

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)

October 2014

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Contents

Section	Page
1 OVERVIEW	3
2 MEETING THE AFFORDABLE HOUSING NEED	6
3 TAKING ACCOUNT OF MARKET SIGNALS	7
4 ALIGNMENT BETWEEN HOMES AND JOBS	8
5 OVERALL ROBUSTNESS OF THE COUNCIL'S EVIDENCE BASE	9
6 RECOMMENDED HOUSING PROVISION	10

Appendices

APPENDIX A:	GL HEARN REPORT – REVIEW OF HOUSING REQUIREMENTS IN CAMBRIDGE & SOUTH CAMBRIDGESHIRE (UPDATED REPORT, OCTOBER 2014)	11
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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

APPENDIX A: GL HEARN REPORT – REVIEW OF HOUSING REQUIREMENTS IN CAMBRIDGE & SOUTH CAMBRIDGESHIRE (UPDATED REPORT, OCTOBER 2014)



GL Hearn

Review of Housing Requirements: Cambridge & South Cambridgeshire

Updated Report

October 2014

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Contents

Section	Page
1 EXECUTIVE SUMMARY	5
2 INTRODUCTION	7
3 LOCAL PLAN POLICIES	13
4 THE COUNCILS' EVIDENCE BASE	15
5 ASSESSMENT OF FUTURE HOUSING NEEDS	29
6 SUMMARY AND CONCLUSIONS	51

Appendices

APPENDIX A: DEMOGRAPHIC PROJECTION ASSUMPTIONS	54
APPENDIX B: EMPLOYMENT RATE ASSUMPTIONS	57
APPENDIX C: HEADSHIP RATES BY AGE	59
APPENDIX D: DIFFERENCES FROM SEPTEMBER 2013 STUDY	61

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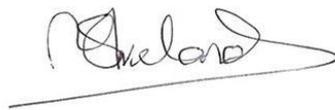
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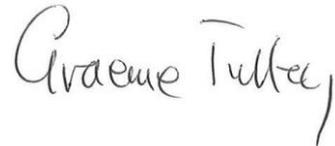
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Limitations

This document has been prepared for the stated objective and should not be used for any other purpose without the prior written authority of GL Hearn; we accept no responsibility or liability for the consequences of this document being used for a purpose other than for which it was commissioned.

1 EXECUTIVE SUMMARY

- 1.1 This report considers the Objectively-Assessed Need (OAN) for housing in Cambridge and South Cambridgeshire. It reviews the evidence underpinning the Proposed Submission Local Plans for the two authorities, finding significant methodological deficiencies in these. To address this it provides a robust, independent assessment of the OAN for housing following the approach recommended in the Government's Planning Practice Guidance (PPG).
- 1.2 The PPG sets out an approach where trend-based demographic projections provide a 'starting point' for assessing housing need; but then identifies that other factors which need to be overlaid to consider whether the assessment of housing need should be adjusted. These are market signals, which consider the supply-demand balance and affordability of housing; economic trends and projections; and the assessed need for affordable housing.
- 1.3 The councils' approach to assessing housing need has to be compare headline figures from various projections/ forecasts for population growth of the Cambridgeshire authorities between 2011-31/36. To project the implications on housing provision, the population has been compared to the dwelling stock in 2011 to derive an 'occupancy ratio.' This ratio is then projected to fall over time in line with pre-2007 trends at the regional level.
- 1.4 This simplistic approach is not consistent with that recommended in the Planning Practice Guidance, no standard industry practice. It takes no account of population age structure and household structures, nor the influence of the student population, and in each case these are expected to change over the 2001-11 plan period and the implications of this – including on the size of the labour force. The particular impact of this is that the councils' analysis in particular under-estimates the level of population growth and housing provision necessary to accommodate the growth in the workforce.
- 1.5 There is a thus a fundamental misalignment in the plans between policies for housing provision and the economic aspirations of the plans. This report demonstrate that the plans are in effect planning for a net increase in in-commuting of between 12,000 – 14,500 homes to the two authorities combined, i.e. from outside South Cambridgeshire. The planned net increase in in-commuting to Cambridge is of over 8,000 persons daily. This is set against a context whereby the 2011 Census has shown that 54% of people working in Cambridge commute into the City to work with a net in-commuting of over 30,000 persons into two authorities combined. A strategy which is fundamentally encouraging longer-distance commuting cannot be regarded as sustainable.
- 1.6 To provide a balanced strategy to support the economic objectives of the plan, GL Hearn identifies that 44,000 homes would be needed over the 2011-31 plan period.

- 1.7 There is a further substantive issue. The Planning Practice Guidance is clear that market signals and evidence of affordable housing need should be considered in drawing conclusions regarding OAN. Where the evidence points to significant affordability issues and a shortage of affordable housing, it is clear that housing provision should be adjusted upwards to address these issues. Whilst the councils' evidence base considers housing market dynamics and the need for affordable housing, there is no evidence that the councils have taken these issues into account in determining what the full need for market and affordable housing need is, in accordance with the Framework.
- 1.8 To meet the affordable housing need in full, the Cambridgeshire SHMA indicates that 88% of all new housing across the two districts would need to be affordable. This is neither feasible nor desirable. If 40% of new housing was delivered as affordable housing (which in reality is unlikely to be feasible), 2,141 homes would be needed per year in Cambridge and 1,480 homes per year in South Cambridgeshire to meet the affordable need in full. There is clear evidence of a need to increase housing provision to deliver the required affordable housing.
- 1.9 GL Hearn's analysis of market signals indicate 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.
- 1.10 There is clearly a "crisis of affordability" in the Cambridge area, with clear evidence of a need to increase housing supply to improve affordability.
- 1.11 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. GL Hearn therefore 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.
- 1.12 To both support the economic objectives of the plan and improve affordability, as the NPPF requires, GL Hearn conclude that that 21,200 homes would need to be provided in Cambridge, and 25,300 in South Cambridgeshire over the 2011-31 period. This represents the full, objectively assessed need for housing in the two authorities.

2 INTRODUCTION

Introduction

- 2.1 Cambridge City Council (CCC) and South Cambridgeshire District Council (SCDC) have both published their respective Proposed Submission Local Plans for consultation:
- Cambridge Local Plan 2014: Proposed Submission (July 2013); and
 - South Cambridgeshire Local Plan: Proposed Submission (July 2013).
- 2.2 This report considers the level of housing provision proposed by the two Councils, and the degree to which this meets the requirements of national planning policy to meet full objectively, assessed housing need within the housing market area.
- 2.3 GL Hearn prepared an initial report in September 2013 which informed representations by various parties as part of the Proposed Submission on the Plan.
- 2.4 This **Updated Report** has been updated to inform the Hearing Sessions to be held in 2014. It has been updated to take account of:
- Planning Practice Guidance issued by Government in March 2014 on *Housing and Economic Development Needs Assessments*;
 - The latest demographic data – specifically the ONS 2012 Sub-National Population Projections; and
 - Further data relating to market signals which take account of recovery in the housing market during the course of late 2013 and the 1st half of 2014.
- 2.5 The report reviews relevant national planning policy and guidance, considers the councils' evidence base regarding housing provision, and includes an independent assessment of housing needs taking account of the latest data available and Government guidance on assessing housing needs.
- 2.6 This report has been prepared by GL Hearn. The demographic projections within it are prepared by Justin Gardner Consulting. GL Hearn and Justin Gardner Consulting working together have a national track record of advising local authorities on assessing future housing need through the preparation of Strategic Housing Market Assessments (SHMAs). Since 2010 we have advised over 80 different local authorities in England on these issues.

National Planning Policy Framework

- 2.7 The National Planning Policy Framework (NPPF) was published in March 2012. It sets out that the purpose of planning is to help achieve sustainable development.
- 2.8 The Framework set out a presumption in favour of sustainable development (para 14). It sets out that for plan making this means:

- Local planning authorities should positive seek opportunities to meet the development needs of their area;
- Local Plans should **meet objectively assessed needs, with sufficient flexibility to respond to rapid change**, unless:
 - any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework as a whole; or
 - specific policies in the Framework indicate development should be restricted.

2.9 Core planning principles which should underpin both plan-making and decision-making are set out in Paragraph 17. The third of these is relevant to determining housing provision, and outlines that planning should proactively drive and support sustainable economic development to deliver the homes, business and industrial units, infrastructure and thriving local places that the country meets. **Every effort should be made objectively to identify and then meet the housing, business and other development needs of an area, and respond positively to wider opportunities for growth.** 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 residential and business communities.

2.10 In Paragraph 18, the Framework reaffirms the Government's commitment to economic growth. It sets out that local plans should set out a clear economic vision and strategy for their area which positively and proactively encourages sustainable economic growth.

2.11 Paragraph 47 clearly outlines that the Government's ambition is to **significantly boost the supply of housing**. To do so LPAs 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, as far as is consistent with policies in the Framework. This is reaffirmed in Paragraph 50.

2.12 A Local Plan is required to set out the strategic priorities for the area, including the homes and jobs needed. In paragraph 158 the Framework outlines that: local plans should be based on adequate, up-to-date and relevant evidence about the economic, social and environmental characteristics and prospects of the area. Local planning authorities should ensure that their **assessment of and strategies for housing, employment and other uses are integrated and take full account of relevant market and economic signals**. The importance of this has been reaffirmed by Government in Planning Practice Guidance on Housing and Economic Development Needs Assessments¹.

2.13 Paragraph 159 outlines that a **Strategic Housing Market Assessment (SHMA) should form the key part of the evidence base for policies for housing provision**. This should assess full housing needs, working with neighbouring authorities where housing market areas cross

¹ CLG (March 2014) *Housing and Economic Development Needs Assessments*.

administrative boundaries. The paragraph outlines that the Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which:

- meets household and population projections, taking account of migration and demographic change;
- addresses the need for all types of housing, including affordable housing and the needs of different groups in the community;
- caters for housing demand and the scale of housing supply necessary to meet this demand.

Planning Practice Guidance

2.14 New Planning Practice Guidance was issued by Government in March 2014 on ‘Assessment of Housing and Economic Development Needs’. This is relevant to this SHMA in that it provides clarity on how key elements of the NPPF should be interpreted, including the approach to deriving an objective assessment of the need for housing. The approach in this report takes account of this Guidance.

2.15 The Guidance defines “need” as referring to “the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period – and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet this need.” It sets out that the assessment of need should be realistic in taking account of the particular nature of that area (for example geographical constraints and the nature of the market area), and should be based on future scenarios that could be reasonably expected to occur. It should not take account of supply-side factors or development constraints. Specifically the Guidance sets out that:

“plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historical under performance, infrastructure or environmental constraints. However these considerations will need to be addressed when bringing evidence bases together to identify specific policies within development plans.”

2.16 The Guidance outlines that estimating future need is not an exact science and that there is no one methodological approach or dataset which will provide a definitive assessment of need. It sets out that the starting point for establishing the need for housing should be the latest household projections published by the Department for Communities and Local Government (CLG). . It sets out that assessments should be informed by the latest official population and household projections. The latest population projections are the 2012 Sub-National Population Projections published by ONS in May 2014.

2.17 It sets out that there may be instances where these national projections require adjustment to take account of factors affecting local demography or household formation rates, in particular where

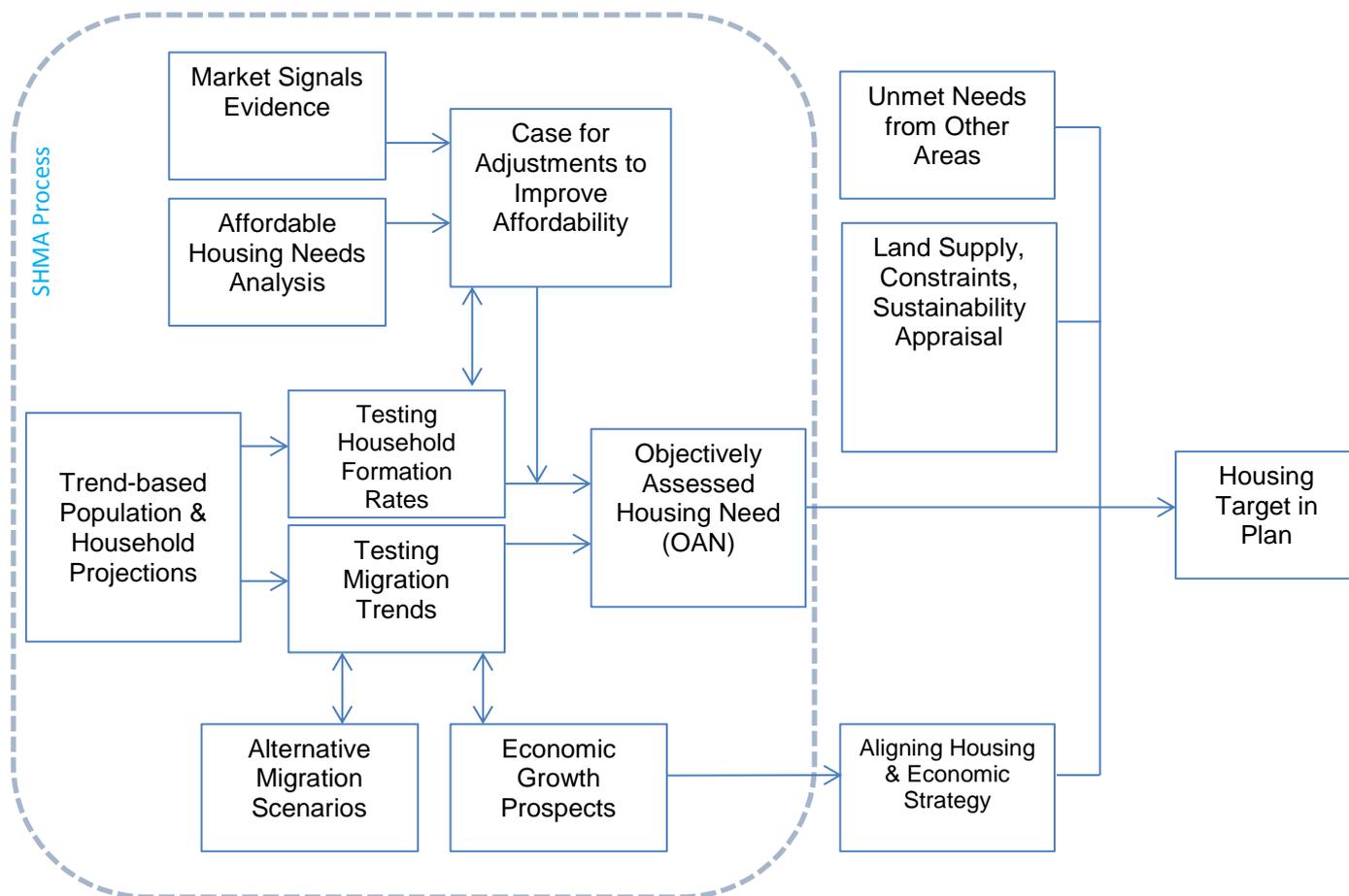
there is evidence that household formation rates are or have been constrained by supply. It suggests that proportional adjustments should be made where the market signals point to supply being constrained relative to long-term trends or to other areas in order to improve affordability. It is clear that where market signals point to a worsening trend or affordability constraints, an upward adjustment to housing numbers based on demographic projections will be required. It sets out:

“The more significant the affordability constraints (as reflecting in rising prices and rents, and worsening affordability ratio) and the stronger other indicators of high demand (eg the difference between land prices), the larger the improvement in affordability needed and, therefore, the larger the additional supply response should be.”

