

Cambridge City & South Cambridgeshire Local Plan Examinations

Statement for Matter 3: Housing Need

On behalf of:

North Barton Road Land Owners Group (CCC Id. 5336, SCDC Id. 21302)

Savills (CCC Id. 698) on behalf of St John's College

Pigeon Land/ Lands Improvement Holdings (CCC Id. 5102, SCDC Id. 20801)

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Issue 1: Do the figures of 14,000 new homes (Cambridge City) and 19,000 new homes (South Cambridgeshire) reflect a robust assessment of the full needs for market and affordable housing as required by the Framework (paragraphs 47 and 159)?

Issue 2: Is the methodology used consistent with the advice in the Planning Practice Guidance?

1 INTRODUCTION

- 1.1 This Statement has been prepared by GL Hearn on behalf of three parties - North Barton Road Land Owners Group (Representor ID 21302), St John's College (689) and Pigeon Land (20801) – for Local Plan Examinations of Cambridge City and South Cambridgeshire. The three parties control separate parcels of land on the edge of Cambridge which are currently located within the Green Belt.
- 1.2 GL Hearn (supported by Justin Gardner Consulting) has been engaged since late 2013 to advise the three parties on housing requirements for draft Cambridge Local Plan 2014 (Draft CLP2014) and draft South Cambridgeshire Local Plan (Draft SCLP). In February 2013, GL Hearn prepared a Housing Requirements Report, which was submitted in support of representations to the second Issue & Options consultation stage. In July 2013, GL Hearn undertook a critical review of the evidence base which underpins emerging policies for housing provision within Draft CLP2014 and Draft SCLP. The findings of that review are contained in the Review of Cambridgeshire Housing Evidence Base. In September 2013, GL Hearn prepared a report, entitled *Review of Housing Requirements: Cambridge & South Cambridgeshire*, which was submitted in support of representations to the Pre-Submission Local Plan consultation stages. GL Hearn has updated this Housing Requirements Report to take into account updated ONS demographic data and projections. The Update Report is provided in Appendix 1 of this Statement.
- 1.3 The proposed housing requirement is contained in Policy 3 (Draft CLP2014) and Policy S/5 (Draft SCLP). In summary, the housing requirements are 14,000 dwellings for Cambridge and 21,000 dwellings for South Cambridgeshire between 2011 and 2031.
- 1.4 Representations to Draft CLP2014 and Draft SCLP on the housing requirement are contained in the following documents:

- North Barton Road Land Owners Group: Section 6 of Draft CLP2014 Representations Report and Draft SCLP Representations Report (prepared by Januarys);
 - St John's College: Paragraphs 1.0 and 1.26 within Representation no.27964 (prepared by Savills)
 - Pigeon Land/ LIH: Section 4 of Draft CLP2014 Planning Report and Draft SCLP Planning Report.
- 1.5 GL Hearn has assessed housing need, following the approach set out in the National Planning Policy Framework and Planning Practice Guidance to define the full objectively assessed need for market and affordable housing. In summary, GL Hearn concludes that an objective assessment of need for housing would require provision of 21,200 dwellings for Cambridge (1,060 dwellings per annum) and 25,300 dwellings for South Cambridgeshire (1,265 dwellings per annum). GL Hearn conclude that the Council's approach to identifying objectively assessed needs is not robust and does not comply with the guidance contained in the PPG.
- 1.6 It is unlikely that Cambridge will be able to accommodate all of the dwellings required to meet its objectively assessed housing needs, since most available previously developed land has already been identified and assessed through the Strategic Housing Land Availability process and is allocated in Draft CLP2014. Therefore, there would be a shortfall of approximately 7,200 dwellings in Cambridge arising from Draft CLP2014, which should be met in neighbouring authority areas under the Duty to Cooperate (see Section 33A of Planning and Compulsory Purchase Act 2004, and Paragraphs 156 to 157 and 178 to 181 of the NPPF). In these circumstances, a significant proportion of the housing shortfall arising from within Cambridge should be directed to South Cambridgeshire, with an associated increase in the housing requirement in Draft SCLP.
- 1.7 North Barton Road Land Owners Group, St John's College and Pigeon Land request that the housing need figures in Draft CLP2014 and Draft SCLP are increased as follows:
- minimum of 21,200 dwellings for Cambridge (1,060 dwellings per annum); and,
 - minimum of 25,300 dwellings for South Cambridgeshire (1,265 dwellings per annum).
- 1.8 The requested increase to the housing requirement is subject to capacity within Cambridge and the proper engagement of the Duty to Cooperate between Cambridge City Council and South Cambridgeshire District Council.

