



# Hearing Statement for Matter PM1 / 17324 / 19174 / 17788

Endurance Estates (19174), Barratt Eastern Counties and  
the North West Cambridge Consortium of landowners  
(17788) and Bidwells (17324)

May 2016

## **Independent Examinations**

**Cambridge City Local Plan and South Cambridgeshire Local Plan**

**Matter PM1A. Objectively Assessed Housing Need (OAHN)**

**PM1B – 5-Year Housing Land Supply and Proposed Joint Trajectory**

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**Appendix 1 Statement of Common Ground**



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# 1 Introduction

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- 1.1 This Statement responds to Examination Matters PM1A in relation to Objectively Assessed Housing Needs (OAHN) and PM1B in relation to 5-Year Housing Land Supply and the Joint Trajectory. We have previously raised objections to the Councils' approach to OAHN and their associated housing requirements along with the proposed use of a Joint Housing Trajectory through our submissions on behalf of various clients to the Matter 3 (Housing Need) and Matter 8 (Housing Supply) Hearings in January 2015 and submissions to the Cambridge and South Cambridgeshire Local Plan Proposed Modification consultation in January 2016. This submission draws on these previous submissions to respond directly to the questions raised by the Inspector within the Matters and Issues. These are addressed in turn below.

## 2 PM1A Objectively Assessed Housing Needs

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- 2.1 The Councils are currently proposing housing targets of 14,000 dwellings in Cambridge City and 19,500 dwellings in South Cambridgeshire (an increase of 500 dwellings from the submitted version of the South Cambridgeshire Local Plan). Both Councils believe that these targets reflect their individual OAHN. In our previous Matter 3 Written Statement we stated that the housing targets should be at least 17,950 and 24,400 dwellings respectively. However, these did not take account of housing market signals or affordable housing need. These will be considered in this Statement.

**PM1A.1 – Does the further work on objectively assessed housing need (OAHN), carried out by Peter Brett Associates (PBA) for the Councils (RD/MC/040) ensure that the methodology used is now generally compliant with Planning Practice Guidance (PPG). NB Following their letter to the Councils of 29th March 2016 the Inspectors expect this to have been addressed through the preparation of a Statement of Common Ground, which will form the basis for the discussion of any areas of disagreement at the hearings.**

- 2.2 As requested by the Inspectors, we have prepared a Statement of Common Ground (SOCG), which is enclosed in **Appendix 1**. In summary, we do not believe that the additional work undertaken by PBA<sup>1</sup> is now generally compliant with the NPPG because:
- a) **The PBA Report does not remove the constraints placed on the Strategic Housing Market Assessment (SHMA)<sup>2</sup> by the Memorandum of Cooperation<sup>3</sup>.** As such, the projections in the SHMA are still 'policy on' projections. Since the PBA projections do not take into account employment trends because the SHMA projections do (as flawed as that argument is), the Memorandum of Cooperation is still influencing the OAHN.
  - b) **The PBA Report results in a different methodology being applied to OAHN in Cambridge and South Cambridgeshire compared to the rest of the Housing Market Area (HMA).** As the Councils highlight in the SOCG, the SHMA intended for the same methodology to be applied across

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<sup>1</sup> [PBA. November 2015. Cambridge and South Cambridgeshire Local Plan Examination – Objectively Assessed Housing Need: Further Evidence \(RD/MC/040\).](#)

<sup>2</sup> [Cambridgeshire Horizons. 2013. Cambridge Sub Region Strategic Housing Market Assessment \(RD/Strat/090\).](#)

<sup>3</sup> [Cambridgeshire & Peterborough Local Authorities. May 2013. Cambridgeshire and Peterborough Memorandum of Co-operation: Supporting the Spatial Approach 2011-2031 \(RD/Strat/100\).](#)



the entire HMA thereby ensuring that all migration flows were accounted for. By deviating from this in the PBA Report, the methodology of the SHMA is further undermined since this basic principle has not been maintained.

- c) **The PBA Report does not consider the appropriateness of the HMA used in the SHMA.** We maintain that the HMA should not include Fenland, Forest Heath or St Edmundsbury, but should include Uttlesford (as set out in our Matter 3 Statement). This has resulted in housing being distributed to Suffolk that should be located in Cambridge or South Cambridgeshire, or focussed in those LPAs close by that already have strong market synergies.
- d) **Fundamentally, the PBA Report fails to take into consideration employment trends.** As set out above, it is argued that this is because they can be directly compared with the SHMA projections which suggest a similar level of need. This is flawed since projections only become comparable if they include all the same components.

2.3 The detail of these arguments is set out in **Appendix 1** and for brevity is not included here.

**PM1A.2 – Bearing in mind that PPG notes that no single approach will provide a definitive answer, do the OAHN figures of 14,000 new dwellings for Cambridge City and 19,500 new dwellings for South Cambridgeshire provide a robust basis to underpin the provision on new housing in the Local Plans. If not, why not and why are alternative figures to be preferred?**

2.4 We have maintained throughout the Examination that the OAHN should be at least 17,950 dwellings in Cambridge and 24,400 dwellings in South Cambridge, based solely on demographic-led projections and the jobs targets within the respective Submission Local Plans.

2.5 We have reviewed the evidence and discussions on housing market signals. It is clear from the evidence that there are immense pressures on the housing market, particularly in Cambridge City.

