

FENLAND LOCAL PLAN CORE STRATEGY EXAMINATION MATTER 2: OVERARCHING STRATEGY & TARGETS

Q1.

The basis for the assessment of housing need is unsound because it is unjustified and ineffective.

We do not consider that the Council has conducted an objective assessment of its housing needs. This is because the Council has used a method of assessing its needs that does not constitute an objective assessment of need.

The figure of 12,000 dwellings falls short of the indications provided by the official DCLG Household Projections. The DCLG 2008-Based Household Projection indicates that over the plan period of 2011-2031 some 13,400 households will form. The DCLG 2011 Interim Household Projections indicate that for the first ten years of the plan 2011-2021 some 7,000 households may form. If this is doubled to reflect the latter decade of the plan, then this would indicate that some 14,000 households may form. Although it is based upon the 2011 Census data the HBF attaches less weight to the DCLG 2011 Interim Household Projection because it only projects for the next 10 years. It is therefore of limited use in planning for the period beyond 2021. If this projection is to be used as the basis for assessing need, it would require the Council to make some assumptions about the likely rate of household formation in the second decade of its plan. However, because the 2011 Interim Projections will have reflected a period of recession over the last five years, there is a risk that the 2011 Interim Household Projection may not provide a reliable indicator of household formation for the period 2011-2031. This is why the 2011 Household Projections were labelled as being 'Interim' owing to caution about their usefulness for the period beyond 2021. New household projections reflecting further work by the ONS will be available in the Spring 2014.

Nevertheless, the Government (in the draft National Planning Practice Guidance - dNPPG) considers the official projections to be statistically robust and based on nationally consistent assumptions (dNPPG, ID 2a-017-130729). We consider the indications provided by the official projections to provide a useful benchmark against which to assess the soundness of the Fenland plan.

The 2011 Census shows that the population of Fenland may increase by 22,000 people in the period of 2011-2031. The Council, however, has assumed lower population growth of 18,500 (paragraph 4.17 of the *Housing Evidence Report*, February 2013). The Council justifies its assessment of lower population growth on the grounds of lower than expected house building in the period 2009-2011 (paragraph 4.17). We consider this to be a questionable defence because the Council is drawing upon the recession, and one of the consequences of this - the inability for households to form - as an indicator of future need. The dNPPG advises

that local authorities make allowances in their assessments of need to account for the effects of the recession, such as worsening affordability as a consequence of a supply and need imbalance (ID 2a-020-130729) and to account for actual supply falling below planned supply (ID 2a-019-130729). We are worried that the Council is applying recessionary assumptions as the basis for its plan for the future. The Council is planning for recession rather than growth.

We note that paragraph 2.1.4 of the core strategy notes that Fenland has experienced considerable population and household growth in recent years and that in the last decade from the 2001 Census, with the district's population growing at four times the national average. This is confirmed by comparing the 2001 and 2011 Census results. Given these observations, it is curious why the Council has assumed lower population and household growth.

Secondly, the Council predicts reduced population growth on the basis of higher than average household size (paragraph 4.17). This also has the risk of assuming that recent recessionary events will provide a reliable indicator as a measure of needs up to 2031. It also would appear that the Council is accepting over-crowding, which would be another way of reading the issue of higher household sizes. A higher occupancy ratio could be viewed as just a technocratic way of describing overcrowding. Section 13.2 of the SHMA 2013 shows that in 2011-12 in Fenland there were 229 overcrowded and 273 concealed households. Planning's theoretical justification was once about trying to ameliorate the effects of over-crowding, but nowadays many planning authorities seem to acquiesce to the facts, or worse, plan to ensure that over-crowding will be a planning outcome. Page 21 of Chapter 12 of the SHMA 2012 document highlights this problem. It states that the 2011 Census shows that occupancy ratios did not fall as much between 2001 and 2011 as the DCLG pre-census projections indicated and that one reason might be because housing delivery slowed during the economic downturn.

Despite the statistically robust nature of the official projections, the Council' approach is methodologically different. The methodology deployed is questionable because the Council has derived its assessment on need on the basis of the size of the population it forecasts by 2031 based upon the number and type number of dwellings it considers will be built. This is explained in paragraph 2.1.4 of the *Population, Housing and Employment Forecasts Technical Report*. It says:

“Rather than forecasting housing need, this model predicts the likely population for a given dwelling stock.”

