

## Chapter 3 Development Needs

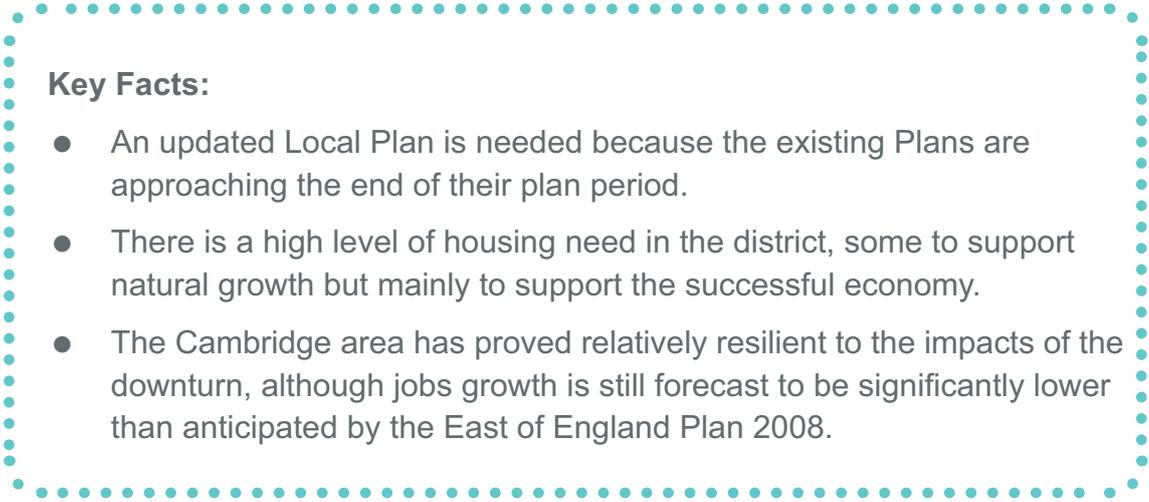


Aerial View of Cambourne, South Cambridgeshire

Blank page

## Chapter 3 Development Needs

- 3.1 The new Local Plan needs to provide for appropriate levels of employment and housing development in the right locations to support the local economy and provide for housing needs. It must do this whilst maintaining the quality of life for residents in existing and new communities, as well as the quality of the natural and built environment.
- 3.2 Local Councils are now responsible for setting their own targets for housing and employment provision, rather than having them imposed from above by a regional plan. Targets have to be justifiable, based on evidence of need, and taking into account any cross-boundary and strategic implications.
- 3.3 If planned levels of development are too low, the risk is that they will not be sufficient to meet demand including for affordable housing and to support the economy, or if too high that they cannot be delivered on the allocated sites, both of which outcomes would encourage speculative proposals to come forward to fill the gap. It is therefore important to get the right balance, with appropriate levels of development in accessible locations, and this is one of the most significant issues for the new Plan.



### Key Facts:

- An updated Local Plan is needed because the existing Plans are approaching the end of their plan period.
- There is a high level of housing need in the district, some to support natural growth but mainly to support the successful economy.
- The Cambridge area has proved relatively resilient to the impacts of the downturn, although jobs growth is still forecast to be significantly lower than anticipated by the East of England Plan 2008.

### Approach to Jobs and Housing

- 3.4 There is a strong link between jobs and homes. Seeking an appropriate balance will support the economy, whilst delivering homes where people can access work in a sustainable way. To only provide for new jobs would be likely to be found to contribute to be unsustainable development, perpetuating the imbalance between homes and jobs in and close to Cambridge and the congestion and emissions that arise from traffic travelling to those jobs. Not supporting jobs could hold back the economy, or lead to higher levels of unemployment.