2.6 We have also reviewed the Inspector's reports in relation to the examinations of the Canterbury, Eastleigh and Uttlesford local plans:

- a) For the Eastleigh Local Plan, the Inspector identified a worsening affordability as the principal issue. He suggested a cautious approach since Eastleigh was only one part of a large housing market area centred on Portsmouth. He then concluded that uplift of 10% would seem compatible with moderate pressure in the housing market.
- b) For the Uttlesford Local Plan, the Inspector considered uplift in terms of housing market signals and affordable housing need combined. He also suggested 10% uplift overall since affordability appeared to be worsening, although house prices were increasing at a slower rate than much of the rest of the housing market area.
- c) Finally, for the Canterbury Local Plan, the Inspector highlighted the stark difference in the housing market compared to the national average. In this case the Inspector recommended uplifting the OAHN by 30%. However, this did factor in jobs growth, affordable housing need as well as housing market signals.

- 2.7 It is clear that in each case there are particular circumstances to which the Inspector needed to respond. Therefore, whilst these examples provide useful insights, each Local Plan needs to be considered on its own merits.
- 2.8 For Cambridge, it is clear from the evidence that affordability is worsening in the City. This is clearly accepted in the PBA Report, which recommends a 30% increase in the OAHN to respond solely to housing market signals. This degree of uplift is unprecedented – in Canterbury the uplift was in response to employment trends, housing market signals and affordable housing need. We do not believe that such an uplift is appropriate, even for Cambridge when it is only a response to housing market signals. We believe instead that an uplift of 10% would be appropriate in Cambridge to respond to both housing market signals and any residual affordable housing need. This equates to a final OAHN of 19,750 dwellings in Cambridge.
- 2.9 For South Cambridgeshire, it is clear from the evidence that affordability remains an issue. However, there is no evidence of it significantly worsening as was the case in both Eastleigh and Uttlesford. Any adjustment, therefore, would reasonably be less than 10%. Given the substantial uplift already incurred in response to employment trends, it seems unlikely that any uplift would be required for affordable housing need; at 30% of completions, the 24,400 dwellings we propose is needed would include 7,320 dwellings. This is greater than the anticipated affordable housing need of 5,573 dwellings set out in the Council's Matter 3 Statement. Consequently, there seems little justification for any uplift for either housing market signals or affordable housing need, although the 24,400 dwellings OAHN should be considered an absolute minimum. If it wasn't for the uplift generated by employment trends, some uplift would be required for affordable housing need and possibly housing market signals.
- 2.10 **Table 1** summarises our assessment of the OAHN for both LPAs.

**Table 1: Components of OAHN for Cambridge and South Cambridgeshire**

	Cambridge	South Cambridgeshire	Total
Demographic-led need	14,310	15,580	29,890
Employment-led need	3,640	8,820	12,460
Housing market signals	1,800	0	1,800
Affordable housing need			
<b>Total</b>	<b>19,750</b>	<b>24,400</b>	<b>44,150</b>

**PM1A.3 – The OAHN figures are also the housing requirement figures in both plans. What is the relationship between these figures and the 1,000 extra homes which are part of the City Deal?**

- 2.11 The Greater Cambridge City Deal<sup>4</sup> makes clear on Page 6 that the 1,000 dwellings are additional:

*"Investment in infrastructure through Gain Share will enable the acceleration of the delivery of **33,480 houses by 2031**. In recognition of this, local partners are committed to an early review of their local plans beginning in 2019 in order to establish what impact the anticipated changed infrastructure landscape and economic growth in the area might have on housing need and other aspects of spatial and transport*

<sup>4</sup> [DCLG. June 2014. Greater Cambridge City Deal.](#)



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*planning. In addition to this, Greater Cambridge partners commit to the delivery of an additional 1,000 new homes on rural exception sites. This will support the creation, and maintenance of sustainable rural communities in market towns and villages." (emphasis added)*

- 2.12 It is unclear how the figure of 33,480 dwellings was arrived at but it falls between the 33,000 dwellings proposed in the Submission Local Plans at the start of the Examination in November 2014 and the 33,500 dwellings now proposed. The 1,000 dwellings are clearly intended to be in addition to the 33,480 dwellings. Paragraph 2.14 of the Modifications Consultation Report<sup>5</sup> is clearly contrary to this. It states:

*"A main modification is proposed to increase the housing requirement for South Cambridgeshire from 19,000 to 19,500 homes, in response to the findings of the Councils' further evidence work on Objectively Assessed Need for new homes. The Modification goes half way to incorporating the commitment made by the Councils through the City Deal to provide an additional 1,000 dwellings on rural exception sites over the 19,000 figure included in the submitted plan."*

- 2.13 Since the City Deal document is an agreement with all parties that precedes the Modifications Consultation Report, it can only be concluded that the latter is in error and the housing requirements should be adjusted to reflect this.

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<sup>5</sup> [Cambridge City Council & South Cambridgeshire Council. November 2015. Cambridge & South Cambridgeshire Modifications Consultation Report RD/MC/010.](#)



### 3 PM1B - Joint Trajectory

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The Framework (paragraph 47) states, amongst other things, 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. Planning Policy Guidance Ref 010 2a-010-20140306 advises: "Where there is a joint plan, housing requirements and the need to identify a five year supply of sites can apply across the joint plan area. The approach being taken should be set out clearly in the plan." Are there any local circumstances which justify the use of a joint trajectory without a joint plan? If so what are they?