The projected dwelling stock is a combination of historic supply and future planned provision rather than consideration of the 2011 Census. The method followed is reaffirmed in paragraph 4.6.2 of the report. It states:

“the CCC forecast assumes that house-building will be lower between 2010- and 2021 than in recent years, which will slow the rate of population growth.”

And again in paragraph 4.5.2:

“the forecasts indicate the possible population implications of planned and assumed housing development and other demographic change.”

In essence, the Council has considered the number and type of dwellings it considers could be built and the used this to derive its population estimate and the housing need that will flow from this. The method followed is affirmed again in paragraph 4.17 of the *Housing Evidence Report*, February 2013 where the Council states that the lower population forecast *“reflects the application of low expected house-building in Fenland between 2009-2011 – something the national approach is unable to do”*. Indeed, the national official projections do not do this, because the population and household projections are not based upon the number of homes that are considered could be provided by anyone and any one point in time, but on Census data. Therefore, if the Council’s reasoning is followed it becomes inevitable that household formation will be suppressed to a level below the official projections if the recent trend in completions is used as the basis for future forecasting. It also follows that that the occupancy ratio will not decrease because the Council has pre-determined the number and type of dwellings it considers will be built based on past completion trends.

The Council’s approach is based upon the 2001 Census and the dwelling stock that existed in 2001. This is explained in paragraph 2.1.4 of the *Population, Housing and Employment Forecasts Technical Report*. This states that:

“The starting point for the latest CCC forecasts is the 2001 Census, which provides a 2001 dwelling stock figure, to which is added the number of dwellings completed each year to 2010, and the number of dwellings forecast for completion each year from 2011, from the district housing trajectories.”

The problem with this approach is that it is policy-led. It assesses future housing need on the basis of historic under-supply and future planned provision rather than exploring what people need.

Aside from the dubious and non-NPPF compliant nature of the methodology, basing an assessment of need on historic delivery is particularly troubling because figure 1 on page 5 of the *Housing Evidence Report Update November 2013* shows that completions have been below the level of the RS. The poor delivery of recent years would suppress quite markedly the Council’s own population projection.

The problem gets worse when the Council uses future planned supply as another determinate of future need. If the plan is to provide for 11,000 net additions, then the Council has already determined in advance what the future population will be. Rather than providing an objective assessment of need, the housing requirement is a capacity-led figure based upon an assumption by the Council of what it thinks the industry can provide.

Another reason for higher occupancy rates, although not stated by the Council, will be because of the growing problem of affordability. The question of affordability and how this has become a constraint on the ability of households to form over the last decade must be considered. The dNPPG advises that where there are significant affordability constraints as reflected in rising prices and rents and a worsening affordability ratio, then the larger the improvement in affordability is needed and

therefore the larger the additional supply response (ID 2a-020-130729). We note in section 10.2 of the SHMA 2012, table 9, the percentage of households unable to afford homes in various tenures. It shows:

27% are unable to afford a HA rent
57% are unable to afford and affordable rent
47% are unable to afford a lower quartile provide rent
57% are unable to afford private rent; and
65% are unable to afford lower quartile marker purchase.

While Fenland is the cheapest housing district in the sub-region (page 1 of chapter 10) low incomes result in these grave problems of affordability. The overall affordable housing need is for 7,927 dwellings, or 73% of the overall planned supply.

The Council's approach of forecasting the number of dwellings to be built will not address affordability constraints. It embeds the problem of affordability for the next twenty years. The Council's approach is to assume that the problem of affordability is an issue which it is under no obligation to address. This contrasts with the NPPF which seeks a step change in supply to improve affordability and the dNPPG which advises:

“(household) 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. As household projections do not reflect unmet housing need, local planning authorities should take a view based on available evidence of the extent to which household formation rates are or have been constrained by supply.” (ID 2a-015-130729).

The Council chooses a different approach from that advised in the dNPPG. Instead of increasing supply above the trend-level indicated by the official projections to try and address the problem of poor supply in frustrating household formation, the Council plans for a level of supply that falls below the trend-level on the basis of low completions achieved between 2009-2011. It then forecasts future need on the basis of this rate of completions as we have discussed above.

This approach ignores the possibility that previous assessments of housing need were at fault, whether these were undertaken under the auspices of the RS or a Structure Plan. Evidence of a high affordable housing need serves as a corrective to the Council's assessment of need. It provides a way of assessing whether the previous plans of the plan-led 1991 system had been realistic in their assessments of housing need. If there is a high affordable housing need then this suggests a failure by earlier plans to properly and realistically assess need. Furthermore, because the official projections reflect the effects of previous decades of planning policy, including previous unrealistic assessments of need, they tend to downplay the extent of housing need – hence the frequent divergence between the evidence of the high need for homes of an affordable housing tenure and the household projections, with the former often being close to the figure of overall need.