### Level of Jobs Provision

- 3.5 In order to consider appropriate targets, the Council has explored evidence on how the economy is likely to develop over the next 20 years, and the impact this will have on the number of jobs. This is done through economic forecasting, using complex data on past growth rates, national and regional economic prospects, and growth sectors, to anticipate future growth.
- 3.6 Forecasts undertaken in 2008, carried out during the early part of the economic downturn, anticipated a slow recovery, and therefore that existing planned development would be sufficient to meet long term needs. More up to date forecasts completed in 2012 for the Cambridgeshire local authorities have identified that the Cambridge economy has withstood the downturn better than anticipated, and the earlier forecasts may have been overly pessimistic. In fact, there appears to have been an overall growth in jobs in South Cambridgeshire approaching 4,000 between 2007 and 2011, even though there was a short term dip in total jobs in 2010. A second set of recent forecasts has also been published which gives similar, but slightly higher, forecasts. Further information on the forecasting, and how it has informed the options, can be found in the Initial Sustainability Appraisal Report. These documents can be found on the Council's website:  
[www.scambs.gov.uk/ldf/localplan](http://www.scambs.gov.uk/ldf/localplan)
- 3.7 Nevertheless, the rate of jobs growth is still predicted to be much slower than had been predicted at the time of the last round of plan making and existing planned development will still meet needs over a longer period than anticipated when the current plans were prepared. Over the last 20 years 1991-2011, the total number of jobs increased on average by 1,600 additional jobs per annum, although it dropped to around 1,000 per annum during the early years of the economic downturn 2008 - 2011.
- 3.8 Looking forward, the medium growth forecasting model anticipates that jobs will grow at an average of 1,200 jobs per annum over the 20 years of the plan period, about 75% of the rate of increase in jobs over the last 20 years, giving a total of 23,100 additional jobs over the plan period
- 3.9 The Council has also considered variations to the forecasts, to see what would happen locally if the national economy performed a bit better or worse than expected (if national GDP were to be 0.5% higher or lower than anticipated).
- 3.10 The low growth scenario suggests that the rate of increase in jobs could fall as low as 700 jobs per annum, or a total increase of 14,000 additional jobs over the plan period. This is an extremely pessimistic prediction and most likely would only become reality if there were some prolonged turmoil in international markets over a period of years. This rate of growth is lower than achieved during the post 2008 economic downturn.

- 3.11 The high growth scenario suggests that the rate of increase in jobs could rise to as much as 1,500 additional jobs per annum or an increase of 29,200 jobs. Whilst this isn't quite as high as the rate achieved over the last 20 years, it would be extremely optimistic given the natural slow down in growth of the Cambridge Cluster at this stage in its development, even if there were major changes in economic policy locally. It also seems unrealistic given the current state of the economy and the broadly accepted expectations that it will take some considerable time to recover from the downturn.
- 3.12 It will be important to monitor the progress of the economy during the life of the new Local Plan, and respond to changing circumstances if necessary.

### **Issue 3: Jobs Target**

Drawing on the latest predictions for additional jobs, 3 options for the jobs target for the Local Plan have been identified:

- A. Lower jobs growth – 14,000 additional jobs over the Plan period (700 jobs per year)

*Advantages:*

- Less of an impact on the supply of land
- Would have the smallest impact on demand for new homes

*Disadvantages:*

- Would lead to fewer job opportunities available for people than the 'higher' options
- Is likely to constrain the Cambridge area's economic potential and hinder its role as a world leader in higher education, research and knowledge based industries.

- B. Medium jobs growth - 23,100 additional jobs over the Plan period (1,200 jobs per year)

*Advantages:*

- Would continue to support the Council's vision to demonstrate impressive and sustainable economic growth
- Would maintain the role of the Cambridge area as a world leader in higher education, research and knowledge based industries and supporting wider area
- Would provide the number of jobs predicted to be created over the next 20 years.

*Disadvantages:*

- If the economy performs better than expected it may constrain economic potential
  - Could lead to fewer job opportunities being available for people than higher options.
- C. High jobs growth - 29,200 additional jobs over the Plan period (1,500 jobs per year)

*Advantages:*

- Would continue to support the Council’s vision to demonstrate impressive and sustainable economic growth
- Would maintain the role of the Cambridge area as a world leader in higher education, research and knowledge based industries and supporting wider area
- Would provide for a similar number of jobs to that delivered over the past 20 years, which is more than predicted as the Cluster matures
- This would lead to more job opportunities than the ‘lower’ options.

