



Examination into the Soundness of the  
Cambridge Local Plan and  
South Cambridgeshire Local Plan

**Matter 3 – Housing Need**

Joint Matter Statement by  
Cambridge City Council and  
South Cambridgeshire District Council

October 2014



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## List of Abbreviations

CLG	Department for Communities and Local Government
EEFM	East of England Forecasting Model
HMA	Housing Market Area
LEFM	Local Economy Forecasting Model
NPPF	National Planning Policy Framework
NPPG	National Planning Practice Guidance
ONS	Office of National Statistics
SHMA	Strategic Housing Market Assessment
SNPP	ONS Sub-National Population Projections

## Introduction

1. This statement sets out both Councils' response in relation to the Inspector's Matters 3a and 3g regarding legal process and requirements.
2. All the documents referred to in this statement are listed in Appendix 1; and examination document reference numbers are used throughout for convenience.

### **Matter 3a: 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)?**

3. The figures of 14,000 new homes for Cambridge and 19,000 new homes for South Cambridgeshire, as identified in the Cambridge Sub Region Strategic Housing Market Assessment (SHMA)<sup>1</sup>, reflect a robust assessment of the full objectively assessed needs for market and affordable housing in the Housing Market Area (HMA) as required by paragraph 47 of the National Planning Policy Framework (NPPF)<sup>2</sup>. This is within the context of an overall need for 93,000 homes in the Cambridge Sub Region HMA. The Cambridge Sub-Region provides a robust assessment and clear understanding of the full housing needs in all seven authorities within the HMA, as required by paragraph 159 of the NPPF and provides an integrated assessment of the need for homes and jobs, taking account of relevant market and economic signals, as required by paragraph 158 of the NPPF.
4. The 33,000 new homes will boost significantly the supply of housing in Cambridge and South Cambridgeshire, as required by paragraph 47 of the NPPF. This compares with 27,600 new homes suggested by national household projections<sup>3</sup>. The SHMA takes a consistent approach to assessing need across the HMA. The overall need identified for the HMA of 93,000 new homes also boosts supply of housing compared with the 87,700 homes identified in national projections, with that additional housing being focused on the two areas at the heart of the HMA.
5. The Councils making up the HMA and Peterborough signed a Memorandum of Cooperation in May 2013<sup>4</sup> that demonstrates their commitment to meeting the full objectively assessed housing needs of the HMA. In it, Cambridge City Council and South Cambridgeshire District Council commit to meeting in full the objectively assessed needs for their respective areas. This is carried through to the submitted

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<sup>1</sup> Cambridge Sub Region Strategic Housing Market Assessment (RD/Strat/090) Chapter 12, Table 26 page 42

<sup>2</sup> National Planning Policy Framework (RD/NP/010)

<sup>3</sup> Cambridge Sub Region Strategic Housing Market Assessment (RD/Strat/090) Chapter 12, Table 11, Comparing How Many Homes - this is based on CLG 2008-based household projections (9,400+18,200=27,600)

<sup>4</sup> Cambridgeshire and Peterborough Memorandum of Cooperation: Supporting the Spatial Approach 2011-2031 (RD/Strat/100)

Local Plans<sup>5</sup> (Submitted Cambridge Local Plan Policy 3 and Submitted South Cambridgeshire Local Plan Policy S/5).

6. The SHMA and Memorandum of Cooperation have been tested at the Fenland Core Strategy Local Plan<sup>6</sup> and East Cambridgeshire Local Plan<sup>7</sup> examinations. The methodology undertaken in the SHMA and the objectively assessed needs for new homes identified have been found sound by both Inspectors. The Memorandum of Cooperation has also been endorsed by the Inspectors.

### **The SHMA Methodology**

#### a. Overview

- The HMA includes seven districts in Cambridgeshire and West Suffolk<sup>8</sup>, reflecting the functional housing market and economic area;
  - Population increase was derived from a range of economic and demographic forecasts;
  - The 2011 Census provides the population baseline;
  - The relationship between jobs and employed residents was determined using existing commuting patterns;
  - Resident future population was translated into dwellings reflecting the projected decrease in household size.
7. The National Planning Practice Guidance (NPPG) indicates that there is no one methodological approach<sup>9</sup> for assessing objectively assessed needs for housing. Unsurprisingly, therefore, a range of approaches are taken in representations on the plans. However, the Councils consider that the differences in outcomes between the Councils' own methodology and those of representors are limited and not substantial. The main areas of difference appear to relate to the scope of the HMA and therefore the appropriate location of new homes in relation to jobs.