If the predictions of the past were at fault and fewer homes were provided than were needed, this will have resulted in growing problems of affordability and overcrowding. The affordable housing need in Fenland over the plan period is for nearly

8,000 dwellings (table 26, page 40, chapter 12) which is 73% of the overall supply. Housing affordability is an acute issue in the HMA as section 12.3 of the SHMA 2012 acknowledges. All this points to the planned requirement of 11,000 dwellings as inadequate.

Fenland is confronted by evidence of a growing problem of affordability and increasing over-crowding. The Council's response in its new plan is to treat this problem as a *fait accompli* over which it is unable to exert any influence. It not only acquiesces to the facts but plans to ensure that the problem will get worse by suppressing new supply to a level below the trend-based projections on the basis that households cannot afford and so they will be unable to form. This is a self-fulfilling prophecy but also a self-serving one.

Projection-based modelling is an in-exact science. The Council and CCC maintain that the ONS data is less robust than the method which it has chosen to deploy. Equally it could be argued that the Council's own modelling is subject to problems. The Government considers its projections to be sound and statistically coherent. The Council's and CCC's methodology appears more dubious because it is influenced by a) past delivery rates; and b) future planned provision in assessing the future population of the district. As such its modelling is distorted by the effect policies of the past and of the future.

If there are doubts about the official projections then it would be better to plan for contingency and the possibility that housing need may exceed the level the Council has postulated. Exceeding the baseline projection of 13,400 dwellings would be in keeping with the NPPF's exhortation to councils to 'boost significantly' housing supply and to respond positively to wider opportunities for growth (paragraph 17 – core planning principles).

For the reasons stated we do not consider the Council's approach to assessing its housing needs to be sound. To remedy the potentially depressing effect that past poor delivery has had on household formation we consider that the Council would need to increase supply above the official trend level. This would require the Council providing for a level of supply upwards of 13,500 dwellings if the DCLG 2008-based household projection is used as the baseline.

Q2.

The Core Strategy provides no description of how many homes Peterborough will be providing in order to assist with addressing Fenland's unmet needs. It does not quantify this. It is questionable how much weight can be accorded to the *Objectively Assessed Need for Housing – Memorandum of Cooperation, September 2013*, as this was published after the submission of Fenland's core strategy and also very late in the day in the case of Cambridge's and South Cambridgeshire's local plans (closing dates for representations on the submission versions were 30 September and 14 October respectively).

If 12,000 dwellings is the number required to meet Fenland's unmet needs (*Cambridge Sub-Region SHMA 2012*, table 26, chapter 12, page 40, published May 2013) then the plan must be clear that Peterborough City Council will provide for

1000 – the difference between the housing objective need and the planned housing requirement. The argument that Peterborough City Council has already accounted for 2500 dwellings from the Cambridge SHMA is a specious one because Peterborough's housing requirement was established under the RS regime. As such Peterborough's housing requirement in its adopted plan cannot be considered to represent an up-to-date assessment of need in the manner required by the NPPF. Although Peterborough's plan currently provides for a supply of new housing above the trend-level indications provided by projections (both the DCLG 2008 Based and 2011 Interim household projections), Peterborough's strategic role as a pressure valve for the wider Eastern region must also be recognised. If Peterborough's City Plan is providing for 1,000 homes from Fenland then this needs to be documented in the Fenland plan. This is important because when the time comes for Peterborough to up-date its plan, it will need to be clear that Peterborough will need to provide a level of supply above its own objective assessment of need in order to provide for those households not accommodated within the Cambridge sub-region.

The Council maintains that Peterborough is providing 1000 homes for Fenland although this is not documented anywhere in the Peterborough adopted plan of 2011. While we accept that Peterborough would need to have brought forward an RS conforming plan, and an RS conforming plan would have reflected the higher strategy of the RS including Peterborough's appointed role as a pressure valve for the rest of the East of England region (i.e. providing for more homes its own assessments of need might indicate), it is unclear from Peterborough's plan that it is providing for 1000 homes for Fenland. If Peterborough has agreed to provide 1,000 dwellings for Fenland this needs to be documented in the local plan to ensure that this is accounted for in future iterations of the Peterborough plan.

Q3.

We refer to our original representations.

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