

Braintree, Chelmsford, Colchester & Tendring Councils

**Examination of the Maldon District Development Plan
Responses on behalf of the Mid Essex Consortium**

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1 INTRODUCTION

- 1.1 In early January 2015, Barton Wilmore (BW), on behalf of Gladman Developments, submitted a hearing statement to the Independent Examination of the Maldon Local Plan objecting to the plan's proposed housing target of 294 new dwellings per annum (dpa) on the basis it does not comply with national policy. One reason for this objection is that in BW's view Maldon's housing needs assessment covers the wrong geography. The proposed target relates to Maldon alone, which was identified in the Council's SHMA as a separate housing market area (HMA) in its own right. But the BW statement proposes an alternative definition of Maldon's HMA:
- 'There is strong evidence to support the existence of a Colchester HMA, incorporating from Maldon plus Braintree, Chelmsford, Colchester and Tendring'.*
- 1.2 From this, the statement infers that the proposed housing number is contrary to paragraph 47 of the NPPF, which calls for Local Plans to address the objectively assessed need in the housing market area as opposed to the individual authority. For evidence that the 'Colchester HMA' is the correct HMA for Maldon, it refers to Appendix 1, which is a study entitled 'Colchester HMA Objective Assessment of Housing Need'. The study has two purposes: to establish the correct HMA geography and to assess housing need across that HMA. It states that its method is fully compliant with the National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG).
- 1.3 In January / February 2015, after the Maldon Local Plan was submitted for Examination, PBA was appointed by a consortium of local authorities to provide an objective assessment of their housing needs. The consortium comprises Colchester, Chelmsford, Braintree and Tendring. This study area ('Mid Essex') covers all of the alternative HMA proposed by BW except for Maldon. We refer to this study area as Mid Essex. The Mid Essex authorities have been invited by the Maldon EiP Inspector to comment on the BW study and its implications, in no more than 3,000 words.
- 1.4 In the present document we provide that comment on behalf of the Mid Essex authorities. Section 2 below discusses BW's proposed definition of Maldon's HMA and Section 3 looks at their assessment of housing need.
- 1.5 Our comments are concise and focused, but restricted to a critical review of BW's analysis. Because PBA only started work recently, we are not able to offer alternative answers to the questions BW is addressing but we do highlight where BW's assumptions are open to reasonable challenge, and therefore should not be accepted at face value. Our advice draws on a wealth of relevant experience. In particular, PBA wrote the technical advice note on Housing Need and Housing Targets published by the Planning Advisory Service (PAS) in June 2014, based on extensive analysis of good practice.

2 THE PROPOSED HMA

Analysis

- 2.1 In defining a new HMA, BW starts from the nationally recognised Geography of Housing Market Areas developed by CURDS (Newcastle University) and others for the National Housing and Planning Unit (NHPAU).
- 2.2 This is a sensible starting point. But, as noted in the PAS advice note, it is only a starting point. In line with the PPG, the definition should be tested against up-to-date evidence, especially given that it was based on the 2001 Census, which is now superseded by the 2011 Census. In particular, the PPG advises that to qualify as an HMA an area should have a high level of migration containment – so that ‘typically’ at least 70% of house moves starting or ending in the area (excluding long-distance moves) are contained within the area.
- 2.3 The BW study does show updated statistics on past migration, at Figure 3.4. but it does not test these data against the 70% containment criterion in the PPG, nor does it analyse migration in any other way that helps define the HMA. The study’s discussion of these crucial data comprises just one paragraph, which reads in its entirety

‘3.22 More than a quarter of Tendring and Chelmsford in-migrants moved from Greater London over the period analysed. Colchester, Maldon and Braintree demonstrate the strongest inflow from elsewhere in the HMA.’
- 2.4 This may be correct, but it has no bearing on whether Braintree, Chelmsford, Colchester, Maldon and Tendring form an HMA. To show that this is the case, one would need to demonstrate that the authorities in the alleged HMA are tied together by strong links. BW does not attempt this. Our own cursory inspection of Figure 3.4 suggests that these links are weak, well below the 70% threshold in the PPG.
- 2.5 In summary, the BW study’s assertion that Braintree, Chelmsford, Colchester, Maldon and Tendring form an HMA is unsubstantiated.