- 3.1 We do not consider that there are any local circumstances which justify such an approach<sup>6</sup>.
- 3.2 Rather, we consider that the local circumstances suggest the opposite and underline why separate housing trajectories for each LPA are essential in order to deliver the new homes required by both Councils to meet their Objectively Assessed Housing Needs (OAHN). As is evident from the Councils' own evidence within the Housing Market Assessment (HMA)<sup>7</sup> and our own previous submissions to the Matter 3 Hearing<sup>8</sup>, both Authorities have high levels of need for housing (particularly affordable housing) and an imbalance between supply and demand fuelled by a lack of delivery in the past that has led to rising house prices and rising waiting lists for affordable housing. These circumstances underline the importance of ensuring that both Councils each urgently deliver their annual housing requirement on a consistent basis since any failure to do so will only exacerbate these issues.
- 3.3 The need for a coordinated strategy for housing between the two Authorities and across the HMA is acknowledged but is in no way unique to these two Authorities such that these would constitute local circumstances which would justify an alternative approach. Rather, it is the expectation of the NPPF (paras 17, 47, 157 and 178-181) and the Duty to Cooperate that all LPAs will work together to achieve this in producing their Local Plans (*our emphasis*).
- 3.4 The two Councils are still proceeding with separate Local Plans for each administrative area, with separate sites identified to meet their individual housing requirements. There has been no cross boundary sharing of housing need between the two Districts with a corresponding change to their housing requirement with both LPAs seeking to meet their own OAHNs in full.
- 3.5 Both LPAs have options available to them in order to identify sites to meet their individual OAHN across the hierarchy and neither has demonstrated why they would be unable to identify sufficient sites to maintain their own rolling 5-year housing land supply in a sustainable manner or that the impacts of doing so significantly and demonstrably outweigh the benefits when assessed against the policies in the NPPF as a whole<sup>9</sup>.
- 3.6 Indeed, it is considered that the proposed approach has been introduced late in the Plan making process to mask deficiencies in the two Councils' housing land supply during the early part (SCDC) and the latter part (Cambridge City) of the Plan period.
- 3.7 Consequently, we do not consider that the proposed use of a joint trajectory complies with Paragraph 47 of the NPPF which requires that, to boost significantly the supply of housing, 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. (*our emphasis*)

<sup>6</sup> PM//CC/2C, PM/CC/2/H, PM/CC/2/K, PM/SC/2/B, PM/SC/2/S, PM/SC/2/U

<sup>7</sup> RD/Strat/090

<sup>8</sup> <https://www.cambridge.gov.uk/matter-3-housing-need>

<sup>9</sup> Paragraph 14 of the NPPF



- 3.8 These conclusions have previously been reached by the Inspector for the Waterbeach Appeals<sup>10</sup> and, more recently, the Inspector in relation to for 18 Boxworth End, Swaversey (APP/W0530/3139078).
- 3.9 Such an approach is therefore not justified, is not effective and is not consistent with national policy and is therefore **unsound**.

**Will the use of a joint trajectory assist in meeting the objectives of the Framework, including the delivery of sustainable development and boosting, significantly, the supply of land for housing?**

- 3.10 The overarching emphasis of the NPPF is on housing delivery and on LPAs 'boosting significantly' the supply of housing. The Councils' proposed use of a joint trajectory heightens the risk that housing delivery in one or both of the Authorities will fall short of what is required to fulfil this fundamental objective of the NPPF. We are concerned that this may simply be a means for each LPA to avoid this responsibility.
- 3.11 Indeed, this is underlined by a review of housing delivery over the last 10 years following adoption of the two Councils' previous plans as outlined in our previous submissions to the Matter 8 Hearings<sup>11</sup>. This highlighted how the over-reliance on New Settlements and large strategic sites within the previous plans has led to housing delivery falling significantly short of expectations. The use of a Joint Trajectory based on a New Settlement-led strategy only heightens the risks that history will repeat itself and will allow the two Councils an excuse to avoid 'significantly boosting' the supply of housing as the NPPF requires.
- 3.12 The proposed approach has been introduced late in the Plan making process to mask deficiencies in the two Councils' housing land supply during the early part (SCDC) and the latter part (Cambridge City) of the Plan period. Indeed, South Cambridgeshire continues to fall short of its annual housing delivery requirements having failed to deliver the required 975 dwellings per annum in any of the first 5 years of the Plan period.
- 3.13 As a result the proposed use of a joint trajectory as set out within the Proposed Modifications does not conform with the NPPF or with the Planning Practice Guidance and the Councils' approach reflects a failure to 'boost significantly' the supply of housing as required by paragraph 47 of the NPPF.

**Is it clear how this approach would work in practice; i.e. how would the five year land supply be calculated and updated?**

- 3.14 It is not clear from the Local Plan modifications or the MoU<sup>12</sup> how the proposed use of a joint trajectory would work in practice. It is considered that insufficient consideration has been given to the practicalities of how to judge whether the Councils are meeting their 5-year housing land supply requirement in accordance with paragraph 47 of the NPPF.
- 3.15 Whilst some of this could be overcome through clearer explanation within the supporting text, it is considered that there would remain fundamental issues of uncertainty in how to determine the Councils' compliance with paragraph 47.
- 3.16 Of particular concern, is that it would be unclear how to determine whether there is a 'record of persistent under-delivery of housing' in order to determine the appropriate buffer. It would not be clear whether this should be judged for each LPA or for both overall and what would happen where performance differs

<sup>10</sup> RD/Strat/330 and RD/Strat/340

<sup>11</sup> <https://www.cambridge.gov.uk/matter-8-housing-supply>

<sup>12</sup> RD/Strat/350.



between the two. In this regard, we have highlighted within our previous submissions to Matter 8 and our representations to the Proposed Modifications consultation that there is evidence of persistent under-delivery of housing in South Cambridgeshire but less so in Cambridge City. It is not clear whether this would mean that a 20% buffer should be applied to the SCDC requirement only or to both or whether they should be judged together?