- 2.18 Evidence of affordable housing needs is also relevant, with the Guidance suggesting that the total affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing. An increase in the total housing figures in the plan should be considered where it would help to deliver the required number of affordable homes.
- 2.19 In regard to employment trends, the Guidance indicates that job growth trends and/or economic forecasts should be considered having regard to the growth in working-age population in the housing market area. It sets out that where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility and other sustainable options such as walking and cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing and infrastructure development could help to address these problems. It cautions against reducing migration assumptions based on economic evidence unless this approach is agreed with other local planning authorities under the duty to cooperate.
- 2.20 To summarise the Guidance, it is suggesting an approach where the starting point is the latest official demographic projections (suitably extended to address the relevant plan period as appropriate). There are then a number of ‘tests’ which need to be considered:
- Is there evidence that household formation rates in the projections have been constrained? Do market signals point to a need to increase housing supply?
 - How do the demographic projections ‘sit’ with the affordable housing needs evidence, and should housing supply be increased to meet affordable needs?
 - What do economic forecasts say about jobs growth? Is there evidence that an increase in housing numbers would be needed to support this?

2.21 The diagram below seeks to summarise the approach set out in the Planning Practice Guidance to defining housing need; and housing targets within development plans.

Figure 1: Overview of Approach in PPG



Report Purpose and Structure

2.22 The principal purpose of this report is to assess the evidence base regarding housing need for Cambridge and South Cambridgeshire and the degree to which this is consistent with policies in the NPPF and the Planning Practice Guidance.

2.23 The Planning Practice Guidance was finalised subsequent to the submission of the Plan. However the Guidance comes into place at the point at which it was published (March 2014). It is thus relevant in considering housing need through the plan examination. This updated report takes account of the 2012 Sub-National Population Projections and final version of the Practice Guidance.

2.24 We find that the Council's evidence base does not meet the requirements of the NPPF and the Council's evidence is not consistent with the Planning Practice Guidance. The report therefore updates elements of the Councils' evidence base in the areas in which we consider it deficient. This is used to establish the objectively-assessed need for housing in Cambridge and South Cambridgeshire.

2.25 The remainder of the report is structured as follows:

- Section 3: Local Plan Policies;
- Section 4: The Council's Evidence Base;
- Section 5: Assessment of Future Housing Needs;
- Section 6: Summary and Conclusions.

3 LOCAL PLAN POLICIES

3.1 Cambridge City Council (CCC) and South Cambridgeshire District Council (SCDC) have both published their respective Proposed Submission Local Plans for consultation:

- Cambridge Local Plan 2014: Proposed Submission (July 2014); and
- South Cambridgeshire Local Plan: Proposed Submission (July 2013).

3.2 In this section we summarise below the policies in each of these respective plans regarding future housing provision (and the associated context to these).

3.3 The two authorities have worked closely in developing their respective plans and have a joint evidence base, and thus the report deals with the evidence and policies regarding housing need in both plans.

Cambridge Local Plan

3.4 The Cambridge Local Plan Proposed Submission outlines that the population of Cambridge was 123,900 in 2011² and that it is predicted that by 2031 the population will reach 150,000³. The expected growth in population is based on a triangulation of projections within the Cambridgeshire County Council (April 2013) *Population, Housing and Employment Forecasts Technical Report*.

3.5 This objective assessment of housing need is underpinned by this joint technical report undertaken by the councils in Cambridgeshire, together with Peterborough City Council and an update to the Strategic Housing Market Assessment (SHMA) for the Cambridge Housing Market Area. The plan set out that this confirmed that Cambridge's need was for 14,000 additional homes and 22,100 jobs between 2011-31⁴. The plan sets out to meet this need in full. The spatial approach for distributing development in the plan has been jointly developed by CCC and SCDC covering both administrative areas. The following distribution is set out, covering development over the 2001-31 plan period:

- Cambridge Urban Area: 6,661 homes (20%)
- Cambridge Fringe Sites: 11,891 homes (35%)
- New Settlements: 10,335 homes (31%)
- Villages: 4,748 homes (14%)
- Total: 33,585 homes

3.6 The plan supports economic development, with a particular emphasis on growth of the nationally-significant "Cambridge Cluster" of knowledge-based industries and institutions and other existing

² Census 2011

³ Para 1.8, presumably based on the technical modelling by Cambridgeshire County Council which supports the plan

⁴ Para 2.17

clusters in the city, building on existing strengths in 'knowledge-based' activities. It seeks to ensure sufficient land is made available to allow the forecast of 22,100 jobs⁵ to be achieved and sets out that the Council will support this level of forecast employment growth⁶ which is based on forecasts from the East of England Forecasting Model⁷.

- 3.7 The plan sets out that it will also seek to accommodate growth of the universities – Cambridge University and Anglia Ruskin University. It outlines that the University of Cambridge plans to grow undergraduate numbers by 0.5% a year and postgraduates by 2% a year in order to maintain its global success⁸.

South Cambridgeshire Local Plan

- 3.8 The South Cambridgeshire Local Plan Proposed Submission also plans to meet objectively-assessed needs in the District over the 2011-31 period – for 22,000 additional jobs to support the Cambridge Cluster and provide a diverse range of local jobs; and for 19,000 new homes, including affordable housing, and 86 Gypsy & Traveller pitches (Policy S/5).
- 3.9 The identified housing need is again underpinned by the 2012 Cambridge Sub-Region Strategic Housing Market Assessment. For jobs, the plan sets out that the findings of two different economic forecasting models alongside a range of national and local demographic forecasts have been considered. The employment levels proposed, the plan outlines, "will help maintain the role of the Cambridge area as a world leader in higher education, research and knowledge based industries and the important role of South Cambridge, including a number of major research parks."⁹ The spatial approach to development proposed is as described above.
- 3.10 The Plan references the Memorandum of Cooperation (May 2013) agreed by the Cambridgeshire authorities and Peterborough City Council which indicates that the full objectively assessed needs of the Cambridge Sub-Region housing market area will be addressed within these authorities. This confirms that South Cambridgeshire and Cambridge recognise the need to meet their objectively assessed needs in full within their administrative areas in their new local plans¹⁰.

⁵ Policy 2

⁶ Para 5.6

⁷ Para 5.7

⁸ Para 5.24

⁹ Para 2.35

¹⁰ The MOC sets out that Peterborough will accommodate 2,500 homes from the Cambridge HMA. Based on the agreed housing need and proposed housing provision, this comprises 1,000 homes of Fenland's needs and 1,500 for East Cambridgeshire's.

4 THE COUNCILS' EVIDENCE BASE

- 4.1 The National Planning Policy Framework (NPPF) clearly sets out that local plans should be based on an objective assessment of development needs.
- 4.2 The councils' principal evidence base regarding housing needs comprises:
- Cambridgeshire Strategic Housing Market Assessment 2013; and
 - Population, Household & Employment Forecasts Technical Report (April 2013).
- 4.3 It is these technical reports which have informed the emerging planning approach of the two authorities; and the Cambridge and Peterborough Memorandum of Cooperation in regard to the spatial approach to development between 2011-31. This is reflected in the SHMA 2013.
- 4.4 The Cambridge Sub-Region Strategic Housing Market Assessment has been prepared and updated through an iterative process over the period since 2006. Work on the SHMA has been led by the Research Group at Cambridgeshire County Council. It covers Cambridgeshire, Huntingdonshire as well as Forest Heath and St Edmundsbury.
- 4.5 The SHMA in its entirety stretches to hundreds of pages. Overall it is comprehensive but it is so long and presented in such a way that it is very difficult to draw out the key messages arising from the analysis. In drawing out what the analysis means - and linking different strands of analysis together - the SHMA is weak.
- 4.6 Indeed there is no evidence that either market signals or the affordable housing needs evidence has been considered in drawing conclusions on objectively assessed need for housing, as required by the NPPF and Planning Practice Guidance.
- 4.7 The councils' assessment of need for housing ultimately does not take account of much of the evidence within the 2012 or 2013 SHMA document, but instead relies on the *Population, Housing and Employment Forecasts: Technical Report* (CCC, April 2013). We first review this, and then consider the degree to which other elements of the Council's evidence base have informed its conclusions on objectively assessed housing need as required by Government Policy. In doing so, we have also reviewed the following documents:
- Cambridge Sub-Region Strategic Housing Market Assessment (SHMA), May 2013 – Approach to Establishing Objectively Assessed Need for Additional Housing; and
 - Assessing the Cambridge Strategic Housing Market Assessment against the final National Planning Practice Guidance.

Review of the Technical Report

- 4.8 The Technical Report focuses on reviewing a range of projections for population and employment growth, and seeks to establish the level of housing need (dwelling growth) which arises from these.
- 4.9 It considers a range of demographic/ economic-driven projections or forecasts however its conclusions are based comparing 11 projections. We have categorised these into broad groups in Figure 2.

Figure 2: Suite of Projections Considered

	Population-Driven	Economic-Driven	Dwelling-Led	Component
ONS 2011-based Projections	X			
EEFM High Migration		X		
EEFM Lost Decade		X		
EEFM Baseline		X		
ONS 2010-based Projections	X			
LEFM Baseline		X		
Census-Trend	X			
LEFM RG Pop		X		
CCC Housing Targets			x	
CCC Natural Change				X
CCC No Build				X

- 4.10 Figures 3 and 4 below outlines the expected population in 2011 and 2031 in each of these scenarios in Cambridge and South Cambridgeshire.

Figure 3: Population Projections for Cambridge, 2011-31

	2011	2031	Change
ONS 2011-based Projections	122.7		
EEFM High Migration	128.7	160.3	31.6
EEFM Lost Decade	128.6	157.8	29.2
EEFM Baseline	128.6	155.7	27.1
ONS 2010-based Projections	105.0	106.3	1.3
LEFM Baseline	127.7	142.9	15.2
Census-Trend	122.7	148.4	25.7
LEFM RG Pop	127.5	157.6	30.1
CCC Housing Targets	121.4	151.4	30.0
CCC Natural Change	121.4	135.3	13.9
CCC No Build	121.4	121.5	0.1

Source: CCC Technical Report

Figure 4: Population Projections for South Cambridgeshire, 2011-31

	2011	2031	Change
ONS 2011-based Projections*	149.8		
EEFM High Migration	149.4	197.9	48.5
EEFM Lost Decade	149.4	192.1	42.7
EEFM Baseline	149.4	192.4	43
ONS 2010-based Projections	149.6	183.5	33.9
LEFM Baseline	148.2	181.2	33
Census-Trend	149.8	188.5	38.7
LEFM RG Pop	149.5	188.6	39.1
CCC Housing Targets	146.1	188.4	42.3
CCC Natural Change	146.1	155.2	9.1
CCC No Build	146.1	133.2	-12.9

Source: CCC Technical Report (*ONS 2011-based Projections run only to 2021)

- 4.11 The Practice Guidance is clear that the starting point for considering housing provision should be the latest official household projections – the 2011-based Interim Household Projections. For South Cambridgeshire these project household growth of 972 per annum between 2011-21. This is equivalent to a housing need of around 1,000 homes a year¹¹. For Cambridge they project a reduction in need for dwellings of around 150 a year. The Cambridge results are clearly counter-intuitive.
- 4.12 The ONS 2011-based Projections are ‘Interim’ projections (rather than official statistics) and only run to 2021. They effectively do not take account of what the 2011 Census tells us about population change over the 2001-11 period.

Use of Up-to-date Data to Understand Population Dynamics

- 4.13 The first issue therefore with the County Council’s Technical Report concerns the degree to which the projections considered use up-to-date data, and in particular the degree to which they take into account information from the 2011 Census.
- 4.14 Table 2 in the Technical Report sets out the timetable over which recent population data has been published by ONS. The key data releases have been as follows:
- May 2010: 2008-based Sub-National Population Projections
 - November 2011: Revised Mid-Year Population Estimates 2006-10
 - March 2012: 2010-based Sub-National Population Projections
 - July 2012: Census Population and Household Figures
 - July 2012: 2011 Mid-Year Population Estimates
 - Sept 2012: Interim 2011-based Sub-National Population Projections (to 2021)

¹¹ Including an allowance for 4.3% vacant and second homes in Cambridge and 2.9% in South Cambridgeshire consistent to 2011 Census results

- April 2013: Interim 2011-based Household Projections (to 2021)
- April 2013: Revised 2002-10 Mid-Year Population Estimates

4.15 Understanding this chronology and in particular the robustness of the population figures which underpin or inform the different projections/ forecasts is very important, particularly in respect of figures for Cambridge.

4.16 In 2011 ONS introduced an improved methodology for measuring international migration. For Cambridge this made a significant difference. As the CCC Technical Report puts it:

“the new methodology produced a reduction in the 2010 estimate for the city’s population of approximately 20,000. The new methodology gives lower levels of in-migration into the city, but the levels of out-migration have not been adjusted, resulting in a net loss to the city’s population in recent years. This appears to be implausible when compared with other local data sources, such as the local electoral and school roll and NHS records.”

4.17 The Technical Report sets out that this issue impacts on the robustness of both the 2010- and 2011-based ONS Population Projections, both of which show a decline in the City’s population between 2011-21, commenting that:

“Our view is that the ONS projections for Cambridge City are not credible because the 2011 Census data confirmed an increase in the population in the city between 2001 and 2011.”

4.18 We concur. The ONS 2010-based Projections estimated that Cambridge’s population in 2011 would be 105,500. The 2011 Census found a population of 123,900.

4.19 This means that for Cambridge, neither of the population-driven projections (2010- or 2011-based), nor the 2011-based Interim Household Projections produced by CLG provides a robust basis for providing an objective or accurate assessment of housing needs. **The 2011-based Household Projections in Cambridge’s case are not an appropriate starting point for considering housing need because they do not reflect what has actually happened in regard to population growth.**

4.20 Cross-referencing this to the analysis in Section 6.2 in the Technical Report, it is reassuring to see that both of these projections have been ultimately disregarded in drawing conclusions about population growth in Cambridge; with CCC concluding that it is reasonable to plan for growth in the City’s population to around 150,000 in 2031 – notably above the levels in the ONS 2010- and 2011-based projections for the City.