3 OBJECTIVELY ASSESSED HOUSING NEED

Analysis

Introduction

- 3.1 In this section we provide a critical review of the housing needs assessment in the BW study. Our analysis is informed by the latest (Phase 6) Demographic Forecasts report produced by Edge Analytics for the Essex Planning Offices Association (EPOA), which provides independent evidence to the mutual benefit of all the Essex authorities¹. We also draw on the most recent set of housing and economic / employment projections commissioned by the East of England authorities from Oxford Economics (the East of England Forecasting Model (EEFM)).
- 3.2 Below, our discussion is structured to follow the 'steps' in the overview at Table 10.1 of the BW study. In addition to these steps, the BW study also includes analysis of market signals and references to the Barker review. We do not comment on these elements, because they do not appear to have any material impact on BW's OAN of 4,961 across the alleged HMA and 435 dpa for Maldon district.

Step A –CLG 2011-based projections

- 3.3 At Step A, the study starts from the CLG interim 2011-based household projections. Although this is not explained in detail the report suggests that from 2021 onwards BW have adjusted these projections to incorporate assumptions on household reference rates (HRRs, headship rates) from the 2008-based CLG projections. This lifts household growth above the 'starting point' numbers, because the 2011-based projections took a relatively pessimistic view of household formation, imprinted by the recent deep recession.
- 3.4 Assumptions on headship rates have been subject to much discussion in recent years. The approach adopted by BW is only one of many and is not universally agreed; nor is it necessarily appropriate in all circumstances.
- 3.5 The EPOA presents a more comprehensive analysis of alternative headship rates and their implications. It tests CLG's 2008- and 2011-based rates, and also an average of the two.
- 3.6 For Maldon, the testing shows that the choice of headship rates makes a significant difference to the assessed housing need. Using 2008-based HRRs as opposed to the 2011-based ones, increases the number of dwellings need by around 20%².

¹ Our references are to the most recent report in the series, Phase 6, published in September 2014. The Phase 7 report, which is due shortly and will be the last in the series, will follow the release of the 2012-based CLG household projections

² See table under Paragraph 5.77 of EPOA Phase 6.

Step B – ONS 2012-based SNPP

- 3.7 At step B, the BW study in effect replaces the official projections used earlier with the more recent ONS 2012-based sub-national population projections (SNPP). In converting population to households, this step again uses CLG 2011-based headship rates until 2021 and 2008-based headship for later years. The resulting housing need is almost certainly greater than will be shown in the 2012-based CLG household projections which are due to be published on 27th February. We know this because the CLG has announced that in that new projection it will use the same population-to-households method as the 2011-based release³.
- 3.8 It may be that BW's headship rate assumptions are justified, and in the specific circumstances of Maldon and its neighbours there are valid reasons for expecting headship rates higher than CLG's default assumptions. But in line with the PPG⁴ this view should be sensitivity- tested against alternatives including the CLG 2011-based rates. The BW study, unlike the EPOA one, does not do this.
- 3.9 We would also have expected sensitivity tests to explain the large differences for some districts between 2011 and 2012-based ONS projections. While for Maldon the two are similar, for Tendring they differ by 400 dpa and across the 'Colchester HMA' they differ by 500 dpa. This suggests that there may be errors in the modelling, or there may be a case for further legitimate adjustments as suggested in the PPG⁵.

Step C – 10-year migration

- 3.10 At Step C, the BW study adjusts the projections used earlier to increase the base period used for migration from five to 10 years. The base (or reference) period is the span of year whose migration trends the projection rolls forward. As discussed in the PAS advice note, this is a reasonable alternative to consider: the five years used by the ONS may be too short to support projections that look ahead 15 or 20 years - especially as for individual local authorities, and even sub-regional market areas, migration often fluctuates widely from year to year.
- 3.11 But the advice note also explains that the longer base period may be unhelpful, if it includes times where demographic change was untypical for any reason. Therefore housing needs studies should test alternative base periods, seeking to understand the reasons behind changing migration. The BW study does not do this.
- 3.12 When using a 10-year-based projection as BW does, it is also essential to take a view about Unattributable Population Change (UPC). UPC occurs where an area's population change between the 2001 and 2011 Census is not fully accounted for by ONS's figures on births, deaths and migration. The 2012-based SNPP excludes the UPC from the past migration trend that it projects forward; in effect, it assumes that the UPC is due to errors in the 2001 or 2011 population counts, or both. If in reality

³https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/388308/household_projections_note_for_website.pdf

⁴ Paragraph: 017 Reference ID: 2a-017-20140306

⁵ Paragraph: 017 Reference ID: 2a-017-20140306

the UPC was unrecorded migration, in an area where the UPC was negative the ONS projections will overstate migration.