- 3.17 Given the importance placed on housing delivery within the NPPF it is considered that it is essential that the Councils' performance in terms of maintaining a 5-year supply of deliverable housing sites can be clearly determined otherwise the deliverability of the two Local Plans to meet the OAHN will be but at risk contrary to this fundamental aim of the Framework.

**And is it clear how any failure to provide a five year supply would be resolved?**

- 3.18 As a result, of the issues outlined above, it is not clear how the failure to meet the requirement to maintain a five year housing land supply would be judged in the first place let alone resolved. There is no guidance on this issue within the NPPF and NPPG precisely because this eventuality was not intended by the Government. The difficulties associated with determining compliance with and then remedying any failure to meet this requirement would therefore increase the risks that pursuing a joint trajectory could undermine housing delivery and the need to boost significantly the supply of housing.
- 3.19 Such an approach would be contrary to paragraph 47 of the NPPF and with the Practice Guidance and would therefore be unsound.

**The Memorandum of Understanding (RD/Strat/350) indicated that, as part of the City Deal arrangements, the Councils have agreed to prepare a joint Local Plan and Transport Strategy starting in 2019. Should this commitment be expressly included in the Local Plans?**

- 3.20 Yes this should be clarified within the two Local Plans to provide certainty. It is considered that this would be a more appropriate point for the Councils to pursue a joint trajectory once this new joint plan is in place.



## 4 Conclusion

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- 4.1 We therefore conclude the Councils' approach to calculating the OAHN fails to comply with PPG and their housing requirements do not reflect the full OAHN as required by paragraphs 14 and 47 of the NPPF. Consequently, the housing requirements are not positively prepared, not justified, and not consistent with national policy and are therefore unsound. Accordingly the proposed housing requirements should be modified to **19,750 for Cambridge City** and **24,400 for South Cambridgeshire** respectively. Policies should be amended and additional housing sites identified accordingly.
- 4.2 Similarly, we conclude that the Joint Trajectory is therefore not justified, is not effective and is not consistent with national policy and is therefore unsound. Accordingly, Proposed Modifications PM//CC/2C, PM/CC/2/H, PM/CC/2/K, PM/SC/2/B, PM/SC/2/S, PM/SC/2/U should be deleted and not incorporated in the final Local Plans. Any deficiencies in the Councils housing land supply should be addressed through the allocation of sustainable, deliverable omission sites subject to the Inspectors' conclusions on these.

[2.968 words]



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# Appendices

# Appendix 1

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Statement of Common Ground

**Cambridge Local Plan and South Cambridgeshire Local Plan Examinations**

**Matter PM1A – Objectively Assessed Housing Need (OAHN)**

**Statement of common and uncommon ground regarding OAHN**

This statement seeks to identify common and uncommon ground between the Councils and those representors that made objections to the Proposed Modifications held between 2 December 2015 and 25 January 2016 in respect of whether the Councils' approach to assessing housing need (the SHMA together with the PBA report) is consistent with advice in Planning Practice Guidance (PPG). It addresses the Inspectors' request that where alternative methods of calculating OAHN are being proposed by representors, the SOCG focuses on the key assumptions and methodology used and the implications of these for the outcome of the modelling.

<b>PPG methodology</b>	<b>Council approach</b>	<b>Agreed</b>	<b>Not agreed</b>	<b>If not agreed - representors key assumptions and methodology</b>	<b>If not agreed - Implications for the outcomes of the modelling</b>	<b>Comment</b>	<b>Representors (name and reference)</b>
<p>What is the purpose of the assessment of housing and economic development needs guidance?</p> <p>2a-001-20140306</p>	<p>To identify objectively assessed and evidenced development needs for housing (both market and affordable), the Councils have published:</p> <ul style="list-style-type: none"> <li>Cambridge Sub-Region Strategic Housing Market Assessment (2013, RD/Strat/090)</li> <li>Objectively Assessed Housing Need: Further Evidence (November 2015 – RD/MC/040)</li> </ul>	✓		N/A	N/A	We agree that the purpose of the assessment is to identify a LPA's full objectively assessed needs for both market and affordable housing as set out in paragraph 47 of the NPPF. We do not agree, however, that the two documents listed constitute such an assessment for the purposes of the NPPF.	<p align="center">Endurance Estates (19174), Barratt Eastern Counties &amp; North West Cambridge Consortium of Landowners (17788) &amp; Bidwells (17324)</p>
<p>What is the primary objective of the assessment?</p> <p>2a-002-20140306</p>	<p>The Cambridge Sub-Region Strategic Housing Market Assessment (RD/Strat/090) identifies the future quantity of housing needed across the housing market area and in each local planning authority district.</p> <p>The SHMA is supported by a Population, Housing and Employment Forecasts Technical Report (RD/Strat/080).</p> <p>PBA have prepared the document Objectively Assessed Housing Need: Further Evidence (November 2015 – RD/MC/040), which addresses the issues raised in the Inspectors' letter in relation to the OAHN figures identified in the SHMA in three respects:</p> <ul style="list-style-type: none"> <li>Whether they took adequate account of market signals</li> <li>Whether they should be increased in order to provide more affordable housing</li> <li>Whether they should be reconsidered in the light of the new official household projections published by CLG in February 2015.</li> </ul>	✓		N/A	N/A	We agree that the objective of the assessment is to identify the full objectively assessed housing need including the scale and mix of housing and the range of tenures needed. This includes meeting the needs identified through population and household projections, addresses the need for all types of housing and caters for housing demand as set out in paragraph 159 of the NPPF. We do not agree, however, that the documents listed fulfil this objective.	
<p>What is the definition of need?</p>	<p>The SHMA defines a Housing Market Area comprising Cambridge, East Cambridgeshire,</p>		✓	<p>The LPAs have not responded directly to the question. The</p>	<p>The projections currently being applied (RD/MC/040) do not</p>	N/A	<p align="center">West Cam</p>