4.21 The weakness in the modelling undertaken is however that no attempt has been made to reconcile these issues with pre-Census ONS population estimates now that better information is available.

ONS has now issued revised data on the components of population change (such as migration, births and deaths) covering the 2001-11 period; whilst more recent Mid-Year Population estimates for 2012 and 2013 are now available. However the County Council does not appear to have interrogated these in drawing conclusions regarding future population dynamics.

Implications for Economic Forecasts

4.22 It is important to understand how these population assumptions – particularly for Cambridge – have informed the economic forecasts considered in the Technical Report.

4.23 It is encouraging to see that a range of economic scenarios have been considered and their results ‘triangulated.’ The economic-driven scenarios considered in the Technical Report are as follows:

East of England Forecasting Model (EEFM) – Oxford Economics

- High Migration
- Baseline
- Lost Decade

Local Economy Forecasting Model (LEFM) – Cambridge Econometrics

- Baseline
- RG Pop

4.24 The projections from both models date from July 2012.

4.25 In interpreting these forecasts, it is important to understand the demographic inputs to the projections – as these can notably affect the outcomes. This is particularly as population assumptions are a driver of employment growth in certain sectors including health, education and consumer-related services.

4.26 Within LEFM, population is “taken as a given.” The population inputs to the model were based on the 2008-based Sub-National Population Projections (SNPP) made consistent with the 2010 Mid-Year Estimates.

4.27 For Cambridge this means that the LEFM 2012 Baseline projections assumed population growth of 15,100 in Cambridge and 32,300 in South Cambridgeshire between 2011-31. The CCC Technical Report points to moderately higher growth in population than this in South Cambridgeshire¹²; whilst for Cambridge the County Council’s conclusion is that population growth of over 27,000 would be more realistic.

¹² The CCC Technical Report concluding population growth of 38,200

- 4.28 The CE/ SQW report which underpins their projections tells us what impact higher population would have on the jobs forecasts:

In LEFM, the impact on a local economy of faster population growth, say, would be shown through the increased demand for goods or services in industries that are particularly dependent on population growth (e.g. retailing, public administration, health, education, leisure, services, construction) which would feed through into higher output and employment (and into higher household incomes and spending) in those sectors.

- 4.29 The Councils accept that there are clear issues with the official population projections for Cambridge. It is therefore clear that the LEFM scenarios are likely to significantly under-estimate the level of employment growth which we might expect, particularly in Cambridge. No weight should be attached to these forecasts.

- 4.30 The population assumptions in the EEFM scenarios considered in the Technical Report are based on applying household size assumptions to housing supply policies in the East of England Plan.

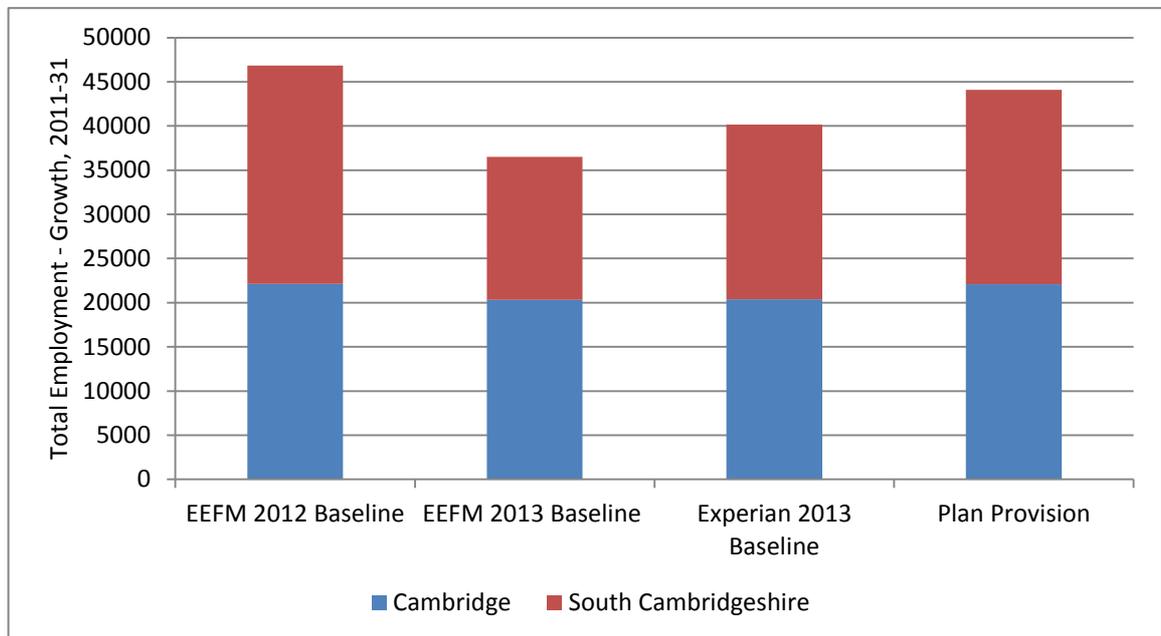
- 4.31 It is comforting to see that the Councils have considered the issues which we have raised in this respect in our representations to the "Issues and Options 2" Consultation on the local plans.

- 4.32 The Proposed Submission Cambridge Local Plan supports forecast growth of 22,100 net additional jobs over the 2011-31 period. This is based on the findings of the Technical Report, using the EEFM Model with population inputs adjusted to equate to the expected level of population growth (27,000 growth between 2011-31). This level of employment growth also aligns to the 2012 EEFM Baseline Forecasts.

- 4.33 The Proposed Submission South Cambridgeshire Local Plan supports forecast growth of 22,000 net additional jobs over the 2011-31 period. The Plan sets out that this is based on the findings of two different economic forecasting models alongside a range of national and local demographic forecasts. In effect it appears that the figures are derived from the Technical Report using the EEFM Model with population inputs adjusted to equate to the expected level of population growth (38,000 growth between 2011-31).

- 4.34 We have undertaken a benchmarking exercise to consider the robustness of the economic projections. Figure 5 compares the employment growth provision in the plan against 'baseline' forecasts for employment growth, which make no assumptions on future housing provision. This indicates that **the two Councils assumptions on future employment growth - for 22,100 jobs in Cambridge and 22,000 jobs in South Cambridgeshire in net terms over the 2011-31 period are reasonable.**

Figure 5: Scenarios for Employment Growth in Cambridge & South Cambridgeshire, 2011-31



Relating Job Numbers and Population

- 4.35 Whilst the job numbers in the two plans have ultimately been derived independently from the population and housing numbers, the ‘population implications’ of the various economic scenarios were an input into deriving the “indicative population figures” for each authority in the CCC Technical Report, whilst the population conclusions were then fed into the economic model to derive the final jobs figures.
- 4.36 We have some significant concerns regarding how the job numbers set out in the various economic scenarios have been modelled to provide figures for population growth. It is not at all clear from the technical report what assumptions have been made regarding:
- Employment rates;
 - Adjustments to migration;
 - Commuting assumptions.
- 4.37 For EEFM, the Technical Report sets out that EEFM bases the current population on the latest ONS Mid-Year Estimate (2010) and then “forecasts population growth in line with employment growth, and uses the level of net commuting to maintain the relationship between jobs and employed residents.”

4.38 We can consider this issue firstly using the EEFM Model. Looking at the EEFM August 2013 model run,¹³ the EEFM model assumes, as the figure below shows that the modelling ‘builds in’ an assumption that commuting continues to grow on a trend basis. This means the forecasting is assuming a net increase in in-commuting to the two authorities of over 12,000 persons over the 2011-31 period. This does not seem to be a particularly sustainable strategy.

Figure 6: EEFM August 2013 Forecasts, Changes 2011-31

	Total Employment	Total Workplace Employed People	Residence Employment	Net Commuting	Demand for Dwellings
EEFM 2012 Baseline					
Cambridge	22117	18476	11449	7027	13178
South Cambridgeshire	24741	23474	18417	5056	21362
Total	46857	41950	29866	12084	34540

Source: Oxford Economics

4.39 What is also not clear is what assumptions have been made regarding changes in employment rates and the population structure over the period to 2031.

4.40 To consider this issue further we can benchmark the levels of employment growth and population growth within the County Council’s Technical Paper for Cambridge and South Cambridgeshire, with our own demographic modelling. Our updated modelling takes account of data from the 2012-based Sub-National Population Projections.

4.41 GLH/JGC have modelled the level of population growth and housing need arising from growth in employment of 22,100 in Cambridge and 22,000 in South Cambridgeshire between 2011-31. The modelling:

- Takes account of expected changes in the population structure in each authority over the plan period from 2011-31;
- Assumes that employment rates improve as the economy comes out of recession; and that as retirement ages increase over the plan period, we see people working for longer. We have modelled that the proportion of people aged 16-74 in employment rises in Cambridge from 61.2% in 2011 to 63.4% in 2031, and from 73.9% in South Cambridgeshire to 74.4%;
- Assumes that there is no net growth in commuting into either authority, with a commensurate growth in residents in employment to expected growth in jobs in each authority.

4.42 The results are shown in Figure 7 below.

¹³ Model run dated 2013-08-30 as published at <http://www.cambridgeshireinsight.org.uk/EEFM>

Figure 7: Implications of Jobs Targets on Population Growth and Housing Need

		Population Growth		Employment Growth	
		Change	% Change	Change	% Change
Cambridge	2011-31	44,077	35.9%	22,100	37.2%
	Per Annum	2,204	1.8%	1,105	1.9%
South Cambridgeshire	2011-31	51,601	34.4%	22,000	27.4%
	Per Annum	2,580	1.7%	1,100	1.4%

4.43 Our analysis indicates that because of changes to the age structure, to support 22,100 jobs in Cambridge would require population growth of nearing 44,000 between 2011-31. In contrast the County Council’s analysis suggests this could be accommodated through population growth of 27,000.

4.44 For South Cambridgeshire, our analysis suggests employment growth of 22,000 would require population growth of 51,600. The County Council’s analysis suggests that this could be accommodated through population growth of 38,000.

Conversion of Population to Dwellings

4.45 A further substantive issue with the projections relates to the methodology used to relate growth in population to growth in households and dwellings.

4.46 The CCC Technical Report outlines that the calculations of dwelling requirements are based on ‘occupancy ratios.’ This differs from the normal approach of looking at expected changes in the age structure of the population and applying age-specific headship rates (as the CLG’s household projections for instance do), and then including an allowance for vacant and second homes.

4.47 CCC’s approach is described in paragraphs 6.1.15 – 16 in the Technical Report. This outlines that an occupancy rate is calculated using estimates for the dwelling stock and population in each local authority in 2011. In each district the modelling then assumes that occupancy rates will fall by 4.5% by 2031. This is said to be consistent with the fall in occupancy experienced across the region between 1996-2007 (the pre-recession decade). This approach, the Councils’ argue ensures that any suppressed housing need during the period of recession is not taken into account in forecasting future housing needs.

4.48 This again is a basic approach to forecasting housing need and is not robust. The approach used in EEFM is crude and allows no consideration of how the age structure of the population is going to change over time. It is not a robust modelling approach. Our understanding (through discussions with Oxford Economics who developed and run EEFM) is that the occupancy rating is simply calculated by comparing ONS and CLG population and household projections respectively (in this

case at the region-wide level). This is not an appropriate approach to use to forecast housing needs for alternative demographic scenarios, as it takes no account of differences in how the age structure might change and different headship rates and household structures in different age groups.

- 4.49 The most significant issue is that using assumptions regarding changes to occupancy levels takes no account of differences in the age structure of the population in different areas. The CCC/ EEFM approach effectively assumes that the ratio between population and dwellings will hold true regardless of the level of population growth. This is counter-intuitive – lower levels of population growth are likely to see a greater ageing of the population (as in-migration is more limited). As older persons typically live in smaller households, occupancy of the dwelling stock is likely to fall to a greater extent.
- 4.50 As a result the analysis within the Technical Report significantly under-estimates the level of population growth necessary to support the job numbers set out. We deal with the implications of this later in this report.
- 4.51 Critically given the assumptions which we have set out regarding improvements to employment rates, we can assume only that the two Councils are planning on significant net growth in in-commuting to both Cambridge and South Cambridgeshire – or that the modelling approach is not robust. Indeed as the comparison with the published EEFM 2013 forecasts in Figure 6 shows, EEFM does indeed assume significant net in-commuting.

Overall Conclusions on the Technical Report

- 4.52 In summary the critical issues with the demographic modelling on which the councils' objective assessment of need for housing relies are:
- The way in which growth in population and employment have been related does not appear to be robust;
 - The approach to relating population growth to housing need is simplistic, does not take account of local evidence nor the structure and dynamics within local populations;
 - The model approach builds in a significant net increase in in-commuting into Cambridge and South Cambridgeshire which can hardly be considered a sustainable strategy.
- 4.53 The demographic modelling undertaken is not robust. With the numbers set out, a substantial imbalance between employment growth and housing can be expected to result which:
- Results in a further worsening of affordability; and
 - Constraints growth in labour supply inhibiting economic growth; and
 - Relies on notable net growth commuting, and over increasing distances.

Approach to Establishing Objectively Assessed Need for Additional Housing (May 2013)

- 4.54 The approach used to establishing housing need has been summarised in this paper. This describes an approach whereby to start with the headline levels of population growth envisaged in various projections for the 2011-31 period where considered to determine an indicative population figure for each district in 2031.
- 4.55 The paper argues that the ONS population projections for Cambridge are implausibly low, due to the migration methodology. We agree with this.
- 4.56 The EEFM econometric model was then used to forecast employment growth, with population inputs to the model adjusted to take account of the conclusions drawn on indicative population growth.
- 4.57 In determining housing need, an occupancy ratio in 2011 was determined by comparing the 2011 Mid-Year Population with a mid 2011 dwelling stock estimate. The occupancy rate is then projected to fall by 4.5% to 2031. This is based on “an East of England-wide assumption based on the fall in occupancy rates over the period 1996 to 2007.”
- 4.58 The Paper seek to justify this as reflecting the national trend of an ageing population, but not suppressed household formation due to the recession in recent years.” As discussed above, no consideration is given to the age structure locally and how this may influence changes in the occupancy rate (or indeed changes relative to past trends); nor to whether market signals indicated a balance between supply and demand over the 1996-2007 period from which the projected changes are derived.
- 4.59 They argue that trend-based household projections are likely to reflect suppressed household formation due to past under-supply of housing and that it would be inappropriate to plan on the basis of these trends. Again we agree – but the household formation assumptions within projections can be adjusted.
- 4.60 The paper goes on to set out that “while using an occupancy ratio instead of a headship rate approach does not explicitly set out each component of household age structure and the likelihood of forming a household, the ratio effectively summarises these components to provide an overall measure of the relationship between population and housing specific to each area. For example, the actual 2011 occupancy ratios used in the methodology for different areas are different, reflecting the difference in the characteristics of different areas, including household age structures.”

