidence for an upward adjustment to the objectively assessed housing need identified in January 2016.

**f) Overall, has the OAN figure been arrived at on the basis of a robust methodology?**

**Response**

2.2.15 Yes, the OAN figure has been arrived at on the basis of a robust methodology. Alongside the report Forest Heath District Market Signals and Objectively Assessed Housing Need February 2016 by Peter Brett Associates (CD: C25), the report Forest Heath Objectively Assessed Housing Need January 2016 (CD: C26) provides an updated objectively assessed need for housing in Forest Heath for the period 2011 to 2031, which builds on the existing Strategic Housing Market Assessment evidence base, but also takes the opportunity to use any updated other evidence, such as national forecasts and projections, in that process. The update Forest Heath Objectively Assessed Housing Need August 2016 (CD: C22) follows the release of new household projections and economic forecasts since January 2016.

2.2.16 To ensure that the assessment findings are transparently prepared, the reports by Cambridgeshire County Council Research Group and Peter Brett Associates follow closely the standard methodology set out in the national Planning Practice Guidance. Using this approach, the overall assessment of need is an objective assessment of need based on facts and unbiased evidence. Forest Heath Objectively Assessed Housing Need January 2016 paragraphs 17 to 19 and Forest Heath District Market Signals and Objectively Assessed Housing Need February 2016 paragraph 1.3 and Figure 1.1 summarise the methodology used by Cambridgeshire Research Group and Peter Brett Associates.

2.2.17 In their recent representations, objectors have not arrived at another OAN figure.

**The housing requirement set out in Policy CS7**

**2.3 Policy CS7 says that "provision is made for at least 6,800 new dwellings and associated infrastructure to be delivered in the period 2011 to 2031".**

**a) Is this a net figure? If so, should Policy CS7 be clear about it?**

**Response**

2.3.1 Yes, this is a net figure. The Council proposes a modification to the wording of Policy CS7 to include the word “net” (CD: D18).

**b) What infrastructure is provided for and how has this provision been made?**

**Response**

2.3.2 Policy CS13 of the adopted Core Strategy addresses the provision of infrastructure. The proposed wording of Policy CS7 retains the words “and associated infrastructure” from the adopted Core Strategy in order to maintain the completeness of the Strategy as a whole.

**2.4 Paragraph 3.8.2 of the adopted Core Strategy says “The 2005 Housing Needs Assessment identifies that in Forest Heath the affordable need is for 259 new dwellings per annum”.**

**a) Has the identified need for affordable housing been updated since the Core Strategy was adopted?**

**Response**

2.4.1 Yes, the identified need for affordable housing has been updated. Forest Heath Objectively Assessed Housing Need January 2016 (CD: C26) paragraphs 132 to 146 calculate affordable housing need.

**b) What is the need for affordable housing?**

**Response**

2.4.2 The total need for affordable housing that has been calculated is 2,638 houses for 2011-2031. Subtracting total available stock from total gross need, the total net need for affordable housing is 2,638 homes over 20 years, which converts into an annual flow of 132 houses per year. The total need for affordable housing over the plan period is therefore 2,638 new homes, which represents 39% of the overall housing figure.

**c) Will the housing requirement in Policy CS7 ensure that the need for affordable housing will be met? If not, should the housing requirement be increased?**

**Response**

2.4.3 Policy CS9 of the adopted Core Strategy sets a target of 30% of the housing delivered should be affordable (with lower contributions on small sites and Primary and Secondary Villages). Bearing in mind these reduced contributions, the Council has estimated the most likely delivery from planned allocations made through the Site Allocations Local Plan is expected to be 27% affordable provision (this does not make allowance for provision coming forward through rural exception sites or 100% affordable schemes). Over the plan period, if overall housing development is in line with the OAN of 6,800 dwellings and 27% of this total is delivered as affordable units, 1,836 affordable units will be built. This is lower than the affordable need of 2,638 units. Therefore, in line with the



PPG the Council should consider if it ought to lift its provision target above 6,800 dwellings. Forest Heath District Market Signals and Objectively Assessed Housing Need February 2016 (CD: C25) paragraphs 5.5 to 5.11 consider if the housing requirement should be increased and concludes that it is not advisable to increase the housing requirement in order to meet more of the affordable housing need. The reasons are set out below:

2.4.4 Given that the OAN already includes all the demand for market housing, if the OAN were to be uplifted to pay for more affordable housing the Council should consider where market demand over and above the OAN would come from. No neighbouring authority, either in or beyond the housing market area, has asked the Council to accommodate its cross-boundary unmet need. If Forest Heath nevertheless were to provide housing land in excess of its OAN, this could adversely affect demand and hence the take-up of allocated sites elsewhere in the housing market area, contrary to the Memorandum of Co-operation (CD: C14 Appendix 2(i)) and the wider Duty to Co-operate. Therefore, from a market perspective it is not seem advisable appropriate to lift overall housing provision above 6,800 dwellings in order to provide more affordable housing.

2.4.5 The February 2016 PBA report (CD: C25) paragraph 5.1 to 5.4 showed that, in line with national policy and guidance, there is no requirement that the OAN cover affordable need in full. In support of the point it referred to various Inspector's findings, and the King's Lynn High Court judgment (July 2015). Since the PBA report was written, the point has been confirmed and expanded by the Court of Appeal in *Oadby and Wigston v Secretary of State and Bloor Homes Ltd* (October 2016) (CD: D17) . That judgment, which upheld an earlier High Court verdict, confirms that in determining the OAN affordable need should be taken into consideration. It also confirms and strengthens two further elements of the Kings Lynn judgment:

- There is no requirement that the OAN cover the affordable need in full:

In *Oadby and Wigston* the SHMA calculated affordable need as a minimum of 239 dpa (paras 23 and 25 of the judgment). By contrast, the OAN determined by the Inspector for the purpose of the 5YLS calculation, and upheld by the judgment, was 147 dpa. So the Court of Appeal in this case upheld an OAN for all housing much below the affordable housing need – although the OAN of course includes market housing as well.

- There is no requirement that the OAN calculation make a specific allowance for affordable need:

'Faced with making his own assessment of the appropriate level of housing need to inform the conclusion he had to draw under the policy in paragraph 49 of the NPPF, and doing the best he could in the light of the evidence and submissions he had heard, the inspector adopted an approximate and "indicative" figure of 147 dwellings per annum... making

no "specific allowance" for affordable housing... I do not think the court could conceivably regard the inspector's figure of 147 dwellings per annum as irrational, or otherwise unlawful. (para 47).'

2.4.6 This recent judgment confirms the conclusions of the 2016 study. In line with the PPG, the Council should consider an increase in the OAN so that more affordable housing can be delivered. But the outcome of this consideration is a matter of judgment for the Council. There is no requirement that it should increase the OAN, let alone increase it by any particular amount.