2 OVERVIEW

- 2.1 Neither plan is based on the meeting full need for market and affordable housing as required by the Framework. The methodology for establishing need is not consistent with the Planning Practice Guidance - it does not draw together the factors set out in the PPG to derive conclusions regarding housing need; nor does it adopt robust modelling assumptions.
- 2.2 Paragraph 47 of the Framework sets out that to boost significantly the supply of housing, local planning authorities should use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area. Paragraph 159 outlines that this requires identifying the scale, mix and tenure of housing likely to be needed by the local population and which meets household and population projections, including migration; addressing the need for all types of housing, including affordable housing and students; and catering for housing demand and the scale of housing supply necessary to meet this demand.
- 2.3 In addition Paragraph 17 outlines that "plans should take account of market signals, such as land prices and housing affordability, and set out a clear strategy for allocating sufficient land which is suitable for development in their area, taking account of the needs of the residential and business communities."
- 2.4 We have concluded that the level of housing need proposed is unsound for the following reasons:
- A. It will not meet the affordable housing need identified;
 - B. It takes no account of market signals;
 - C. It will not support delivery of the stated economic growth objectives of either plan; and
 - D. It is predicated on a substantial increase in net in-commuting to the Greater Cambridge area (Cambridge and South Cambridgeshire combined) which is not consistent with the stated aims of the plans.
- 2.5 The Councils' assessment of housing need do not take account of the affordable housing needs evidence, nor market signals, in deriving conclusions on housing needs - as the Framework requires. The evidence and strategies for housing and employment within the plans are not integrated. Neither plan can therefore be regarded as sound.
- 2.6 GL Hearn's assessment addresses these issues and the requirements of the NPPF and Planning Practice Guidance and identifies a need over the plan period (2011-31) for:
- 21,200 homes in Cambridge; and
 - 25,300 homes in South Cambridgeshire.

3 MEETING THE AFFORDABLE HOUSING NEED

3.1 The NPPF is clear that plans should meet the full need for market and affordable housing. The Planning Practice Guidance explains that the identified need for affordable housing should be compared against demographic projections, setting out:

"The total affordable housing need should then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market led developments. An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes." [ID 2a-029-20140306]

3.2 The Cambridgeshire Sub-Region SHMA identifies the following levels of affordable housing need and compares these to the overall housing provision proposed (XXXX, Section 12:2, Table 23).

Figure 1: Affordable Housing Need identified in Cambridge Sub-Region SHMA 2013

	Cambridge	South Cambs
Affordable housing need, 2011-31	17,131	11,838
Total Dwelling Change, 2011-31	14,000	19,000
% Affordable Housing / Dwelling Change	122%	62%

3.3 The Cambridge Local Plan proposes a minimum 25% affordable housing provision on sites with capacity for 10-14 dwellings and 40% on sites of 15+ dwellings; with sites of 2-9 dwellings expected to make a financial contribution to affordable housing. Policy H9 in South Cambridgeshire's Local Plan seeks 40% affordable housing provision on developments of 3 or more dwellings.

3.4 On the assumption that affordable housing is secured on all housing sites at a policy compliant percentage, the Cambridge Local Plan as currently drafted would meet potentially at best 33% of the affordable housing need identified, whilst the South Cambridgeshire Plan will meet 64% of the affordable housing need. Both fall significantly short of meeting full need for market and affordable housing as the NPPF requires.

3.5 A current (backlog) affordable housing need of 14,973 households is identified across the two authorities in 2011/12, with 9,592 households in Cambridge and 5,381 households in South Cambridgeshire. This includes 997 homeless, overcrowded and concealed households in Cambridge; and 604 such households in South Cambridgeshire. The Councils have not included overcrowded and concealed households in the calculation of housing need.

3.6 The scale of affordable housing need is such that it is recognised that it would not be feasible to meet it in full in this plan period. However, reflecting the PPG advice, **the Councils should have given consideration to increasing the Plans' overall housing provision to reduce the affordable housing shortfall.** There is clear evidence of a need to do so.

4 TAKING ACCOUNT OF MARKET SIGNALS

- 4.1 Paragraph 17 in the NPPF is clear that plans should take account of market signals. The Planning Practice Guidance is clear that "*the housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of homes.*" [ID 2a-019-20140306] It outlines that upward adjustments to planned housing numbers should be made, where the evidence suggests that this is appropriate, to improve housing affordability.
- 4.2 GL Hearn's analysis of market signals indicates a clear imbalance between housing supply and demand in the Cambridge area, and significant affordability pressures:
- An average house in Cambridge, based on the Nationwide House Price Index, cost £419,000 in Q2 2014.
 - House price growth has significantly exceeded regional and national benchmarks over the longer-term. Between Q2 2008 – Q2 2013 the average house price in Cambridge increased by £51,500, a 21% increase.
 - Typical land values in Cambridge, based on the available data, are the highest of any market nationally outside London, reflecting the shortage of development land.
 - Cambridge is one of the least affordable areas to live in the region. Lower quartile house prices in 2013 were 10.3 times earnings in Cambridge and 8.8 in South Cambridgeshire. This compares to 6.9 across Cambridgeshire and 6.5 nationally.
- 4.3 There is clearly a "crisis of affordability" in the Cambridge area, with clear evidence of a need to increase housing supply to improve affordability.
- 4.4 The deterioration in affordability has had real implications for younger households, with the 2011 Census showing that the proportion of young people in their 20s and 30s able to form households fell notable between 2001-11 in both authorities. The report at Appendix 1 models an upwards adjustment to levels of housing provision to support a recovery in household formation rates for these age groups over the plan period to 2031.
- 4.5 The Councils' own SHMA clearly evidences the high house prices and poor affordability within Cambridge and South Cambridgeshire. However the Councils make no attempt to adjust the level of housing provision to address this over the plan period, as the NPPF and Planning Practice Guidance require.
- 4.6 Indeed taking account of population and employment growth, the plans significantly under-provide the homes which are needed. In effect the Councils are planning to exacerbate the housing affordability problems in the Cambridge area. This is clearly not an approach which is consistent with the Framework.