- 4.61 The issue however is not particularly one of the ratio at the base date in 2011. It is how the ratio can be expected to change moving forwards, which is likely to vary by area depending on the nature of population growth in different age groups.
- 4.62 The approach adopted in respect of both population projections and the occupancy ratio is basic and shows a lack of understanding of local demographic dynamics, including how the age structure of the population may change and how the student population (and growth in it) may influence dynamics within the City. This is a critical issue.
- 4.63 We can find no clear evidence as to why the Council has deviated from the standard approach of undertaking demographic modelling using household formation rates which is recommended in the Planning Practice Guidance.
- 4.64 The approach adopted to commuting is based on commuting patterns in the 2001 Census which are in effect expected to hold true – i.e. if there is net in-commuting to an area, an increase in net in-commuting is envisaged to support jobs growth. The Council argue that this a ‘policy neutral’ assumption and that to alter this would be a policy choice. However the plan is setting policy, and therefore should clearly consider what would represent a sustainable approach.

Review of the Cambridge Sub-Region SHMA 2013

- 4.65 The Government’s Planning Practice Guidance on *Housing and Economic Development Needs Assessments* sets out that projections for population/ households are the starting point for considering future needs, but that this needs to be brought together with wider evidence to consider:
- Is there evidence that household formation rates in the projections have been constrained? Do market signals point to a need to increase housing supply?
 - How do the demographic projections ‘sit’ with the affordable housing needs evidence, and should housing supply be increased to meet affordable needs?
 - What do economic forecasts say about jobs growth? Is there evidence that an increase in housing numbers or adjustment to distribution of homes would be needed to support this?
- 4.66 The Councils have produced a paper entitled ‘Assessing the Cambridge SHMA against the NPPF.’ This effectively signposts sections within the SHMA where information relating to the various headings in the Planning Practice Guidance is set out.
- 4.67 In respect of the soundness of the plan and compliance with the PPG, the issue is not however where for instance evidence of affordable need or market signals has been assessed – but how this has informed the conclusions with the Councils have drawn. We find no evidence that the Council

has considered whether the level of housing need should be adjusted to take account of these factors, as the PPG requires.

- 4.68 The lengthy SHMA Report deals with the need for affordable housing. It identifies an annual shortfall of affordable housing (based on 2011/12 data) as follows:
- Cambridge: 2,426 dwellings per annum (comprising a backlog need of 2,238 and additional net need per annum moving forwards of 188 dwellings);
 - South Cambridgeshire: 1,229 dwellings per annum (comprising a backlog need for 1080 dwellings and additional net need per annum moving forwards of 149 dwellings).
- 4.69 However neither the SHMA nor the Technical Report considers how these relate to the overall objectively-assessed need, and the potential for the housing requirement to meet market and affordable housing needs 'in full' as required by the NPPF.
- 4.70 In regard to market signals, the SHMA includes information on house prices, affordability and housing supply. However there is no evidence that the Councils have considered the implications of this – examining whether this points towards constrained household formation or a need to increase housing supply. The SHMA is significantly deficient in these respects.
- 4.71 The Councils' assessment of need for housing is based solely on an assessment of demographic and economic forecasts. No consideration is given to how this relates to the evidence of affordable housing need; of suitable planning assumptions for household formation nor market signals. The Councils evidence thus cannot be considered consistent with the NPPF and Planning Practice Guidance.
- 4.72 Given the evident issues with the approach adopted by the councils' - at many levels – we have sought to provide an independent NPPF-compliant assessment of housing need.

5 ASSESSMENT OF FUTURE HOUSING NEEDS

5.1 Given the evident issues with the councils' evidence base, GL Hearn has sought to undertake an independent assessment of housing need following the approach outlined in the Planning Practice Guidance (PPG) and the relevant requirements of the NPPF. In doing so, where appropriate we have drawn on information from the 2013 Cambridge Sub-Region SHMA.

Overview of Approach

5.2 The approach followed herein is drawn from the Planning Practice Guidance and NPPF. It considers first the latest official demographic projections. It adjusts these to reflect factors affecting local demography and household formation rates which are not captured in past trends, based on the most recent demographic evidence from ONS.

5.3 The approach includes considering whether household formation rates in the projections have been suppressed historically by under-supply and worsening affordability, as indicated in the Planning Practice Guidance. In considering this issue we consider market signals and what these tell us about supply-demand balance.

5.4 We then consider economic forecasts and the levels of jobs growth which are identified in the two plans. As required by Paragraph 158 in the NPPF, we then consider whether there is a need to increase housing numbers to support this to ensure alignment between the housing and economic strategies of the plans.

5.5 Our assessment also considers the affordable housing needs evidence, and the extent to which this can be met in line with the Planning Practice Guidance.

Official Population and Household Projections

5.6 The Planning Practice Guidance states that "household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need. The household projections are produced by applying projected household representative rates to the population projections published by the Office for National Statistics. Projected household representative rates are based on trends observed in Census and Labour Force Survey data".

5.7 At the time of writing the latest household projections are the 2011-based 'Interim' Household Projections from CLG (which are directly based on the ONS 2011-based Interim SNPP). These projections are in most cases important as they provide a consistent approach where key inputs (such as levels of internal migration) sum at a national level. The SNPP is also a good source of

data as it uses a ‘multi-regional’ model that studies migratory movements by age and sex between all local authorities in the Country.

- 5.8 The SNPP is however limited by the accuracy of data underpinning it, such as migration which is notoriously difficult to accurately measure – particularly at smaller area level. As identified above this is a particular issue for Cambridge. This is recognised by the Councils.
- 5.9 Figure 6 shows household growth in Cambridge and South Cambridgeshire from the 2011-based CLG projections. The projections cover the 10-year period to 2021. The projections indicate a 7.7% increase in households – household growth of 827 per annum to 2021. This is significantly below the average growth expected in the Eastern region (11.6%) and nationally (10.0%).
- 5.10 The 2011-based Household Projections suggests a **decline** in households in Cambridge. The realism of negative household growth in Cambridge needs to be explored in more detail and it is notable that the ONS 2012-based SNPP show a higher level of population growth in Cambridge than the 2011-based SNPP.

Figure 8: Projected Household Growth 2011-21 – CLG 2011-based Household Projections

	Cambridge	South Cambs	Cam/S Cambs
Households 2011	46,628	60,401	107,029
Households 2021	45,177	70,117	115,294
Change in households	-1,451	9,716	8,265
% change from 2011	-3.1%	16.1%	7.7%

Source: CLG 2011-based Household Projections

2012-based Sub-National Population Projections

- 5.11 On the 29th May 2014 ONS published a new set of Sub-National Population Projections (SNPP). These replace the 2010- and 2011-based Population Projections and will in due course be used to inform the next round of CLG household projections (due in November/December 2014). It is therefore worthwhile to consider the likely implications of this new data on the need for housing.
- 5.12 Figure 7 shows projected population growth from 2011 to 2031 in each of the two local authorities, the East of England Region and England. The data shows that the population of Cambridge is expected to grow quite slowly; whereas population growth in South Cambs is expected to be higher than the regional (and national) average.

Figure 9: Projected Population Growth (2011-2031) -2012-based SNPP

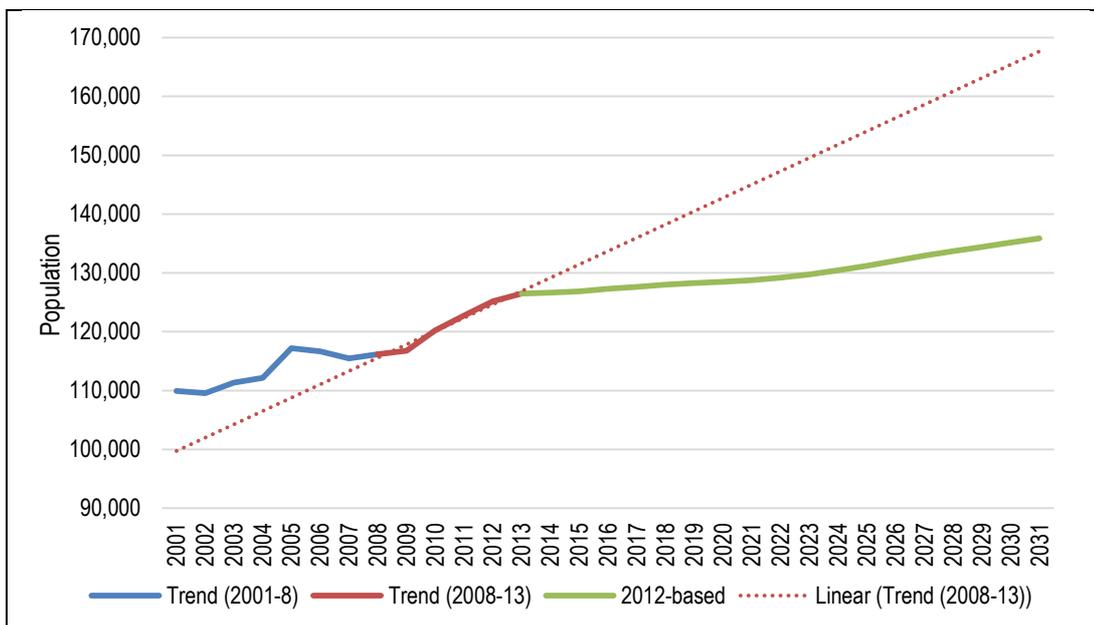
	Population 2011	Population 2031	Change in population	% change
Cambridge	122,725	135,854	13,129	10.7%
South Cambs	149,842	181,133	31,291	20.9%
East of England	5,862,400	6,844,900	982,500	16.8%
England	53,107,200	60,418,800	7,311,600	13.8%

Source: ONS

5.13 It is also worthwhile to study how well this data fits in with past trends. This is shown in Figures 10 and 11. The data also plots a linear trend line for the 2008-13 period – a five year period, which is the typical time over which ONS studies data when constructing Sub-National Population Projections (the 2012-based SNPP would however have used trends in the 2007-12 period).

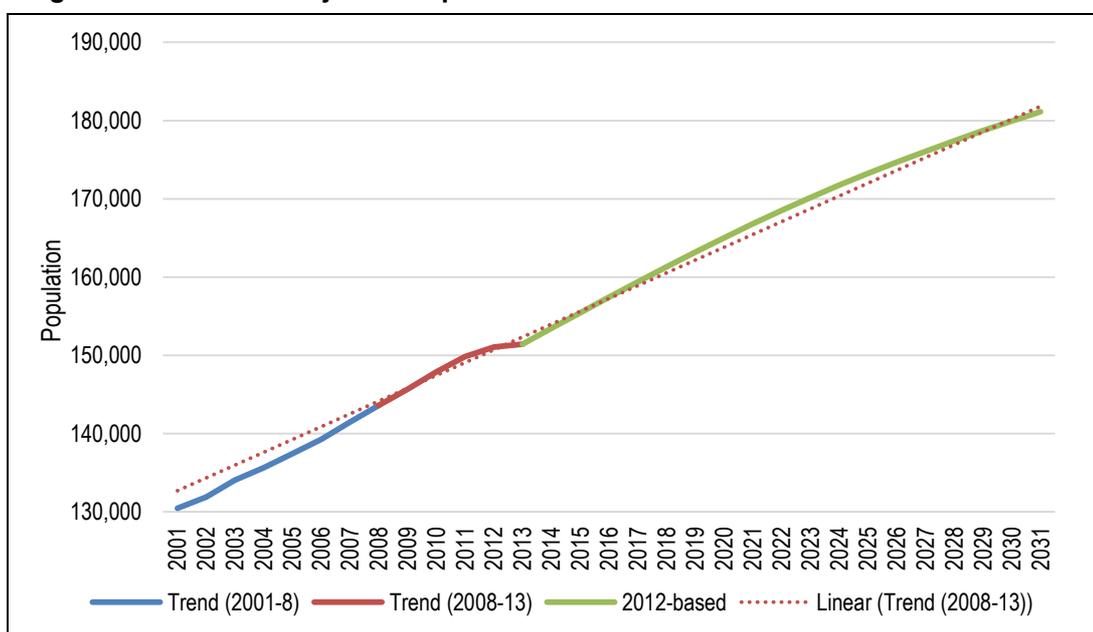
5.14 The data shows for Cambridge that the expected level of future population growth falls significantly below the past trend; whilst in South Cambridgeshire there is a good degree of correlation between past trends and the projection. The data for Cambridge requires further investigation.

Figure 10: Past and Projected Population Growth – Cambridge



Source: Derived from ONS data

Figure 11: Past and Projected Population Growth – South Cambs



Source: Derived from ONS data

- 5.15 The approach used is similar to that in CCC’s Technical Paper. In considering the reasons why future population growth in Cambridge is expected to be so low when compared with past trends, we have considered levels of migration in the past compared with what is expected (in the 2012 SNPP) in the future. For consistency we have looked at the last five years of net migration (2008-13) and the five year period in the SNPP from 2013-18. A similar analysis has been undertaken for South Cambs.
- 5.16 Figure 12 shows that in the 2008-13 period there was an average annual net in-migration to Cambridge of 534 people; yet in the SNPP there is expected to be a net out-migration of 362. This is a difference of 896 people per annum. In South Cambs the figures are more consistent, although in this case the past trend is slightly lower than the future projection.

Figure 12: Past and Projected Levels of Net Migration

	Past five years (2008-13)	Projected (2013-18)	Difference
Cambridge	534	-362	-896
South Cambs	1,146	1,233	+87

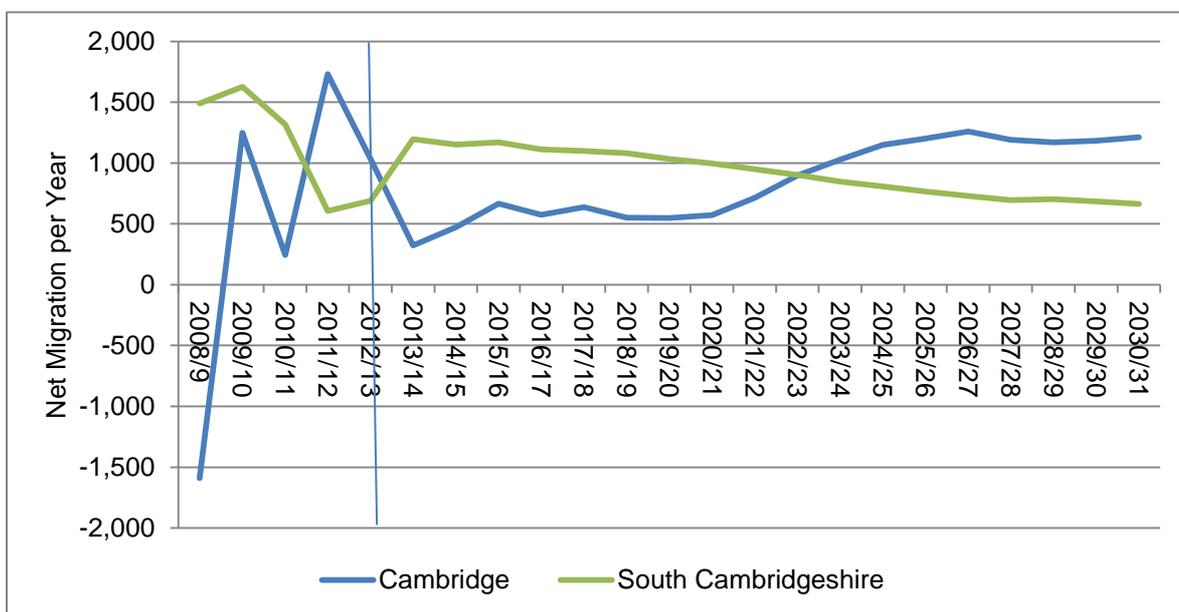
Source: Derived from ONS data

- 5.17 There is no evident justification as to why net migration to Cambridge in the future, as projected in the 2012 SNPP, should be so inconsistent with the past trend data. For Cambridge, the 2012-based SNPP does not look to be a robust projection of future population growth.