*Disadvantages:*

- Would have a greater impact on the supply of land
- Would have the largest impact on demand for new homes
- If sufficient housing was not provided there would be an increase in commuting through the district.

To give a comparison, the number of jobs in the district grew by an average of 1,600 jobs per year over the last 20 years, as the Cambridge Clusters were growing at their fastest, and around 1,000 jobs per year overall since the beginning of the economic downturn.

**Question 3:**

**How much new employment do you consider the Local Plan should provide for?**

- Lower jobs growth – 14,000 additional jobs over the Plan period (700 jobs per year)
- Medium jobs growth - 23,100 additional jobs over the Plan period (1,200 jobs per year)
- High jobs growth - 29,200 additional jobs over the Plan period (1,500 jobs per year)

Please provide any comments.

### **Level of Housing Provision – The Past**

- 3.13 Before considering the future level of housing growth it is important to look at what has been achieved in the past. Recent plans for South Cambridgeshire have included relatively high levels of growth, reflecting the economic success of the Cambridge area and the aim to provide more housing close to jobs in and close to Cambridge.
- 3.14 Looking back at housing completions, the Local Plan which covered the period 1991 to 2006 proposed an annual rate of housing delivery of 753 homes per year (11,300 over the 15 year period). During those 15 years, on average 694 homes were delivered each year, so delivery was relatively close to the planned housing levels.
- 3.15 The current plan, adopted in 2007 proposed a step change in the rate of house building to deliver 20,000 new homes between 1999 and 2016, an average of 1,176 homes per year to be delivered. It was anticipated at the time that plan was prepared that the level of completions would not meet the target until later in the plan period once the major developments came forward. Since the current plan was adopted, completions increased significantly reaching 924 and 1,274 homes in 2006 2007 and 2007-2008 respectively during the credit fuelled boom, just before the recession hit. This was also before most of the new major sites had begun to deliver houses. It is reasonable to conclude that higher rates of development could be maintained, with appropriate allocations and market conditions.

### **Level of Housing Provision – Looking Forward**

- 3.16 The forecasting models and past trends in population growth have been used to identify housing options which reflect the alternative jobs growth options identified at Issue 3, and the aim to achieve a better balance between homes and jobs mentioned earlier. The housing numbers are lower than the jobs figures, reflecting that not all households include employed people, such as where residents have retired, and in some households more than one person works. Further information on the forecasting, and how it has informed the options, can be found in the Initial Sustainability Appraisal Report. This document can be found on the Council's website: [www.scambs.gov.uk/ldf/localplan](http://www.scambs.gov.uk/ldf/localplan)
- 3.17 Forecasts for natural population growth over the new plan period (just the growth in population arising from people currently living in the district) would require an additional 8,400 dwellings to be built. However, to plan only for this level of growth would not support the predicted growth in the economy and could either stifle the economic growth or lead to increased commuting through the district with adverse impacts on sustainable development.

- 3.18 A low growth housing target option of 18,500 new homes is based on past trends in population growth, and is considered to reasonably reflect the low jobs growth scenario.
- 3.19 A medium growth housing target option of 21,500 new homes is based on the latest forecasts. This figure is a little higher than considered by the Cambridgeshire Development Study, which fits with the more optimistic forecasts at the start of the downturn. It most closely reflects the medium jobs growth option.
- 3.20 A high growth housing target of 23,500 is also based on the latest forecasts. It most closely reflects the high jobs growth option.
- 3.21 In setting the overall housing target, it is important to consider the high level of need in the district for affordable housing. On the basis of current assessments there is anticipated to be an overall need for affordable housing over the plan period in the order of 14,750 dwellings. Housing developments are the key source of providing new affordable housing, where developers of market housing are required to include a proportion of affordable dwellings. Using the current requirement for 40% of new housing to be affordable, none of the target options for new housing would fully meet the anticipated needs generated by the local population over the plan period, but higher targets would make a more significant contribution.
- 3.22 Housing provision includes provision for Gypsies and Travellers, together the largest ethnic group in South Cambridgeshire. However, Councils are also required to plan specifically for the needs of this group and to set a specific target to meet identified needs over the plan period. This is addressed in Chapter 9: Delivering High Quality Homes.