PPG methodology	Council approach	Agreed	Not agreed	If not agreed - representors key assumptions and methodology	If not agreed - Implications for the outcomes of the modelling	Comment	Representors (name and reference)
2a-003-20140306	<p>Fenland, Huntingdonshire, South Cambridgeshire, Forest Heath and St Edmundsbury. The SHMA identifies the housing need for the HMA area and the scale of housing supply to meet that need.</p> <p>The Cambridgeshire and Peterborough Memorandum of Co-operation: Supporting the Spatial approach 2011-2031 demonstrates how the OAHN across the housing market area is to be provided for (RD/Strat/100).</p> <p>The PBA report provides further evidence of OAHN in Cambridge and South Cambridgeshire having regard to the issued identified by the Inspectors as affected by the PPG Guidance.</p>			<p>definition of need is set out in the PPG as the scale and mix of housing and the range of tenures likely to be needed in the housing market area over the plan period. This includes the demand for housing in the area, i.e. that from in-migration as a result of economic opportunities or other reasons.</p> <p>We will respond to the issues with the selected HMA in our comments to 2a-010-20140306.</p>	<p>consider employment trends, a significant component of housing need in a growing economy. We will set out our response to this in our comments to 2a-018-20140306.</p>		
<p>Can local planning authorities apply constraints to the assessment of development needs?</p> <p>2a-004-20140306</p>	<p>The needs assessment undertaken in the SHMA and the PBA further evidence does not apply constraints to the overall assessment of need.</p>		✓	<p>A constraint is any proposed policy that influences the outcome of the OAHN (i.e. a 'policy on' scenario). The OAHN should be at least 'policy neutral' (i.e. a continuation of current policies the effects of which cannot be readily disaggregated).</p>	<p>We believe that the Memorandum of Cooperation (RD/Strat/100) constitutes such a constraint by uplifting the OAHN of some outer parts of the HMA at the expense of the core.</p> <p>For example see <a href="#">Cambridgeshire Research Group (January 2016) East Cambridgeshire OAHN</a> which suggests a need for 14,300 dwellings (supporting 25,500 people) but only 7,100 jobs. Based on the 2011 Census, 52.5% of the total usual resident population require employment. A population of 25,500 people would, therefore, need 13,400 jobs, 6,300 jobs more than the number of jobs being proposed. According to the 2011 Census, the commuting ratio was 1.41. The future commuting ratio would be 1.88 (i.e. 13,400 / 7,100) – an increase of 30.5%.</p> <p>Whilst this might be an appropriate policy response to any lack of housing land supply identified in other parts of the evidence base, it should not be used in the OAHN.</p>	N/A	

PPG methodology	Council approach	Agreed	Not agreed	If not agreed - representors key assumptions and methodology	If not agreed - Implications for the outcomes of the modelling	Comment	Representors (name and reference)
<p>Can local planning authorities use a different methodology?</p> <p>2a-005-20140306</p>	<p>The NPPF and PPG state that assessments of housing demand should start with considerations of national household projections; these projections rely upon ONS Sub-National Population Projections (SNPP).</p> <p>The Technical Report's assessment of housing demand starts with ONS SNPP and therefore the original evidence source used is the same as that required by national policy.</p> <p>However, the Technical Report shows that ONS SNPP population projections for Cambridge are implausibly low, due to the migration methodology. These deficiencies are carried forward in to the relevant ONS household projections. While for other areas in the Cambridge HMA ONS population projections look more reasonable, the fact that the same methodology produces such unrealistic projections for one district suggests that the projections are unlikely to be entirely realistic for any district, and caused concern about the consistency of data and approach across the HMA. <b>The authorities working together decided that there was a need to identify consistent housing demand figures across the HMA, including for Cambridge, because it is important to follow the same methodology for all districts, using the same evidence sources.</b></p> <p>Using population instead of households as the starting point for an assessment of future housing demand enables comparison of the widest range of projections and forecasts, both demographic and economic-led. This enables comparison and corroboration between different projections and forecasts, without relying on any single source.</p> <p>The PBA OAHN: Further Evidence report (RD/MC/040) examines the demographic evidence used in the SHMA in the light of the CLG 2012 based household projections as requested by the Inspectors. It concludes that an alternative figure is the most robust trend-based projection available for Cambridge (the PG-10yr –HH12 projection from Edge Analytic). It concludes in paragraphs 2.50 to 2.51 that the most robust demographic projections for both Cambridge and South Cambridgeshire show fewer dwellings than the SHMA.</p>	✓		N/A	N/A	<p>We agree that the PPG allows an alternative methodology to be used, although it strongly recommends against this. We appreciate that the SHMA (RD/Strat/090) pre-dates the PPG; however, the SHMA still needs to comply with the requirements of the NPPF (which it does not pre-date) that makes clear that it is the <u>full</u> objectively assessed housing needs that should be identified which clearly means that no constraints should be applied. As such the OAHN should not be manipulated to meet the housing distribution set out in the Memorandum of Cooperation (RD/Strat/100) but rather provide an unconstrained assessment.</p> <p>The methodology set out in the PPG sets out that adjustments can be made to the official household projections to reflect local circumstances. This is read to mean all parts of the household projections, including the underlying population projections.</p> <p>In relation to the highlighted text in the third paragraph, we agree that it would be appropriate to undertake the same adjustments to the official projections for the rest of the HMA as are required for Cambridge. Without such joined-up analysis it would be impossible to ensure all migration flows were taken account of. This hasn't however happened since the DCLG 2012 household projection is now being applied in South Cambridgeshire and the PG-10yr-HH12 household projection from Edge Analytics is now being applied in Cambridge, whilst the rest of the HMA relies upon the methodology of the 2013 SHMA.</p>	<p>Endurance Estates (19174), Barratt Eastern Counties &amp; North West Cambridge Consortium of Landowners (17788) &amp; Bidwells (17324)</p>