Population Projections based on the Latest Evidence

- 5.18 To project forward an alternative population projection we have amended the SNPP to take account of the data in Figure 12 above. We have done so by assuming consistent net migration over the 2013-18 period as seen over the previous five years (2008-13) in each authority, but reflecting how the level of migration is expected by ONS to change over the longer-term, taking account of expected changes in the age structure of the population in each authority.
- 5.19 For the purposes of analysis it has been assumed that the difference between past trends and the projection will be principally attributed to international out-migration as this is the component of population change which shows the most significant difference between past trends and the projection. Analysis has been carried out for both Cambridge and South Cambs to ensure consistency of approach across areas.
- 5.20 The resultant projections for net migration in each authority are set out in Figure 13 below. The assumptions regarding how levels of migration will change over time is driven by ONS' 2012-based Sub-National Population Projections.

Figure 13: Projected Net Migration – Cambridge and South Cambridgeshire



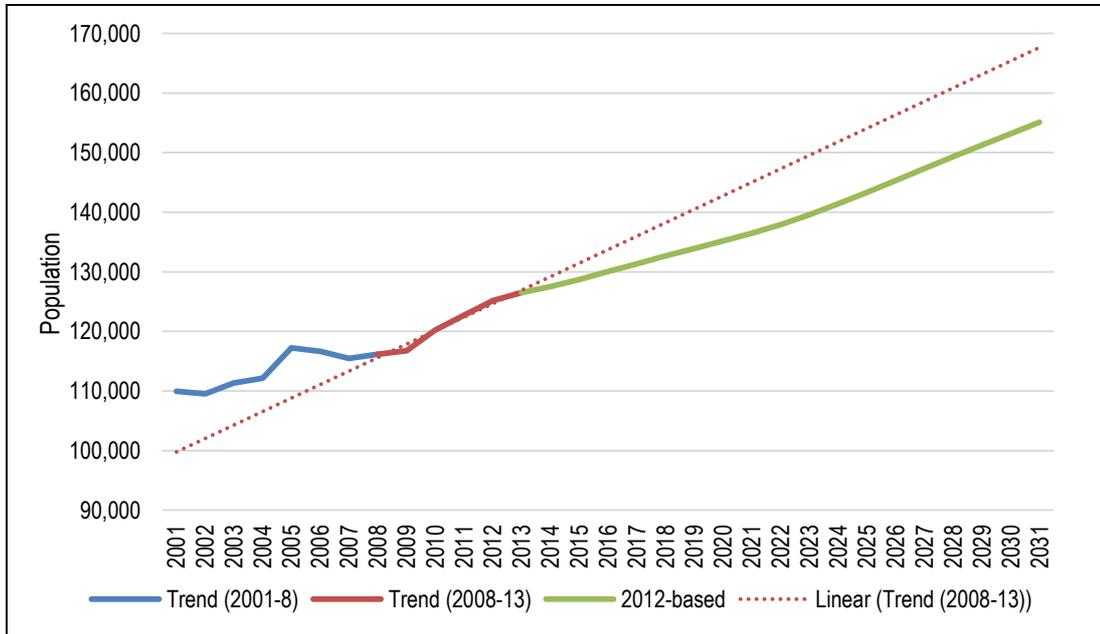
- 5.21 Figure 14 below shows overall population change in the two areas in this projection. For Cambridge the analysis now suggests a population increase between 2011-31 of about 32,400 people (26% population growth), with the data for South Cambs showing an increase of 29,400 (20% population growth).

Figure 14: Projected Population Growth (2011-2031) – Amended Demographic Projection

	Population 2011	Population 2031	Change in population	% change
Cambridge	122,725	155,133	32,408	26.4%
South Cambs	149,842	179,232	29,390	19.6%

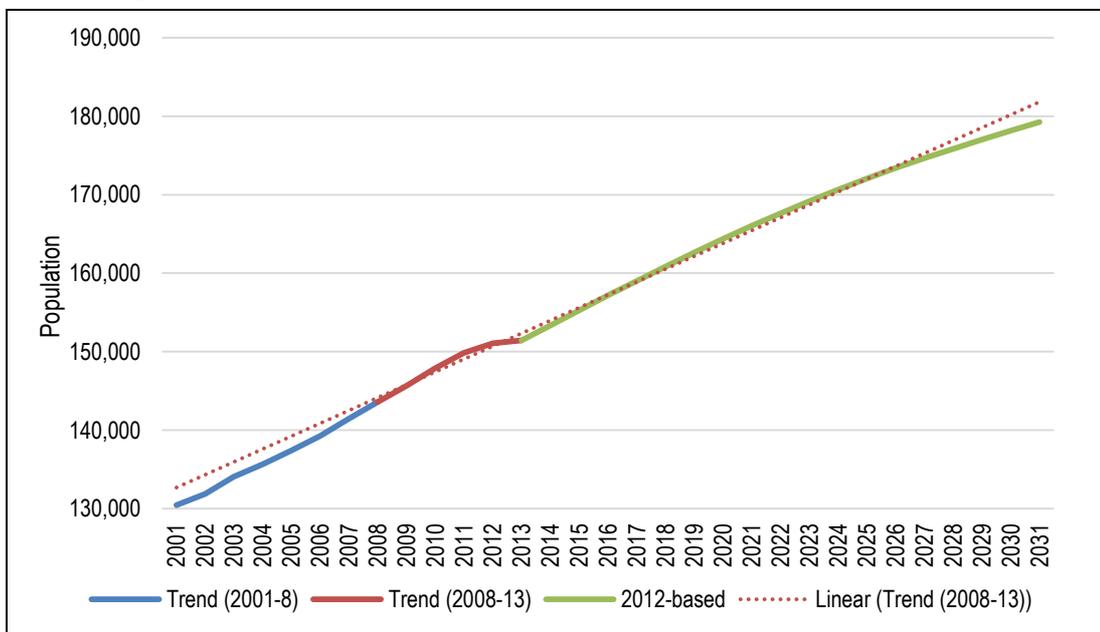
- 5.22 The resultant projection for population growth in Cambridge is higher than the 2012 SNPP, whilst that for South Cambridgeshire is moderately lower.
- 5.23 We can undertake a “sense check” by considering how these new and revised projections fit with past trends. In the case of Cambridge it is notable that although the amended demographic projection shows a higher level of population growth than the 2012-based SNPP, but it still falls some way short of the 5-year trend seen in the 2008-13 period. In South Cambs the revised projection now sits very slightly below a five year trend (by 2031) although the difference is less marked than in the case of Cambridge. It sits below the 2012-based SNPP.
- 5.24 Whilst both projections are below five-year trends, we considered that they represent a reasonable demographic-based “starting point” for assessing housing need, following the approach set out in the Planning Practice Guidance.

Figure 15: Past and Projected Population Growth (Revised Demographic Projection) – Cambridge



Source: Derived from ONS data

Figure 16: Past and Projected Population Growth (Revised Demographic Projection) – South Cambridgeshire



Source: Derived from ONS data

Considering Household Formation Rates

- 5.25 Our demographic projections relate growth in population to household growth using household formation (headship) rates. These describe the proportion of households in different age groups which are expected to be a head of a household. Household formation rates are age-sensitive and are projected to change over time.
- 5.26 The approach used is consistent with that in the CLG Household Projections and referenced in the Planning Practice Guidance. As the Practice Guidance sets out “*the household projections are produced by applying projected household representative rates to the population projections*” identifying that household representative rates in CLG Household Projections are based on trends observed in Census and Labour Force Survey data.
- 5.27 The Practice Guidance however sets out that sensitivity testing based on alternative assumptions in relation to demographic projections and household formation rates may need to be considered.
- 5.28 There are a number of studies (mostly by Cambridge University) which have demonstrated that the household formation rates in the 2011-based Household Projections have been influenced by the economic downturn and a long period of poor affordability. These studies include:
- Holmans, A. for TCPA (Sept 2013) *New Estimates of Housing Demand and Need in England, 2011 to 2031; and*
 - McDonald, M. and Williams, P. for RTPI (Jan 2014) *Planning for Housing in England: Understanding recent changes in household formation rates and their implications for planning for housing in England.*
- 5.29 There is evidence in Cambridge and South Cambs of suppressed household formation. The average household size in 2011 in both areas was well above the level projected in earlier, 2008-based, CLG household Projections.
- 5.30 However the extent to which this reflects housing market factors is not entirely clear. The Holmans Study (Sept 2013) produced by the Cambridge Centre for Housing and Planning Research (CCHPR) on behalf of the Town and Country Planning Association (TCPA) does shed some light on this issue, stating in regard to the CLG 2011-based Household Projections that:

“The central question for the household projection is whether what happened in 2001 – 11 was a structural break from a 40-year trend; or whether household formation was forced downwards by economic and housing market pressures that are likely to ease with time. At the time of the 2011 Census, the British economy was still in recession and the housing market was depressed. The working assumption in this study is that a considerable part but not all of the 375,000 shortfall of households relative to trend was due to the state of the economy and the housing market. 200,000 is attributed to over-projection of households due to the much larger proportion of recent immigrants in the population, whose household

formation rates are lower than for the population as a whole. This effect will not be reversed. The other 175,000 is attributed to the economy and the state of the housing market and is assumed to gradually reverse.”

- 5.31 Holmans suggested that nationally half of the lack of expected households is due to market factors with roughly half attributable to other issues (notably international migration).
- 5.32 To look at how this is relevant to Cambridge and South Cambs we have considered, following the approach recommended in the RTPI Paper (Jan 2014), what impact international migration may have had on household formation rates, and what impact is likely to reflect housing market factors which have constrained household formation.
- 5.33 Analysis has been carried out in Figure 16 to look at the growth in the Black and Minority Ethnic (BME) population relative to the growth seen nationally to see what the likely relative impact of housing market factors vis-à-vis international migration is. The data shows that growth in the BME community (taken to be the non-White (British/Irish) population) in England was 115% of all population growth. In Cambridge this figure was slightly higher and in South Cambs somewhat lower. If it is assumed that nationally 0.53 of movement away from long-term trends is due to international migration (taken here to be BME growth), based on the Holmans Paper, then the analysis suggests for the two authorities that between 25% (South Cambs) and 58% (Cambridge) of movement away from long-term trends reflects international migration. Put another way, around 42% in Cambridge and 75% in South Cambs of the drop in household formation rates between 2001-11 is expected to be due to housing market factors.

Figure 17: Growth in BME Population, 2001-11

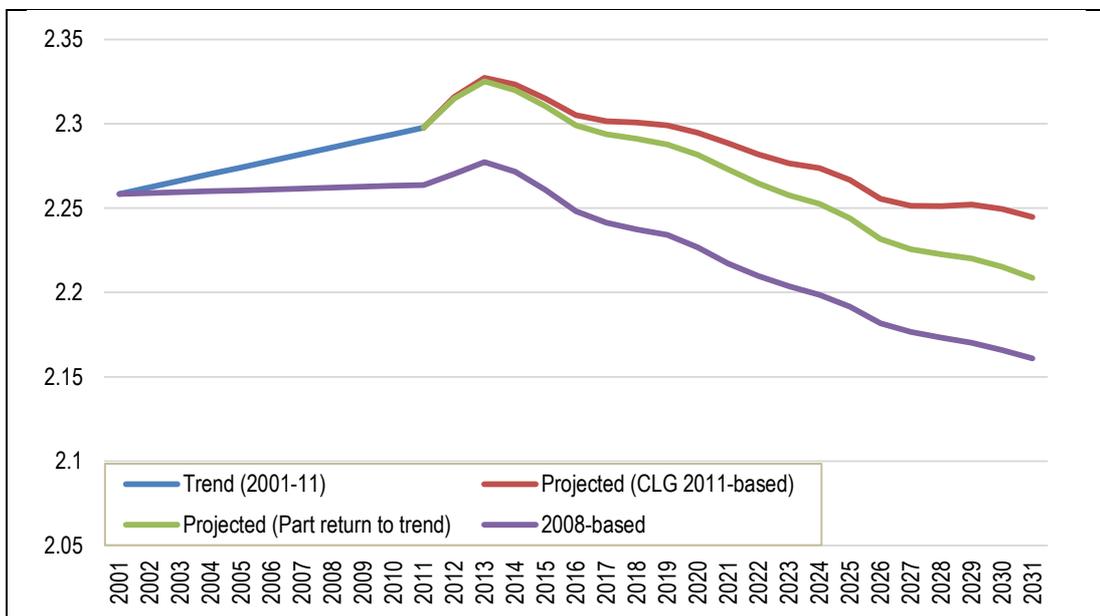
	Cambridge	South Cambs	England
BME population (2001)	21,683	7,660	5,767,580
BME population (2011)	40,358	17,849	10,216,219
Change (2001-11)	18,675	10,189	4,448,639
Total population growth	15,004	18,647	3,873,625
BME growth as % of total growth	124%	55%	115%
Variance from national position	1.08	0.48	1.00

Source: Census 2001 and 2011

- 5.34 Our modelling approach therefore assumes that from 2011 household formation rates recover towards the 2008-based rates, reaching 42% (Cambridge) and 75% (South Cambridgeshire) of the 2008-based rates by the end of the projection period in 2031. This core assumption is chosen on the basis that it is unlikely that there will no move back towards the previous trend (and indeed to plan on this basis would be inconsistent with the Planning Practice Guidance and NPPF) but improbable that there will be a full return to that trend in the foreseeable future.