### **Taking Account of Development Already Planned**

- 3.23 The implications of options for housing growth need to be considered in the context of the current development strategy and the amount of housing that already has planning permission or is allocated for housing development in current plans.
- 3.24 At March 2011 there were 2,897 dwellings already with planning permission but not yet built. In addition, there were also 11,300 dwellings already identified for development in current plans and predicted to have been built by 2031. This includes sites like Northstowe and the planned developments on the edge of Cambridge. This figure is lower than that previously published in the Council's Annual Monitoring Report. This reflects changes in circumstances in relation to two major sites:

- Cambridge East - The revised figure excludes land North of Newmarket Road given current uncertainty about the delivery of that site, which will be explored through the plan making process. No allowance has been made for any development at Cambridge Airport. Cambridge East is covered in detail in Chapter 13: Site Specific Issues.
- Northstowe - The outline planning application for phase 1 has now been received and is due to be determined by the end of 2012. The delay has the effect of reducing the amount of the new town that is anticipated to be built by 2031 to approximately 7,500 dwellings with the remaining 2,000 dwellings coming after that date. Ensuring a realistic figure for the amount of housing to be built at Northstowe in the plan period is an important issue as it affects the amount of new land for housing that the plan needs to allocate.

3.25 Taking permissions and latest predicted delivery from allocations together gives a total housing supply of 14,200 that will go towards each of the housing targets.

#### **Issue 4: Housing Provision**

In order to provide for local housing needs, support the continued success of the local economy, and secure more sustainable patterns of development that will help to reduce commuting, congestion and emissions, an appropriate level of housing should be provided in South Cambridgeshire.

There is a strong relationship between jobs and homes in South Cambridgeshire because part of the provision is to enable people to move into the district to take up work and support the growing local economy and enable it to remain strong and robust into the future.

Therefore there is synergy between the low housing and jobs targets and the same for the medium targets and also the high targets. This needs to be considered in setting the targets for the new Local Plan. The following options are put forward for consideration:

- A. Lower housing growth - Existing plans PLUS sites for 4,300 additional dwellings.

Target of 18,500 dwellings (925 dwellings per year)

##### *Advantages:*

- would provide for locally arising needs
- would limit new development on greenfield land and have least environmental impact.
- would limit the amount of additional traffic arising in the district

##### *Disadvantages:*

- would make the lowest contribution towards meeting affordable housing needs

- may not provide adequate levels of housing to support the local economy depending on the jobs target chosen
- would not help provide a more sustainable pattern of development in the Cambridge area, particularly if higher levels of job creation were planned for
- would lead to increased commuting through the district to access jobs in and around Cambridge
- increase pressure for speculative development

B. Medium housing growth - Existing plans PLUS sites for 7,300 dwellings

Target 21,500 dwellings (1,075 dwellings per year)

*Advantages:*

- would provide for locally arising needs
- would make a better contribution towards affordable housing needs
- would help provide adequate levels of housing to support the local economy and the local recovery from the recession
- would help provide a more sustainable pattern of development with a better balance between housing and jobs in the Cambridge area
- provide a balance between development needs and protecting the environment
- would limit amount of commuting through the district

*Disadvantages:*

- would not meet all affordable housing needs
- would involve more development on greenfield land
- the infrastructure requirements would need to be considered to ensure all key needs can be met

C. High housing growth – Existing plans PLUS sites for 9,300 dwellings

Target 23,500 dwellings (1,175 dwellings per year)

*Advantages:*

- would provide for locally arising needs
- would make the best contribution towards affordable housing needs
- would help provide levels of housing to support the local economy particularly if it performs better than predicted and help provide a more sustainable pattern of development.