PPG methodology	Council approach	Agreed	Not agreed	If not agreed - representors key assumptions and methodology	If not agreed - Implications for the outcomes of the modelling	Comment	Representors (name and reference)
Who do local planning authorities need to work with? 2a-007-20150320	Cambridge and South Cambridgeshire have assessed their development needs working with each and the other local authorities in the housing market area in line with the duty to co-operate. The SHMA and the Cambridgeshire and Peterborough Memorandum of Co-operation: Supporting the Spatial approach 2011-2031 were both agreed in line with the duty to co-operate (RD/Strat/100).	✓				We agree that the LPAs have worked with other LPAs in their HMA. However: <ul style="list-style-type: none"> <li>• Since the HMA is incorrect (see our response to 2a-010-20140306), the LPAs should have included other authorities in their discussions.</li> <li>• The OAHN should be used to inform the Duty to Cooperate but in this case it appears that the Memorandum of Cooperation (RD/Strat/100) has informed the OAHN.</li> </ul>	Endurance Estates (19174), Barratt Eastern & North West Cambridge Consortium of Landowners (17788) & Bidwells (17324)
What areas should be assessed? 2a-008-20140306	Needs have been assessed for the Cambridge Sub Region HMA, which is also a functional economic area. Chapter 2 of the SHMA sets out information to support the definition of the housing market area. Data is presented on property prices, affordability ratios, changes in prices over time, migration, travel to work areas and travel infrastructure.		✓	According to the PPG a HMA is "a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work". We do not believe that the information set out in Chapter 2 of the SHMA (RD/Strat/090) suggests such a wide area should be included within the Cambridge HMA.	We believe that the HMA should largely reflect the work previously produced for the DCLG <sup>1</sup> and comprise: <ul style="list-style-type: none"> <li>• Cambridge</li> <li>• South Cambridgeshire</li> <li>• East Cambridgeshire</li> <li>• Huntingdonshire</li> <li>• Uttlesford</li> </ul> We believe it should not include: <ul style="list-style-type: none"> <li>• Fenland</li> <li>• Forest Heath</li> <li>• St Edmundsbury</li> </ul>	N/A	
Is there a single source that will identify the assessment areas? 2a-009-20140306	The SHMA in chapter 2 sets out what information has been relied upon in identifying the appropriate assessment area.						
What is a housing market area? 2a-010-20140306	The SHMA defines a Housing Market Area comprising Cambridge, East Cambridgeshire, Fenland, Huntingdonshire, South Cambridgeshire, Forest Heath and St Edmundsbury. In identifying the HMA the constituent authorities have worked together under the duty to co-operate.						
How can housing market areas be defined? 2a-011-20140306	In defining the HMA the SHMA takes into account house prices and rates of change in house prices, household migration and search patterns, and contextual data such as travel to work area boundaries, retail and school catchment areas.						

<sup>1</sup> Coombes, M. Wymer, C. November 2010. Alternatives for the definition of Housing Market Areas (Geography of Housing Market Areas – Paper B).

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<p>What methodological approach should be used?</p> <p>2a-014-20140306</p>	<p>The SHMA relies predominantly on secondary data to inform its assessment of the future need for housing. The SHMA uses population instead of households as the starting point for an assessment which integrates demographic trends and forecasts of future jobs.</p> <p>The PBA OAHN: Further Evidence report (RD/MC/040) and the PBA OAHN Response to Objectors report (RD/MC/-41) follows a different methodological approach to that taken to OAHN in the SHMA, responding to the issues raised by the Inspectors and the NPPG, that was published too late to inform the SHMA or draft Local Plans.</p>	✓		N/A	N/A	We agree with the use of secondary data.	<p>Endurance Estates (19174), Barratt Eastern Counties &amp; North West Cambridge Consortium of landowners (17788) &amp; Bidwells (17324)</p>
<p>What is the starting point to establish the need for housing?</p> <p>2a-015-20140306</p>	<p>The NPPG says that household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need.</p> <p>The starting point for the SHMA assessment across the HMA, which pre-dated the NPPG, is population rather than households. It takes into account the widest range of available employment and population forecasts for comparison and corroboration. This approach has the benefit of not being dependent upon the implausibly low figures for Cambridge identified in household projections published by the DCLG.</p> <p>The PBA OAN Further Evidence document responds to the Inspectors' letter and the PPG by starting with the CLG household projections and taking a more robust alternative figure for Cambridge, the PG-10yr-HH12 projection from Edge Analytic (see the PBA OAHN: Further Evidence report section 2 and in particular paragraphs 2.29, 2.33, 2.40, 2.41 and 2.42).</p> <p>The PPG states that household projections are produced by applying projected household representative rates to the population projections published by the Office for National Statistics.</p> <p>The Councils' approach to household formation rates has been further examined in the PBA OAHN Response to Objectors report (March 2016, RD/MC/041) in section 2 which supports the conclusion of the Further Evidence report (November 2015) that there is no justification for upwards adjustment of the CLG 2012 household formation rates.</p>	✓		N/A	N/A	We agree that the starting point is the DCLG household projections, as set out in the PBA Report (RD/MC/040). We do not dispute the approach taken with regards to household representative rates.	