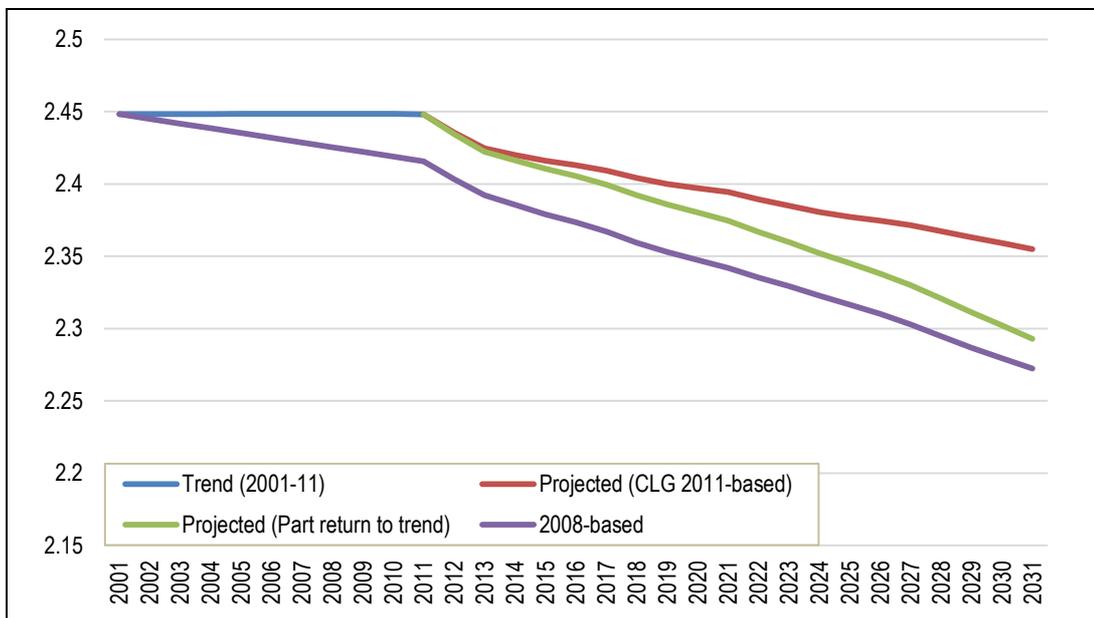
5.35 Modelling of household formation rates is done on an age specific basis. However to provide a simple comparison of the impact of the household formation assumptions, Figures 17 and 18 shows average household size can be expected to change in in our modelled ‘Part Return to Trend’ Scenario. Figures 17 and 18 also shows the trend that would have been observed if the 2008-based projections had been followed back to 2001 and moving forward. The data clearly shows suppression degree of suppression of household formation in 2011. The part-return to trend method still sees higher household sizes in 2031 when compared with 2008-based data (albeit as explained above this may in part be due to changes in household structures – particularly in Cambridge).

Figure 18: Past and projected trends in Average Household Size – Cambridge



Source: Derived from ONS and CLG data

Figure 19: Past and projected trends in Average Household Size – South Cambs



Source: Derived from ONS and CLG data

5.36 Using the 2011- and 2008-based CLG household projections we have therefore developed a series of headship rates to apply to our amended population projections. These are modelled on a ‘part return to trend’ basis. They in effect assume some recovery in household formation rates over time, back towards longer-term trends. Our age-specific headship rate assumptions are set out in Appendix C.

5.37 The projections indicate a need for 1,717 homes per annum across the two authorities over the 2011-31 period, comprising a need for 858 homes per annum in Cambridge and 859 homes per annum in South Cambridgeshire.

Figure 20: Projected Household and Housing Growth 2011-31 – Amended Population Projection & Part Return to Long-Term Household Formation Rates

	Cambridge	South Cambs	England
Households 2011	46,631	60,399	107,029
Households 2031	63,059	77,078	140,137
Change in households	16,429	16,679	33,108
% change from 2011	35.2%	27.6%	30.9%
Dwelling growth (inc. vacancy)	17,168	17,179	34,347
Dwelling growth (pa)	858	859	1,717

5.38 This represents a base demographic projection. In line with the Planning Practice Guidance we next need to consider whether this should be adjusted to take account of economic growth prospects; market signals; or to enhance affordable housing delivery.

Implications of Expected Economic Growth

5.39 As well as looking at demographic trends the NPPF and CLG indicates that forecast economic growth should also be considered when defining Objectively Assessed Housing Needs. In particular the Guidance states that:

‘Where the supply of working age population (labour force supply) is less than the projected job growth, this will result in unsustainable commuting patterns and could reduce the resilience of local businesses. In such circumstance, plan makers will need to consider increasing their housing numbers to address these problems’.

5.40 The two local authorities’ plans are both clear that economic growth is an important driver of demand for housing; and that a key reason why additional homes are needed is to support the nationally-significant Cambridge Cluster of knowledge-based industries and institutions.

5.41 Based on our analysis in Section 3, the Councils’ planning assumptions for employment growth (i.e. the level of employment growth envisaged over the plan period) are considered reasonable. These are outlined below.

Figure 21: Planning Assumptions for Employment Growth, 2011-31

Area	Increase in jobs
Cambridge	22,100
South Cambridgeshire	22,000
Cambridge and South Cambs	44,100

Source: EEFM 2013/ Cambridge and South Cambridgeshire Submission Local Plans

5.42 The figures above are based on the expected increase in jobs in each area. However, given that the demographic modelling considers the number of people who are working account also needs to be taken of the number of people with more than one job (double jobbing).

5.43 To estimate levels of double jobbing in the two local authorities an analysis of data from the East of England Forecasting Model (EEFM) has been undertaken. This shows a relatively high level of double jobbing in Cambridge in particular. Figure 21 below shows estimates of the growth in the workforce likely to be required to meet the job growth targets set out above. This is 11% below the net increase in jobs which is being planned for.

Figure 22: Estimated Growth in Working Population, 2011-31

Area	Increase in Working Population
Cambridge	18,500
South Cambridgeshire	20,900
Cambridge and South Cams	39,400

Source: EEFM 2013/ Cambridge and South Cambridgeshire Submission Local Plans

- 5.44 The Planning Practice Guidance makes clear that plans should seek to match the supply of working age population (labour force supply) with projected jobs growth, in order not just to support economic growth but also to promote sustainable commuting patterns. There is clearly thus an implicit emphasis on seeking to provide jobs and homes close to one another – or in locations which can be accessed by public transport by other sustainable modes. There is clearly a close inter-relationship between Cambridge and South Cambridgeshire.
- 5.45 It is useful to consider evidence from the 2011 Census regarding commuting patterns in this respect. The Census data indicates:
- Net in-commuting of 34,911 persons daily to Cambridge to work; and
 - Net out-commuting of 4,718 persons from South Cambridgeshire daily.
- 5.46 Looking at the two authorities together, there is thus a net level of in-commuting of 30,193 persons daily from other areas.
- 5.47 Net in-commuting to Cambridge has increased from 2001 when it stood at 29,477 – increasing by 18%. This indicates that in total 54% of jobs in Cambridge are taken by in-commuters. In both respects this is likely to reflect a shortage of provision of housing close to Cambridge.
- 5.48 The stated intention of the Councils is to provide homes and jobs in close proximity, and not exacerbate issues around commuting and travel to work distances. On this basis we have modelled the housing need implications of the expected growth in jobs on the basis of achieving a direct 1:1 relationship between the increase in the working population and the number of residents in employment in each of the two authorities.
- 5.49 Projecting the linkage between job growth and housing need is complicated by the number of assumptions which need to be built into the modelling. Key assumptions which impact on the figures locally include:
- How economic participation rates will change in the future: Although the past few years have seen an increase in unemployment, there have generally been increases in the proportion of people who are economically active (particularly for females and people aged over 50). In the future we would expect a continuation of these trends – particularly in relation to people working longer (partly linked to pensionable ages) and have modelled for there to be some increase in

employment rates as we move through to 2031. Our detailed assumptions are set out in Appendix B.

- Understanding occupancy patterns: Whilst additional housing growth might be required to meet job growth projections, it is the case that no control can be exercised as to who occupies a home. An additional home could for example be taken up by a retired household who would not aid the increase in the workforce.

The modelling therefore assumes that current migration patterns (in terms of age and sex) are maintained with a different level of migration being input into the modelling to meet job targets. This means that the extent to which economically inactive people move to or from the area will be maintained (in proportionate terms) and so inherently the modelling assumes that some additional housing would be lived in by those who are not working. Generally, people/households of working age are more likely to migrate than other households so a higher level of migration will tend to increase the working population proportionately at a higher rate than for lower assumed levels of migration.

5.50 As identified in Section 3, we have modelled that the proportion of people aged 16-74 in employment rises in Cambridge in 61.2% in 2011 to 63.4% in 2031, and from 73.9% in South Cambridgeshire to 74.2%. The detailed age-specific assumptions are set out in Appendix B.

5.51 The outputs from these projections are as follows and show across the two areas that the total housing need linked to the economic forecast comes out somewhat above the demographic one with an estimated need for 2,200 dwellings across the two local authority areas.

Figure 23: Projected Household and Housing Growth 2011-31 – Meeting Job Growth Forecasts

	Cambridge	South Cams	Total
Households 2011	46,631	60,399	107,029
Households 2031	64,959	84,526	149,485
Change in households	18,329	24,127	42,456
% change from 2011	39.3%	39.9%	39.7%
Dwelling growth (inc. vacancy)	19,154	24,851	44,004
Dwelling growth (pa)	958	1,243	2,200

5.52 To meet the jobs growth targets in the plan, 2,200 homes per annum would be needed over the plan period based on the above modelling assumptions (49,720 homes between 2011-31). This is 29% above the levels set out in the two plans.

Figure 24: Housing Provision necessary to Support Job Targets in the Submitted Plans

2011-31	Cambridge	South Cams	Total
Jobs Targets - Submitted Plans	21,100	21,000	42,100
Housing Provision - Submitted Plans	14,000	19,000	33,000
Housing Needed - No Increased In-Commuting	24,860	24,860	49,720

5.53 From the numbers in Figure 24 above, we would attach greater weight to the combined figure for the two authorities, reflecting the commuting flows between them.

Meeting Affordable Housing Need

- 5.54 The NPPF requires planning authorities to meet the **full need for market and affordable housing**. The Planning Practice Guidance indicates that the identified need for affordable housing should be compared against the outputs from demographic projections, to consider whether there is a case for a higher level of housing provision to increase delivery of affordable housing.
- 5.55 Chapter 13 in the Cambridgeshire Sub-Region SHMA 2012 deals with evidence of affordable housing need. This seeks to follow the prescribed approach in the SHMA Guidance to meeting affordable housing need. It identifies the following annual levels of affordable housing need and compares this (Section 12:2, Table 23) to the identified overall housing need.

Figure 25: 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%

Source: CCC/ GL Hearn

- 5.56 The SHMA 2013 however seeks to suggest that “the number of affordable homes required cannot and should not be directly compared with the total number of new homes required to be delivered by the local Plan in each district. For example, some of those requiring affordable housing may already be housed in existing homes in the private rented sector. Some homeless households may now be housed in existing private rented sector housing; a new way the district can discharge the homelessness duty, which was not the case in the past.”
- 5.57 This response is unsatisfactory and not consistent with the requirements of the NPPF. We have therefore sought to consider the issue further.
- 5.58 The Planning Practice Guidance specifically sets out that:
- “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 housing led developments. An increase in the total housing figures in the local plan should be considered where it could help deliver the required number of affordable homes.”
- 5.59 The NPPF is clear that plans should be based on meeting need for market and affordable housing in full.

5.60 Cambridge Local Plan proposes a minimum 25% affordable housing provision on sites with capacity for 10-14 dwellings and 40% of sites with capacity for 15+ dwellings. Sites with capacity for 2-9 dwellings are 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.

5.61 We have sought to consider in Figure 26 below what proportion of the affordable housing need might be met should 40% of net completions be of affordable housing. This assumes that housing developments on balance achieve 40% affordable housing provision, which can be regarded as a ‘best case’ and is in all likelihood unrealistic as some sites will fall below thresholds or in the case of Cambridge policy will require a lower level of provision; whilst in other cases site-specific viability will not support affordable housing provision at the levels outlined in the proposed policy.

Figure 26: Comparing Proposed Housing Provision to Identified Affordable Housing Need

	Cambridge	South Cams
Proposed Housing Target, 2011-31	14,000	19,000
Modelled Theoretical Affordable Housing Delivery	40%	40%
Theoretical Affordable Housing Delivery	5,600	7,600
Affordable housing need, 2011-31	17,131	11,838
Shortfall	-11,531	-4,238
% Affordable Need Met	33%	64%

5.62 This analysis suggests that the Cambridge Local Plan as currently drafted is likely to meet less than third of the affordable housing need identified, whilst South Cambridgeshire’s Plan is likely meet less than two-thirds of affordable housing need. This is significantly short of meeting full need as required by the NPPF. Figure 27 models what level of housing provision would be necessary to meet affordable need in full.

Figure 27: Housing Provision to Meet Affordable Housing Need in Full

	Cambridge	South Cams	Total
Affordable housing need, 2011-31	17,131	11,838	28,969
Affordable Housing Delivery Assumed	40%	40%	40%
Housing Delivery to Meet Full Affordable Need	42,828	29,595	72,423
Need per Annum	2141	1480	3621

5.63 We have some sympathy with the SHMA’s view that the Private Rented Sector is a potential source of supply to meeting affordable housing needs, albeit that there can be no guarantee that this supply will continue to be let at an affordable price; and some of the comments therein regarding the difficulty in projecting affordable need over 20 years. This means that Figure 27 is likely to overestimate housing provision necessary to meet affordable need in full. However the Councils are not correct to suggest that the affordable housing need cannot and should not be compared with the total number of new homes required. Moreover it is inappropriate to suggest that the affordable

housing needs evidence can simply be disregarded in establishing the overall objectively assessed housing needs as the Cambridgeshire SHMA suggests.

- 5.64 There are segments of the affordable housing need which will not be fully captured by demographic analysis, including for instance homeless, overcrowded and concealed households. These 2013 SHMA identifies 997 households in these categories in 2011/12 in Cambridge; and 604 households in South Cambridgeshire.
- 5.65 The affordable housing needs evidence also lends further weight to the substantial level of suppression of household formation which has been evidently occurring.
- 5.66 In total, the Cambridgeshire SHMA identifies a substantial backlog of affordable housing need from 14,973 households in 2011/12 across the two authorities¹⁴. This comprises 9,583 households in Cambridge, and 5,381 in South Cambridgeshire.
- 5.67 The analysis suggests that to meet the housing need in full over the plan period (based on the currently proposed housing provision), 88% of all new housing would need to be affordable. This is clearly neither feasible (based on funding mechanisms for affordable housing) nor desirable (not least as it would restrict market supply). It points to a clear need for higher overall housing provision – yet this link isn't made in the SHMA as required by the Practice Guidance. The SHMA clearly conflicts with the Planning Practice Guidance and NPPF in this respect.