*Disadvantages:*

- would be very challenging, if indeed possible, to achieve and so lead to pressures for speculative development
- significant amount of development required would have the greatest environmental impact
- Infrastructure requirements would need to be explored and significant improvements likely to be needed.

**Question 4:**

**A: How much new housing do you consider the Local Plan should provide for?**

- i. Lower housing growth - additional 4,300 dwellings (equal to 925 dwellings per year)
- ii. Medium housing growth - additional 7,300 dwellings (equates to 1,075 dwellings per year)
- iii. High housing growth - additional 9,300 dwellings (equate to 1,175 dwellings per year)

Please provide any comments.

**B: Do you agree with the assumption for delivery of housing at Northstowe of approximately 500 homes per year? This is a technical question aimed mainly at the development industry, although any views are welcome.**

Please provide any comments.

### **Making an Allowance for Windfall Development**

- 3.26 Windfall development is housing that comes forward on land that is not specifically allocated in Plans, for example an infill development in a village coming forward as a result of a planning application. The National Planning Policy Framework allows Councils to take account of future windfalls in their housing numbers if they provide reliable evidence they will come forward.

#### **Issue 5: Windfall Allowance**

Windfall development is housing that comes forward on land that is not specifically allocated in Plans. Over the last 20 years, on average around 200 dwellings a year have come forward from this source. The Council could prepare an evidence base to justify a windfall allowance that would count towards our supply of housing land.

**Question 5:**

**Do you consider that the Plan should include an allowance for windfall development?**

Please provide any additional comments.

### Providing a 5-Year Housing Land Supply

- 3.27 As well as planning for overall housing needs for the plan period, the NPPF requires the Council to maintain a 5 year land supply. This is a list of sites that can actually be delivered within the next five years. It is published each year in the Annual Monitoring Report.
- 3.28 The NPPF also introduces a requirement to provide “an additional buffer of 5% (moved forward from later in the plan period) to ensure choice and competition in the market for land”. It goes on to say that “where there has been a record of persistent under delivery of housing, local planning authorities should increase the buffer to 20% (moved forward from later in the plan period) to provide a realistic prospect of achieving the planned supply and to ensure choice and competition in the market for land” (NPPF, paragraph 47). An issue for the Plan is therefore which approach the Council should take.
- 3.29 The Council has a record of providing significant levels of housing and has a significant level of identified housing supply. The Council has also continued to maintain up to date development plans. However, in recent years it has not had a 5 year land supply against the Core Strategy target, due to some of the larger sites taking longer to come forward than anticipated, although their coming forward later in the period was always part of the strategy.
- 3.30 A 5-year supply of housing land relating to each of the housing targets and the implications of the different buffers would be:

**Figure 3: Table showing impact of 5 year land supply options**

	<b>5 year supply</b>	<b>+5%</b>	<b>+20%</b>
<b>Low growth</b>	4,625	231	925
<b>Medium growth</b>	5,375	269	1,075
<b>High growth</b>	5,875	294	1,175

- 3.31 Whichever buffer is provided for, the Council recognises the importance providing sufficient flexibility in the plan to deal with changing market conditions, as will inevitably be the case over the next 20 years. The plan will need to provide sufficient flexibility in the range, size, type and location of housing allocations to enable a 5-year land supply to be maintained.

**Issue 6: Providing a 5-Year Housing Land Supply**

The Council must be able to demonstrate a 5-year supply of available and deliverable housing land. It must also provide an appropriate buffer that could be brought forward from later in the plan period to make up any identified shortfall when monitored on an annual basis. The normal buffer is 5%. Where there has been “persistent” under delivery, Councils must provide a 20% buffer, effectively an additional year’s supply.

**Question 6:**

**What level of 5-year land supply buffer do you think the Council should plan for that would be capable of being brought forward from later in the plan period?**

- i. 5% buffer; or
- ii. 20% buffer

Please provide any additional comments.