

South Cambridgeshire Local Plan and Cambridge Local Plan Examination in Public

Hearing Statement on behalf of Urban and Civic (Respondent 24293)

C/O:

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Matter PM1A: Objectively Assessed Housing Needs

Modification PM/CC/2/B and supporting modifications
Modification PM/SC/2/H and supporting modifications

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.

1. This statement is submitted on behalf of Urban&Civic Ltd (U&C), pursuant to representations made on the South Cambridgeshire Local Plan Proposed Modifications (respondent reference 24293), specifically Proposed Modifications PM/CC/2/B and PM/SC/2/H.
2. U&C support the further work on OAHN by PBA (RD/MC/040) and to a large degree it is considered to respond effectively to the concerns raised by the Inspectors in their letter to the Councils of 20th May 2015 (RD/GEN/170). There are concerns however regarding the approach taken in response to employment growth, market signals and to affordable housing, all which indicate a further uplift of the OAHN would be sensible.
3. Whilst the Inspectors did not request the Councils to specifically review the impact of future employment, and PBA did not consider this factor, it remains a relevant consideration in ensuring guidance is met with regards to determining OAHN. This includes migration levels that could be affected by employment growth and taken into account where the supply of the labour force supply (working age population) could fall below the number of jobs (paragraphs 17 and 18 of the guidance I.D. 2a-017-20140306).
4. The impact of employment was considered through the SHMA (RD/Strat/090), published in 2013. Its method followed the 2007 SHMA guidance, which is now

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superseded, and therefore did not follow the guidance in the Planning Practice Guidance (PPG) in 2014.

5. There is therefore a disconnect between the updated OAHN evidence in the PBA report and the employment forecasting used in the SHMA. The SHMA is informed by two sources to inform job forecasts: the East of England Forecasting Model and the Local Economic Forecasting Model, which are taken from the Population, Housing and Employment Forecasts Technical Report (RD/Strat/080), and published in 2013. The OAHN evidence, in contrast, uses the 2015 CLG household projections and Edge Analytics 2015 Phase 7 Greater Essex Demographic Forecast, and follows the guidance in the PPG, but they do not specifically consider the impact of employment growth. The two OAHN options that result from the SHMA and PBA work are therefore: a SHMA which includes employment impacts but not market signals; and the PBA further work which takes account of market signals but not employment forecasts.
6. U&C is concerned that this may not ensure jobs and homes are properly aligned in the Cambridge and South Cambridgeshire area. Previous representations made by RLW/DIO referred, for example, to the East of England Forecasting Model (EEFM) High Migration scenario (2013 release) which showed the plans combined identified the need for 1,600 fewer homes than needed but 3,700 more jobs. The consequences of a mismatch between jobs and homes are the adverse effects of worsening affordability, less sustainable commuting patterns and potentially restricting business growth in the key economic sectors synonymous with the 'Cambridge Phenomenon'. In this context, it is considered prudent to apply an additional upward adjustment.
7. There are also concerns regarding the judgements taken by PBA over market signals. U&C agree with PBA in confirming that Cambridge's market has been comparatively restricted which has exacerbated undersupply; Cambridge house price inflation has increased more than comparators and Cambridge city affordability has worsened comparatively in terms of ratio of lower quartile house prices to lower quartile earnings and in terms of market rents (for both the district and the city).
8. It is also apparent that recent trends point to even worse affordability emerging in Cambridge since 2011 (figure 3.4 of PBA further evidence). PBA acknowledge that an uplift is reasonable for both authorities. Proxys have been used for this based upon Inspectors judgements at Uttlesford and Eastleigh (10% uplift) and Canterbury (30% uplift). PBA's response to objectors also refers to Brighton where a 13% uplift was applied by the Inspector (paragraph 3.1 RD/MC/041). In U&C's view the market signals evidence presented by PBA justifies a higher uplift to ensure the local plans help deliver the objectives of the Framework, notably boosting significantly the supply of new housing and supporting sustainable economic growth.
9. Moreover, there are concerns regarding the conclusions reached on affordable housing need. Despite Cambridge City only being able to meet the affordable housing needs of half of its backlog, this is disregarded by PBA because "an increase in the overall target to help deliver affordable housing may undermine housing delivery in other parts of the HMA and it would probably not reduce the local shortage of housing" (Paragraph 4.17). When taken together with uncertainties about providing enough homes to meet the employment growth *and* responding appropriately to market signals, the affordable needs adds further weight to an additional uplift of the OAHN.



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?

10. Representations to the Proposed Modifications submitted by U&C suggested a combined Objectively Assessed Need of 34,600 dwellings (with 20,600 applied to South Cambridgeshire given Cambridge's physical constraints). This was based on evidence presented in representations and statements undertaken by Boyer and GVA on behalf of DIO/RLW (respondent ref. 18277). Further representations were made in November by RLW, and agreed with by U&C, regarding the implications of the 2012-based household projections. Previous evidence suggests using the East of England Forecasting Model (EEFM) High Migration Scenario (2013).
11. The 19,500 figure proposed by PBA includes a 10% uplift on the demographic projection to take account of market signals, as evidenced in the PBA OAHN Further Evidence report (RD/MC/040). In the case of Cambridge, PBA has adopted the SHMA figure of 14,000. PBA's own assessment showed a lower OAHN but this was without taking employment forecasts into account.
12. PBA acknowledge in the further work that there is no fixed empirical or statistical approach to arrive at level of adjustment to address market signals, and refer to the PPG which does not specify the size of adjustment to apply for market signals. PBA do conclude however that an uplift is needed and their evidence points to worsening situation in terms of affordability (see for example figure 3.4) and market rents.
13. It is therefore suggested that a further uplift of 1,100 dwellings is still justified, meaning a combined OAHN of 34,600. Given Cambridge's physical constraints and the close functional relationship between the areas, it is suggested this be applied to South Cambridgeshire yielding an overall OAHN of 20,600. This would represent an overall uplift of 25% for the Greater Cambridge area (Cambridge and South Cambridge combined) on the demographically projected need identified by PBA. This is considered to be reasonable taking into account potential impact of employment growth, market signals and affordable housing needs.

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.

14. The South Cambridgeshire Proposed Modifications Report on Consultation (2016) confirms that the housing requirement was increased from 19,000 to 19,500 homes as a response to the findings of the OAHN evidence by PBA. However, the report also states (in paragraph 2.14) that this modification goes half way to meeting the commitment made by both 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. U&C agree that the relationship between the City Deal 1,000 dwellings and the overall housing requirements could be clearer. For consistency, the full 1,000 should be added to the housing requirements, not just 500 dwellings.