Market Signals

- 5.68 The NPPF sets out that in considering policies for development in Local Plans, authorities should take full account of market and economic signals (paragraph 158), which include land prices and affordability (as set out in paragraph 17) and should plan to significantly boost the supply of housing (paragraph 47). We have therefore sought to examine what market signals tell us about housing demand in and around Cambridge.
- 5.69 House prices are an indicator of the relative demand for housing in different places. Higher house prices indicate that demand is, in relative terms, stronger. Changes in house prices indicate the relative balance between supply and demand in a local market. Growth in house prices indicates that demand is exceeding supply.
- 5.70 The market evidence suggests that in and around Cambridge there is **a clear need to significantly boost housing supply**. This report considers the key 'market signals' identified in the Planning Practice Guidance. It considers how these have changed over time – including over the past year since we prepared our previous report.

¹⁴ Netting off affordable dwellings occupied by households in need

House Prices

- 5.71 In our 2013 report we set out that the Nationwide House Price Index released in December 2012 indicated that average house prices in Cambridge were £336,667 in 2012 Q4. This was twice the East Anglia average of £164,701.
- 5.72 Over the previous year house prices in Cambridge has grown by 6%. This was *the* highest for key towns and cities nationally and compared to a reduction in house prices of -1.9% across East Anglia over this period. Indeed Cambridge was recorded as having the strongest house price growth of any regional town or city nationally in the year. It was also the most expensive housing area in the region.
- 5.73 The latest data from the Nationwide House Price Index indicates that in Q2 2014 house prices in Cambridge have risen further, to £419,187. Over the preceding year, prices had grown 20% which is **the highest house price growth of any regional town/ city outside of London**.
- 5.74 Over the last five years house prices in Cambridge have significantly out-performed other parts of the County and region, and house price growth similar to parts of London. Between Q2 2008 and Q2 2013 the median house price in Cambridge increased by a substantial 21% with an increase in value of £51,500 of the average home. This was stronger than the 10.0% growth in prices over this period in Outer London. **Of the local authorities in the region, Cambridge saw the 2nd highest growth rate in house prices over the 2008-13 period**, despite the above average starting point in 2008.
- 5.75 Our analysis is not inconsistent to that within the Cambridge Sub-Regional SHMA. This confirms higher house prices in Cambridge and South Cambridgeshire than other parts of the sub-region; and growth in house prices above regional and national trends in both authorities.
- 5.76 The evidence points to strong relative housing demand and supply in the City and South Cambridgeshire falling short of demand.

Land Prices

- 5.77 The Valuation Office Agency's January 2011 Property Market Report compares typical land values of suburban housing sites of 0.5 hectares in markets across the County. **The typical land value of for the Cambridge area is the highest of any market nationally outside London at £2.9 million per acre** as recorded by the VOA. This clearly points to a shortage of residential development land.

Price-Income Ratios

- 5.78 The latest evidence suggests that **Cambridge is one of the least affordable areas to live in the region**. Lower quartile house prices in 2012 were 9.5 times lower quartile earnings in Cambridge

and 8.3 in South Cambridgeshire. Both are significantly above regional and national averages (7.7 and 6.6 respectively). Indeed the ratio for Cambridge was consistent with levels in Inner London.

5.79 The 2013 data indicates that affordability has fallen further, with a ratio of lower quartile prices to earnings of 10.3 in Cambridge and 8.8 in South Cambridgeshire. This compares to 6.9 across Cambridgeshire and 6.5 nationally.

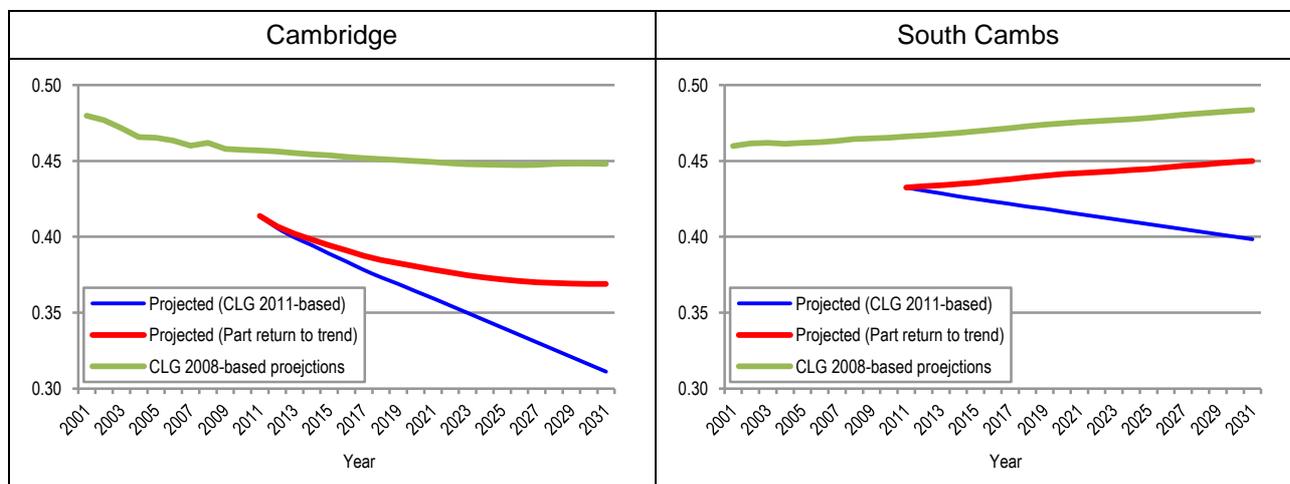
Adjustments to Improve Affordability

5.80 Both the affordable housing needs evidence and market signals point to a need to increase levels of housing provision. The Planning Practice Guidance is clear that where there is evidence of affordability constraints and high demand, particularly where the situation is worsening, plan makers should adjust housing provision. The more significant the issue, the stronger the adjustment to housing provision should be. The Councils evidence simply ignores this issue, and cannot therefore be considered to be compliant with the NPPF and PPG.

5.81 We have sought to consider what scale of adjustment would be appropriate using our detailed demographic modelling. Our analysis considers age specific data about the extent to which there has been constrained household formation of younger households in the two local authorities.

5.82 Figure 28 shows headship rates for people aged 25-34 under a range of different scenarios. The data clearly shows that household formation rates for this age group have fallen between 2001-11 and that in the CLG 2011-based Household Projection there was expected to be a continued decrease in formation rates – the projected decrease in Cambridge in particular is significant. This reflects the substantial 7 percentage point fall in household formation rates for those aged 25-34 in Cambridge over the 2001-11 period.

Figure 28: Projected Household Formation Rates for those aged 25-34



- 5.83 It is notable for both areas that those aged 25-34 have lower headship rates than was expected in the 2008-based projections and that even under our most positive projections (considered above), the improvement moving forward is quite slight (with household formation rates for those aged 25-34 still slightly downwards in Cambridge).
- 5.84 This analysis is used to quantify a 'market signals' uplift. This describes what additional level of supply of housing would be necessary (all other factors being equal) to improve household formation rates for those aged 25-34. We have considered the implication of returning the household formation rates of the 25-34 age group back to the 2008-based level by 2031.
- 5.85 Figure 29 takes the economic-driven projections, which are linked to delivering the plans' economic job growth aspirations, and includes the adjustments to household formation rates for those aged 25-34 to improve affordability.

Figure 29: Housing Provision to Support Economic Growth & Improve Affordability

Homes per Annum, 2011-31	Base Economic-Driven Projection	Adjustment to Improve Affordability	Resultant OAN
Cambridge	958	103	1061
South Cambs	1243	23	1266
Total	2200	127	2327

- 5.86 Our analysis indicates that to address market signals and improve affordability as the NPPF requires; as well as support the job targets identified in the plans, provision of just under 2,330 homes per annum would be necessary.
- 5.87 The uplift associated with market signals is highest in Cambridge, where the evidence suggests a greater degree of constraint on household formation for those aged 25-34 than has been seen in South Cambs. The uplift reflects an analysis that would increase the access to housing for younger households and improve affordability.

What is the objective level of housing need?

- 5.88 National policy is clear that levels of housing provision in plans need to take account of the following:
- Meet projected population growth;
 - Align to economic growth ambitions;
 - Improve affordability;
 - Meet affordable housing need.
- 5.89 The impacts of each of these aims in housing numbers terms is quantified in Figure 30 below, based on the analysis and modelling set out in this report.

Figure 30: Key Housing Need Projection Scenarios – Annual Need, 2011-31

Homes per Year, 2011-31	Cambridge	South Cambs	Total
Demographic Trend Projections	1092	955	2047
Meeting Jobs Targets in Plan	958	1243	2200
Meeting Affordable Housing Need	2141	1480	3621
OAN – Meeting Jobs Targets & Improving Affordability	1061	1266	2327

- 5.90 Working through the approach in the Planning Practice Guidance, the latest household projections are the starting point. These project a need for 826 dwellings per annum. The projections for Cambridge are however clearly not robust. This is accepted by the Councils.
- 5.91 Our main trend-based demographic projections indicate a need for around 2050 homes per annum. This is 21% above the level of housing provision being made within the plans. This is based on a continuation of past population trends – broadly consistent with the approach used by the County Council in its Technical Paper.
- 5.92 However the Practice Guidance and NPPF are clear that plans should also seek to ensure that their evidence and strategies for housing and employment growth are aligned (NPPF Para 158) and take full account of market signals.
- 5.93 To meet the levels of jobs growth identified within the two respective plans, our detailed demographic modelling indicates that provision of around at least 2200 homes per annum would be required. There is a clear issue of misalignment of the strategies for housing and economic growth within the plans.
- 5.94 Secondly there is clear evidence of both a very high level of affordable housing need, poor affordability of market housing and a deteriorating situation with substantial growth in house prices clearly pointing to supply-demand imbalance. This is borne out in the demographic data which indicates that household formation rates of those in their 20s and 30s have declined as result. To achieve an improvement in affordability over the period to 2031 – in line with national policy – provision of 2,325 homes is necessary (rounded to the nearest 5).
- 5.95 This level of housing provision – of 2,325 homes per annum across the two authorities (1,060 in Cambridge and 1,265 per annum in South Cambridgeshire) meets the relevant policy tests in regard to meeting full objectively assessed housing needs and a strategy for housing and employment which is aligned.

6 SUMMARY AND CONCLUSIONS

- 6.1 The National Planning Policy Framework is clear that local plans should be based on meeting objectively assessed need for housing. This should be take account of market and economic signals, demographic projections and expected economic growth. The Government's Planning Practice Guidance clearly sets out that local planning authorities should consider increasing housing provision where there is evidence that household formation has been suppressed, where market signals point to supply/demand imbalance or worsening affordability or that this is necessary to meet affordable housing need. In the case of both Cambridge and South Cambridgeshire, each of these "tests" points towards a need to increase housing provision above the levels set out in their Proposed Submission Local Plans.
- 6.2 The Councils assessment of need for housing is set out within Cambridgeshire County Council's *Population, Housing and Employment Forecasts: Technical Report* (April 2013). This considers demographic and economic projections. It takes no account of market signals nor the evidence of affordable housing need in drawing conclusions about housing needs. The Councils' evidence base is thus not compliant with the either the NPPF or Planning Practice Guidance.
- 6.3 We also identify a number of flaws in the methodology used within the Technical Report and conclude that its findings cannot be considered robust.
- 6.4 The Technical Report has not taken account of the most up-to-date data – in particular what the 2011 Census tells us about population trends in Cambridge between 2001-11. It relies to a significant degree on projections which pre-date the release of the Census data.
- 6.5 The approach to relating population growth and growth in employment employed within the Technical Report cannot be considered robust. It does not consider how the age structure of the population in each authority is expected to change over time. Based on the modelling we have undertaken, it is clear that the current planning assumptions on provision of homes and jobs in Cambridge and South Cambridgeshire would need to be supported by significant net growth in in-commuting to both authorities. We can quantify this using our modelling:
- Delivery of 14,000 homes to 2031 in Cambridge can be expected to support growth in residents in employment in the City of 13,200. So we could feasibly see an increase in in-commuting of up to 8,900 people to the City over the plan period if jobs growth is achieved.
 - Delivery of 19,000 homes to 2031 in South Cambridgeshire can be expected to support growth in residents in employment of 14,500 across the District. So we could feasibly see an increase in in-commuting of up to 5,500 persons to 2031 if jobs growth is achieved.
- 6.6 It seems clear from a detailed interrogation of the Councils assumptions that the plans together are predicated on an increase in in-commuting in net terms to the two authorities of between 12,000 –

14,500 persons over the 2011-31 plan period (with the range influenced by the degree of increase in employment rates which is achieved such as through older persons working longer). It is very clear that to support forecast growth in labour demand we would need to see a further increase in long-distance commuting to the Cambridge area. This is clearly neither sustainable nor consistent with the stated aims of the plans.

- 6.7 The final substantive issue with the technical report is the basic approach it uses to relate population to dwellings (an occupancy ratio). This takes no account of the age structure of the two authorities, and how this is expected to change over the plan period. The approach is simplistic. It is inconsistent with the modelling approaches adopted by most other local authorities across the country. The approach adopted has the effect of under-estimating housing need.
- 6.8 Given the substantive issues with the councils' evidence base, this report provides an independent objective assessment of housing need. In doing so it follows the approach outlined by Government in its Planning Practice Guidance.
- 6.9 The latest CLG Household Projections for Cambridge are not robust and this is commonly accepted. The Councils themselves reject these projections and project similar rates of population growth as seen in the past.
- 6.10 There is clear evidence that household formation has been suppressed. Cambridge has seen the strongest recent house price growth of any regional town or city nationally. Residential land values in the area are the highest of any market nationally outside London. Lower quartile house prices are 10.3 times incomes in Cambridge and 8.8 in South Cambridgeshire – both significantly above regional and national averages; and in Cambridge's case similar to levels in Inner London.
- 6.11 Modelling demographic trends based on the latest data indicates a need for 1092 homes per annum in Cambridge and 955 per annum in South Cambridgeshire to 2031. However this does not see any substantive improvement in affordability for younger households. Just to respond to past population trends and reduce suppression of household formation over the plan period, housing provision would need to increase to around 21% above the level currently proposed in the Local Plans.
- 6.12 If we are not to see a substantial increase in long distance in-commuting to both Cambridge and South Cambridgeshire (in net terms) housing provision would need to increase further still. To meet the levels of economic growth identified in the plans, our analysis indicates provision of at least 2,200 homes would be needed. However this would see further deterioration in affordability.
- 6.13 The affordable housing needs analysis provides further evidence of a need to increase levels of housing provision. There is a backlog of housing need of almost 15,000 households across the two

authorities. To meet affordable housing need in full, provision of nearing 3,600 homes across the two authorities would need to be considered.