5 ALIGNMENT BETWEEN HOMES AND JOBS

- 5.1 The two plans both set out clear policies for employment growth. We support the overall levels of employment growth proposed. The level of housing provision proposed is however not aligned with this.
- 5.2 The accompanying report by GL Hearn considers the levels of housing necessary to support provision of 22,100 jobs in Cambridge and 22,000 in South Cambridgeshire (in net terms, 2011-31). It takes account of:
- People working longer, for instance because of planned changes to retirement age;
 - Increasing employment rates for women of all age groups;
 - The potential for some people to hold down more than one job; and
 - The potential for unemployment to fall over time.
- 5.3 A key difference from the Councils' approach is however that it seeks to provide homes for people local to where they live, whilst the Councils assume that net in-commuting to the greater Cambridge area (made up of Cambridge and South Cambridgeshire together) will increase substantially over the plan period. This conflicts with the stated objectives of the plans.
- 5.4 The 2011 Census indicates net in-commuting of over 30,000 people daily to the two authorities (considered together)¹. The Councils modelling of the relationship between homes and jobs is based on the East of England Forecasting Model. Using this and GL Hearn's demographic modelling it is clear that the plans would require an increase in net in-commuting of between 12,000 - 14,500 persons over the plan period from beyond the two authorities. This is not consistent with the plans' stated aims². **The strategies for housing and employment within the two plans are not integrated, as Paragraph 158 of the Framework requires.**
- 5.5 GL Hearn's analysis indicates that provision of 21,200 homes in Cambridge City and 25,300 homes in South Cambridgeshire is necessary to deliver the plans' economic growth objectives and to ensure an integrated strategy for housing and employment .

¹ Net in-commuting of 34,911 to Cambridge and net out-commuting of 4,718 from South Cambridgeshire

² See for instance Cambridge Local Plan 2014 – Draft Submission Plan, Paragraph 2.24

6 OVERALL ROBUSTNESS OF THE COUNCILS' EVIDENCE BASE

6.1 In headline terms, the plans fail the following tests in the NPPF in respect of housing provision:

- Meeting full need for market and affordable housing (Paragraphs 47 and 159);
- Integration of strategies for housing and employment (Paragraph 158);
- Responding to market signals (Paragraphs 17 and 158).

6.2 The methodology used by the Councils is fundamentally flawed; and cannot be regarded as consistent with either the NPPF or advice in the Planning Practice Guidance.

6.3 The Planning Practice Guidance encourages the use of a standard methodology, based on interrogating and adjusting where appropriate official population and household projections. It then sets out that market signals, affordable housing need and employment trends should be considered and housing provision adjusted accordingly.

6.4 Cambridgeshire County Council has used an alternative, simplistic, approach which has been based on reviewing various headline figures for population growth over the 2011-31 period, and then applying regional rather than locally specific "occupancy rate" assumptions to model housing need. The Councils evidence base is flawed in the following respects:

A. It takes no account of the age structure of the population and how this is expected to change over the plan period, nor of the student population, and how these affect household formation;

B. It has not given appropriate consideration to the level of population growth and housing provision which is necessary to support the expected growth in jobs as the PPG requires;

C. It has not considered whether overall housing provision should be adjusted based on the evidence of affordable housing need, as the PPG requires. Its evidence clearly indicates that housing provision should have been adjusted upwards;

D. It has not adjusted upwards overall housing provision to take account of market signals as the NPPF requires. Its evidence clearly suggests that it should have done.

affordable housing need indicates that overall housing provision should be increased

6.5 These issues, combined with the assumptions on growth in in-commuting which are 'built in' to the Councils' modelling work, means that it cannot be regarded as a robust basis for determining a strategy for sustainable development over the next 15+ years. The Strategy is one which can be expected to see affordability issues further worsen, in direct conflict with the Framework.

7 RECOMMENDED HOUSING PROVISION

- 7.1 To provide a balanced provision of jobs and homes across Cambridge and South Cambridgeshire, together with improving affordability (in line with the Framework) enabling younger households to form, GL Hearn identify an objectively assessed need for 21,200 homes in Cambridge City and 25,300 homes in South Cambridgeshire between 2011-31. Planned housing provision should be increased to these levels.

Appendices

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