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	Table 2.1 of the PBA OAHN: Further Evidence report (RD/MC/040) demonstrates that the SHMA approach to needs assessment provides for higher population and household growth in Cambridge and South Cambridgeshire than a range of alternative demographic projections which are based on DCLG household projections.						
Can adjustments be made to household projection-based estimates of housing need?  2a-017-20140306	<p>The PPG states that 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. It says that any local changes would need to be clearly explained and justified on the basis of established sources of robust evidence.</p> <p>The starting point for the SHMA assessment across the HMA is population rather than households, in order to take into account the widest range of available employment and population forecasts for comparison and corroboration and to take account of the implausibly low Cambridge projections.</p> <p>Further explanation and justification is provided in the two PBA reports: OAHN: Further Evidence report (RD/MC/040) and the PBA OAHN Response to Objectors report (RD/MC/41).</p>	✓		N/A	N/A	We agree that the PPG allows for adjustments to be made to the official projections as appropriate and that this has been carried out in the PBA Report (RD/MC/040).	Endurance Estates (19174), Barratt Eastern Counties & North West Cambridge Consortium of Landowners (17788) & Bidwells (17324)
How should employment trends be taken into account?  2a-018-20140306	<p>The SHMA assessment integrates economic forecasts from two independent forecasting models into the methodology: the EEFM and the LEFM. The EEFM is used by the East of England Local Government Association for the purpose of aligning jobs and homes. The employment-led population forecasts from the EEFM are reflected in the overall assessment of future population, leading to an increase in the population forecast in those parts of the HMA - including Cambridge and South Cambridgeshire - where the demographic projections alone would indicate a lower future population figure.</p> <p>The PBA OAHN: Further Evidence report (RD/MC/040) does not consider future employment, because it has already been addressed in the SHMA and because the Inspectors letter has not asked the Councils for further evidence on this matter. It identifies in paragraphs 14, and 3.50 to 3.54 that the Councils have taken account of two alternative housing needs figures: the PBA projections based</p>		✓	<p>The household projections now being applied, as set out in the PBA Report (RD/MC/040), do not take into account employment trends, which is readily accepted by all parties. The argument that this is unnecessary since the original SHMA projections (RD/Strat/090 and RD/Strat/080) did take account employment trends is fundamentally flawed.</p> <p>For projections derived from different models to be comparable it is fundamental that all components that might influence change that are included in one projection are included in the other. This is recognised in paragraph 2.10 of the PBA Report (RD/MC/040):</p>	<p>For the SHMA and PBA projections to be comparable, the PBA projections would need to include employment trends. We believe this has not been done because it would highlight the effect the Memorandum of Cooperation (RD/Strat/100) has had in redistributing housing need (see our comments above in relation to 2a-004-20140306).</p> <p>Using the same formula as applied in our comments to 2a-004-20140306:</p> <ul style="list-style-type: none"> <li>The PBA Report suggests a need for 19,337 dwellings (supporting approximately 36,400 people) in South Cambridgeshire. Based on the 2011 Census, 53.2% of the</li> </ul>	<p>The reference to paragraph 6.3 of the PAS guidance (1st edition, June 2014) is interesting because this chapter of the guidance was completely re-written for the 2nd edition (July 2015) and no similar text appears to now form part of the guidance. It is therefore assumed that PBA, the author of both editions, no longer considers this approach to be best practice.</p>	

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	<p>on demographic trends and market signals; and the SHMA that takes account of future employment. The PBA report indicates a need to increase the South Cambridgeshire figure to take account of demographic trends and market signals, but that no uplift about the SHMA is necessary in Cambridge.</p> <p>The employment-led population forecasts which underpin the SHMA broadly align the growth of the working age population in the housing market area with the growth in jobs: the working age population increases in areas where job numbers are forecast to increase, as migrants are attracted by these jobs. Based on commuting patterns from the 2001 Census, a proportion of the migrants attracted to the area will choose to live in the neighbouring districts, as the area's economy provides employment for residents across the housing market area. The 2011 Census commuting figures indicate a similar pattern.</p> <p>The NPPF and NPPG require assessments of need to be undertaken at HMA and/or functional economic area scale. It is reasonable to take the view that these issues about the balance between jobs and homes should be considered at the same spatial scale. This view is supported by recent Planning Advisory Service (PAS) guidance<sup>45</sup>:</p> <p><i>"The [NPPG] does not say what geography should be used when aligning jobs with housing. In our view it is important to consider the functional economic area (labour market area) as a whole, rather than individual authorities. Many people travel to work across administrative boundaries, so planning for each district in isolation cannot produce the most efficient and sustainable relationships between the location of houses and jobs".</i></p> <p>At the HMA/functional area scale there is a recognisable and appropriate relationship between jobs and houses. The SHMA identifies an additional 81,000 jobs in the HMA between 2011-2031 and a need for 93,000 new homes.</p>			<p><i>"The table below shows the alternative demographic projections. For context it also shows the SHMA figures – which are not directly comparable, because as noted earlier they are based on an integrated approach to economic factors and demographic trends."</i> (emphasis added)</p> <p>It is therefore difficult to understand why the PBA Report later disregards this approach in paragraphs 3.52 and 3.53:</p> <p><i>"In short, there is already in place through the SHMA an analysis of the housing required to support future employment growth. Therefore, there are two alternative housing need figures: the PBA projection, based on past demographic trends and market signals, and the SHMA projections, which take account of future employment.</i></p> <p><i>For South Cambridgeshire the SHMA figure is fractionally below our own need assessment of 19,337 dwellings. Our figure took account of past demographic trends and market signals but not future jobs. The SHMA figure suggests that, if housing is built in line with our assessment, it will provide very slightly more workers than are required to support expected job growth. Hence there is no justification for a 'jobs uplift' to our assessment."</i> (emphasis added)</p>	<p>total usual resident population require employment. A population of 36,400 people would therefore need 19,400 jobs; 2,600 jobs less than the number of jobs being proposed. According to the 2011 Census, the commuting ratio was 1.06. The future commuting ratio would be 0.88 (i.e. 19,400 / 22,000) – a decrease of 16.8%.</p> <ul style="list-style-type: none"> <li>The PBA Report suggests a need for 14,000 dwellings (supporting approximately 27,000 people) in Cambridge. Based on the 2011 Census, 48.8% of the total usual resident population require employment. A population of 27,000 people would therefore need 13,200 jobs; 8,900 jobs less than the number of jobs being proposed. According to the 2011 Census, the commuting ratio was 0.63. The future commuting ratio would be 0.40 (i.e. 8,900 / 22,100) – a decrease of 36.1%.</li> </ul> <p>These are only estimates and do not take account of changes in age structure; however, they do give an indication of the scale of the issue.</p>		
<p>How should market signals be taken into account?</p> <ul style="list-style-type: none"> <li>-Land prices</li> <li>-House Prices</li> <li>-Rents</li> <li>-Affordability</li> <li>-Rate of</li> </ul>	<p>The PPG explains that 'Relevant market signals may include the following: Land Prices – Overcrowding'.</p> <p>The PBA OAHN: Further Evidence report (RD/MC/040) analyses the main market signals: house price change, affordability, market rents, and overcrowding. It excludes two signals: land prices and rates of development explaining that price data</p>	✓		N/A	N/A	No comment.	<p>Estates (19174).Barratt Eastern Counties &amp; NW Cambridge Consortium of Landowners (17788).&amp;</p>