- 3.13 The evidence suggests that this may be the case for the ‘Colchester HMA’. The Stage 6 EPOA report looks at the UPC in detail. For Tendring, it finds that true net in-migration might have been only 25% of that estimated by ONS and taken forward by BW. Similarly for Maldon, it finds that in reality past net in-migration may have been close to zero, as nearly all the recorded flow is offset by negative UPC. Neil McDonald’s study for Maldon District Council comes to the same conclusion.
- 3.14 So clearly the UPC is a major issue in the ‘Colchester Housing Market Area’ with some areas affected differently to others. In line with the PPG⁶, the BW study should sensitivity-test its projections to consider the impact of different views of the UPC. But it does not do this, indeed does not even mention the UPC. Consequently it may be that the BW calculation grossly exaggerates housing need in the area, especially Maldon and Tendring.

Step D – economic growth

- 3.15 The largest uplift in BW’s needs assessment is derived from an ‘economic uplift’ in Step D. At this step the calculation adjusts migration upwards in order to fill the net new jobs shown in Experian’s standard forecast for the area.
- 3.16 This important calculation is logically inconsistent and therefore invalid. Experian’s current employment forecasts assumes that each area’s population changes in line with the 2012-based SNPP⁷, but, as we have seen, from this same employment forecast BW infers that to support the jobs forecast by Experian will ‘need’ much more population and household growth than shown in the 2012 SNPP.
- 3.17 So BW’s job-led assessment of housing need is internally inconsistent, and therefore not credible. For a robust job-led assessment, BW and the economic forecasters would need to agree with the economic forecasters common assumptions about the factors that link workplace jobs to population and households – including economic activity rates, commuting, double-jobbing and unemployment. The BW study does not do this; indeed it provides very little detail about these assumptions, which are explained in a single paragraph (8.9).
- 3.18 BW’s job-led estimate also contradicts the latest EEFM job forecast from Oxford Economics (OE) (January 2015)⁸ This new model run shows very similar employment growth to Experian for the ‘Colchester HMA’ – 4,700 net new jobs in 2011-31 – but a ‘demand for dwellings’ of only 3,700 net new units. In contrast, BW estimates that 8,693 dwellings are needed to deliver the same number of jobs. Again, BW makes no attempt to explain why its translation of workplace jobs to housing need is different from OE’s.

⁶ (Paragraph: 017 Reference ID: 2a-017-20140306)

⁷ Experian (2014) *Data Guide*, UK Regional Planning Service, September 2014

⁸ <http://www.cambridgeshireinsight.org.uk/EEFM>

Conclusions and implications

- 3.19 BW's assessment of housing need across the 'Colchester HMA' in some respects is potentially open to challenge and in other respects is obviously flawed. Its assumptions on migration, including the Unattributable Population Change, and on housing formation have not been tested and justified as the PPG requires. Its job-led calculations, which lead to a large uplift in the assessed housing need, have no credibility.

4 CONCLUSIONS

- 4.1 The conclusions of the BW study, both on HMA geography and objectively assessed housing need, are not supported by conclusive analysis. Because of this our analysis suggests that the document has not fully complied with the PPG.
- 4.2 Importantly the document has not fully tested the extent of the HMA and the analysis which has been undertaken does not appear to support the key conclusion. The document has no evidence to conclude that Maldon District is part of a Colchester HMA.
- 4.3 We also find that estimated migration data has been used without any detailed testing. Because UPC is significant in this area by not testing the data and making appropriate adjustments the document may be exaggerating housing need.
- 4.4 Finally the upward adjustment for jobs is not supported either by Experian or the more recent EEFM.
- 4.5 It is not uncommon for objectors to put forward alternative assessments such as this. It is also often the case that different professionals disagree about key assumptions in such assessments. But in this case interested parties have not had the opportunities to challenge or fully test the study ahead of the Hearing Sessions. This is either because the document was submitted late or because they are not party to the Maldon examination. Of the Council areas considered by BW to form the Colchester HMA only one, Chelmsford, is a participant to the Examination.
- 4.6 If the Inspector did endorse the assessment, this would undermine the soundness of Maldon's Local Plan. Less obviously, it would also have adverse implications for our client authorities in the Mid Essex Consortium. That is because the study is currently being used to support planning applications in this wider area, on the grounds that it purports to be the only HMA-wide and NPPF-compliant assessment of housing need currently available. Since the study uses a common method for the five local authority areas it covers, any weight afforded to it in a Maldon context would be very difficult to contain within Maldon District.
- 4.7 For these reasons, the BW should carry no weight in the Inspector's consideration of the Maldon Local Plan.