- 6.14 Drawing the analysis together the report indicates a need for 21,200 homes in Cambridge City (1,060 homes per year) and 25,300 homes in South Cambridgeshire (1,265 homes per year) over the 2011-31 plan period to meet the full objectively assessed need for market and affordable housing. This is significantly higher than the levels proposed in the two plans, but is necessary to support the job growth targets in the plans, ensuring the alignment of the strategies for housing and employment as required by Paragraph 158 in the NPPF, to take account of market signals and to improve affordability and affordable housing delivery, as Paragraph 17 in the Framework requires.

Appendices

APPENDIX A: DEMOGRAPHIC PROJECTION ASSUMPTIONS

Summary of Demographic Projection Assumptions

Projection	Updated demographic projection – reduced headship constraint	Job growth forecasts	Job growth forecasts and improving affordability
Description	Uses the 2012-based SNPP with an update to reflect more recent data (about migration) in the ONS 2013 mid-year population estimates. Compared with the SNPP this projection includes a higher level of migration to Cambridge and a slightly lower level in South Cambs. In both cases however, population growth is expected to be below past trend levels. The projection also recognises that there has been some suppression of household formation when compared against past estimates (as in the 2008-based CLG household projections).	This projection builds on the previous projection to consider the likely housing requirement linked to a particular level of job growth in each local authority. The job growth figures are taken from Council data and assumes an increase of 22,100 for Cambridge and 22,000 in South Cambridgeshire. Migration figures are adjusted to match the required population growth and an allowance for ‘double jobbing’ has been included to reflect the relationship between jobs and working residents.	This projection builds on the previous one and contains the same demographic inputs. The projection however recognises a particular constraint in the household formation rates of people aged 25-34 (particularly in Cambridge) and includes an uplift for this age group to reflect the number of homes required to return formation rates back to the trend levels expected in the 2008-based CLG household projections.
Baseline population	A 2011-baseline population is taken from the Census 2011-based mid-year Population estimates produced by ONS. This population is split by single year of age and gender. Figures from ONS mid-year population estimates are also included for 2012 and 2013 – this means that any ‘projection’ only starts from 2013 with data for 2011, 2012 and 2013 being the same in each scenario.		
Fertility and mortality rates	Fertility and mortality rates are applied to the projections based on the using projected fertility/mortality rates and differentials for the individual authorities within the area, taken from ONS 2012-based SNPP.		
Migration profile	Profile of migration taken from 2012-based SNPP. Migration is assessed by sex and single year of age as well as separately for in- and out-migration for each of internal, cross-border and international migration. Where adjustments are made to migration (e.g. to match a required workforce growth it is assumed (for modelling purposes) that this will be an increase or decrease in internal in-migration with out-migration held constant for all projections. Levels of international out-migration have however been adjusted from those shown in the 2012-based SNPP to reflect more up-to-date migration information (noting that any errors in migration estimates are likely to be in relation to international out-migration which is typically the hardest component of population change to measure).		
Headship rates	Headship rates have taken account of both the 2011-based CLG projections and the 2008-based projections. This reflects that the 2011-based figures include some degree of constraint whilst 2008 figures are largely unconstrained. Analysis has been undertaken to estimate the extent to which constraints are related to either the housing market or international migration (using changes to the BME population as a proxy). Studying the reasons for ‘suppression’ is consistent with CCHPR research.	For most age groups the headship rates are the same as for the other projections. The exception to this is in the case of people aged 25-34 where an uplift is applied to return household formation rates back to the level expected in the 2008-based CLG projections by 2031.	
Employment rates	Data is based on proportion of residents in employment by age and sex in 5 broad age bands from 16 to 74. Figures moving forward take account of potential reductions in unemployment and increases in older people working due to changes in pensionable age.		
Vacancy rate	Assumed to be 4.5% in Cambridge and 3.0% for South Cambs. These figures are taken from the 2011 Census for unoccupied household spaces and are		

the uplift on the number of occupied household spaces.

APPENDIX B: EMPLOYMENT RATE ASSUMPTIONS

Figure B1: Employment Rates by Age and Sex – Cambridge						
Sex	Year	Aged 16 to 24	Aged 25 to 34	Aged 35 to 49	Aged 50 to 64	Aged 65 to 74
Male	2011	27.8%	76.9%	86.9%	78.8%	37.4%
	2031	27.8%	77.0%	87.1%	81.7%	41.8%
Female	2011	32.1%	71.8%	78.2%	69.0%	24.6%
	2031	32.1%	74.5%	80.4%	74.8%	27.8%

FIGURE B2: Employment Rates by Age and Sex – South Cambridgeshire						
Sex	Year	Aged 16 to 24	Aged 25 to 34	Aged 35 to 49	Aged 50 to 64	Aged 65 to 74
Male	2011	62.6%	92.1%	93.6%	83.3%	34.0%
	2031	62.6%	92.2%	93.8%	86.3%	38.5%
Female	2011	61.7%	81.2%	82.8%	69.6%	20.3%
	2031	61.7%	83.9%	85.0%	75.4%	23.4%

FIGURE B3: Employment rates in 2011 and 2031 by local authority							
Area	Rate	SNPP		Adjusted demographic		EEFM	
		2011	2031	2011	2031	2011	2031
Cambridge	16-64	63.5%	64.1%	63.5%	65.8%	63.5%	66.0%
	16-74	61.2%	61.2%	61.2%	63.1%	61.2%	63.4%
	All 16+	56.6%	54.9%	56.6%	57.2%	56.6%	57.8%
South Cambridgeshire	16-64	80.4%	82.2%	80.4%	82.2%	80.4%	82.3%
	16-74	73.9%	73.8%	73.9%	73.7%	73.9%	74.2%
	All 16+	66.7%	62.0%	66.7%	61.8%	66.7%	62.6%

Notes (1):

16-64 – employment rate of people aged 16-64

16-74 – employment rate of people aged 16-74

All 16+ - employment rate expressed as total people working as a proportion of all people aged 16 and over

Notes (2):

The overall rates are sensitive to the level of population growth – hence the table includes data for three different scenarios

APPENDIX C: HEADSHIP RATES BY AGE

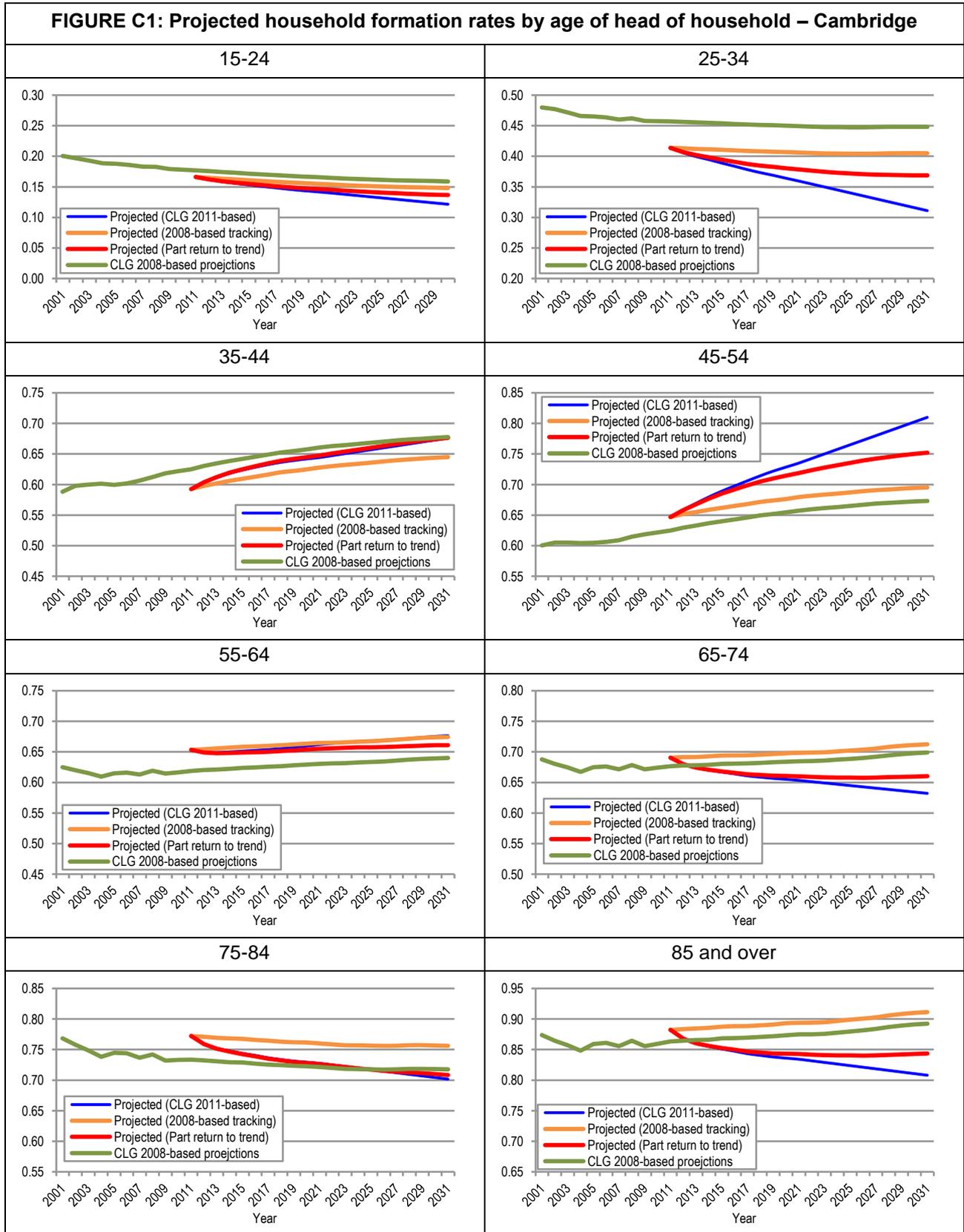
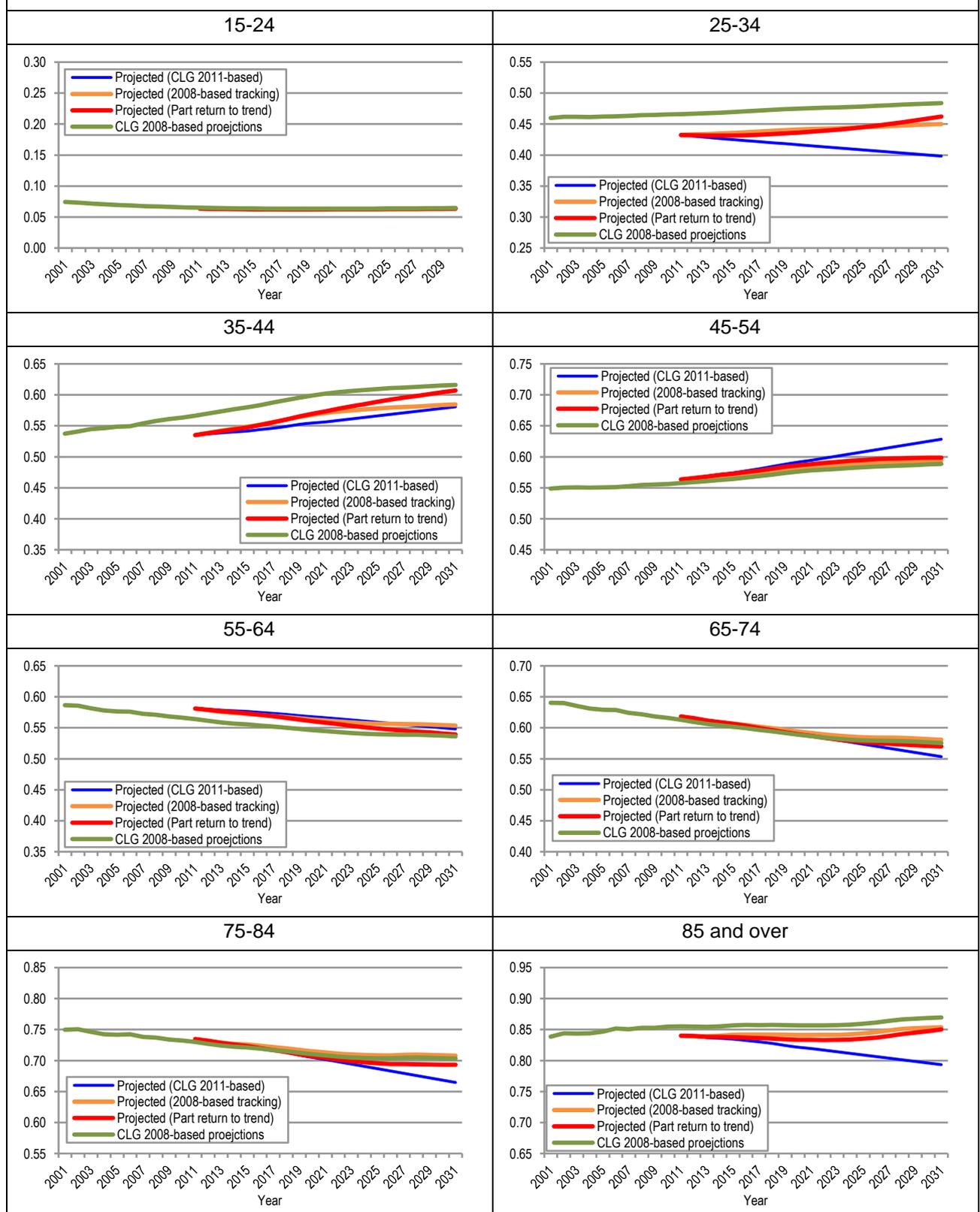


FIGURE C2: Projected household formation rates by age of head of household – South Cams



APPENDIX D: DIFFERENCES FROM SEPTEMBER 2013 STUDY

In this appendix we summarise differences from GL Hearn's September 2013 Study, entitled *Review of Housing Requirements: Cambridge and South Cambridge*.

The 2013 Study identifies a need for 1065 homes per year in Cambridge and 1075 homes per year in South Cambridgeshire. Our updated assessment shows a slightly reduced need for 1060 homes per year in Cambridge; but a higher need for 1,265 homes per year in South Cambridgeshire.

The updated findings reflect the latest demographic information, comprising:

- ONS 2013 Mid Year Population Estimates;
- ONS 2012-based Sub-National Population Projections, which include:
 - Births, Deaths;
 - Age Profile of In- and Out-Migrations.

In this report GL Hearn has also taken a more advanced approach to modelling household formation rates, which is informed by studies by Alan Holmans, Peter Williams and Neil McDonald at the Cambridge Centre for Housing and Planning Research at Cambridge University. This report has thus considered in further detail the potential recovery in household formation trends.

The report has additionally sought to consider in further detail and quantify what increasing in housing supply would be necessary to support improvements in affordability, taking account of market signals in accordance with the Planning Practice Guidance.

The adjustments to the conclusions drawn on objectively assessed housing need are thus based on the latest data and research; and respond specifically to the methodological approach advocated by Government in the Planning Practice Guidance.