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<p>Development -Overcrowding</p> <p>2a-019-20140306</p>	<p>is unavailable, and that the rate of development is more relevant to delivery and land allocations (buffers and reserve sites) rather than OAHN.</p> <p>PBA OAHN Response to Objectors report (RD/MC/041) further considers market signals in regard to house price changes, affordability and land prices changes concluding in paragraph 5.5 that the facts remain as set out in the Further Evidence report.</p>						
<p>How should plan makers respond to market signals?</p> <p>2a-020-20140306</p>	<p>The PBA OAHN: Further Evidence report (RD/MC/040) recommends a reasonable upward adjustment to the housing numbers derived solely from household projections for Cambridge and South Cambridgeshire. No attempt is made to estimate the precise impact of the increase in housing supply. The uplift of 30% for Cambridge (10,069 lifted to 13,090) is less than the need of 14,000 identified in the SHMA (which includes economic influences) resulting in no change. The 10% uplift for South Cambridgeshire results in a figure that is more than the 19,000 need assessed in the SHMA (17,579 uplifted to 19,337 dwellings). The Proposed Modifications have rounded this increase in OAHN for South Cambridgeshire to a target of 19,500 dwellings.</p>		<p>✓</p>	<p>We agree that uplift is likely to be required to address housing market signals and that this should be greater in Cambridge than South Cambridge. However, as set out above, we feel that employment trends should be taken into account in the PBA projections prior to any uplift for housing market signals.</p>	<p>Our assessment concludes that the OAHN, after taking into account employment trends, would be 17,950 dwellings in Cambridge and 24,400 dwellings in South Cambridgeshire.</p> <p>For Cambridge PBA suggest a need for a 30% uplift based on the conclusions of the Inspector in the Canterbury Local Plan examination. However, this uplift also included employment trends and affordable housing need. To remove the employment trends element, we suggest an uplift of 10%, which would suggest an overall OAHN of 19,750 dwellings.</p> <p>For South Cambridgeshire PBA suggests a need for a 10% uplift. However, given that the ratio of lower quartile house prices to lower quartile earnings appear to still at or just below the 2008 peak, no uplift seems justifiable. Therefore, the overall OAHN would remain at 24,400 dwellings. The total OAHN for both LPAs would therefore be 44,150 dwellings.</p>	<p>N/A</p>	

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<p>What is the total need for affordable housing?</p> <p>2a-029-2014-0306</p>	<p>The local affordable housing need has decreased due to the volatility of registers but is anticipated to remain at a more consistent lower level in future (Matter 3 Statement Appendix 4).</p> <p>The methodologies for calculating overall objectively assessed needs and affordable housing needs are different and they should not be directly compared, as confirmed in national guidance and as discussed in section 4 of the PBA OAHN: Further Evidence report (RD/MC/040). It is also relevant to recognise that a number of people included in the calculation of affordable need are already in housing. Significantly, the functioning of the wider HMA helps meet affordability challenges close to Cambridge.</p> <p>The PBA OAHN: Further Evidence report (RD/MC/040) identifies that South Cambridgeshire should be able to receive enough developer contributions from market housing to meet all of its affordable housing need whereas Cambridge will receive enough developer contributions to meet just under half of its affordable need. The report considers if the Cambridge total housing target should be increased to above the OAHN of 14,000 to help pay for more affordable homes and concludes that it should not. The reasons given are sustainable supply capacity concerns / not preferable policy option, viability, lack of market housing demand from elsewhere in the HMA, potential to impact on housing delivery elsewhere.</p> <p>These conclusions are maintained in the PBA OAHN: Response to Objectors report in section 4.</p> <p>Note that there is an error in paragraph 4.4 of that report – the word disagree should of course read agree.</p>	✓		N/A	N/A	No comment.	<p>Endurance Estates (19174), Barratt Eastern Counties &amp; North West Cambridge Consortium of Landowners (17788) &amp; Bidwells (17324)</p>



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