#### b. Background

8. The SHMA chapter dealing with objectively assessed needs (Chapter 12: Forecasts for homes of all tenures) was published in May 2013 and is the key chapter of the SHMA supporting the Local Plans. The SHMA considers the full market and affordable housing needs for the Cambridge Sub Region HMA as part of an integrated approach to future population, housing and economic needs, including forecast job numbers. This is important given the strong links between jobs and homes in this growth area,

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<sup>5</sup> Cambridge Local Plan 2014: Proposed Submission (RD/Sub/C/010) and South Cambridgeshire Proposed Submission Local Plan (RD/Sub/SC/010)

<sup>6</sup> Report on the Fenland District Council Core Strategy Local Plan Examination, in particular paragraphs 40 and 48-49 (RD/Strat/320)

<sup>7</sup> East Cambridgeshire Local Plan Examination Inspector's Interim Conclusions, in particular paragraphs 14 and 24 (RD/Strat/310)

<sup>8</sup> Cambridge, East Cambridgeshire, Fenland, Forest Heath (Suffolk), Huntingdonshire, South Cambridgeshire and St Edmundsbury (Suffolk)

<sup>9</sup> NPPG, Paragraph 005. Reference ID: 2a-005-20140306

where a high proportion of new homes are required to support forecast new jobs. The SHMA is supported by the Population, Housing and Employment Forecasts Technical Report<sup>10</sup>.

9. The Joint Working and Development Strategy Topic Paper<sup>11</sup> sets out how the Councils arrived at the figure for objectively assessed need for homes and jobs. An overview is provided at the front of the SHMA, which signposts key issues. A separate short paper summarising the approach taken in the SHMA to establishing the objectively assessed needs for additional housing and jobs is included in the examination library<sup>12</sup>. The full SHMA methodology is not repeated here. However, some of the key aspects of the methodology undertaken in the SHMA that demonstrate that it provides a sound assessment of need are considered in the following sections.

c. Housing Market Area

10. The Cambridge Sub Region has long been a functional economic and housing market area in recognition that the Cambridge economy serves a wider area. For example, 27% of East Cambridgeshire's employed residents work in Cambridge or South Cambridgeshire (Census 2011). While Cambridge and South Cambridgeshire show self-containment in terms of migration and commuting data, the strong interrelationship between surrounding rural districts and Cambridge and South Cambridgeshire is the basis for the scope of the Cambridge HMA.
11. As noted in paragraph 5, the definition of the HMA is a key area of disagreement between the Councils and some representors. Based upon the existing functional HMA, the principal focus for housing growth within the HMA remains in and close to Cambridge, but the SHMA approach also recognises that surrounding districts provide housing to support jobs growth in Cambridge and South Cambridgeshire. Accordingly, the SHMA identifies a reasonable balance of additional jobs and homes across the HMA. This reflects the historic trends of relative self-containment in the wider geographic area, itself informed by the travel to work areas on which the HMA is based<sup>13</sup>. It recognises that there are differences in the balances between projected jobs and homes between districts which it states is symptomatic of the established relationship between the economic strengths of Cambridge and the larger towns and the wider housing market.
12. In particular, the challenges of housing affordability means that the wider market area provides an important source of housing choice in locations with good sustainable transport links to Cambridge<sup>14</sup>, such as by train from Ely, and by Guided Bus from

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<sup>10</sup> Population, Housing and Employment Forecasts Technical Report (Cambridgeshire County Council Research and Performance Team) (RD/Strat/080)

<sup>11</sup> Joint Working and Development Strategy Topic Paper, Section 3 (RD/Top/010)

<sup>12</sup> Approach to Establishing Objectively Assessed Needs for Additional Housing (RD/Strat/280)

<sup>13</sup> Following the NPPG(RD/NP/020), the SHMA 2013 Chapter 2 (RD/Strat/090) sets out a description of our housing market area including factors such as house prices and rates of change in house prices; Household migration and search patterns and further contextual data for example travel to work area boundaries, retail and school catchment areas.

<sup>14</sup> SHMA paragraphs 98 and 99 (RD/Strat/090)

Huntingdon and St Ives, which are more sustainable than many rural parts of South Cambridgeshire. The Inspectors examining the Fenland and East Cambridgeshire Local Plans<sup>15</sup> confirmed the SHMA's approach as sound, implicitly acknowledging the appropriate balance between jobs and homes across the HMA. Some representors assume that all of the population, and therefore all the homes, to meet forecast jobs growth in Cambridge and South Cambridgeshire should be provided within the two districts. The Councils do not support this approach for the reasons set out above.

13. There can be some overlap at the edges of HMAs. For example, Saffron Walden and Royston to the south of Cambridge were previously recognised in the definition of the Cambridge sub-region included in the 2003 Cambridgeshire and Peterborough Structure Plan. However, Uttlesford and North Hertfordshire Districts as a whole look more strongly to the south and lie within the London Commuter Belt (East)/M11 Sub-Region Strategic Housing Market Assessment. Each SHMA identifies full objectively assessed needs based on administrative boundaries<sup>16</sup>, and this whole district approach is recommended in a PAS Technical Guidance Note on objectively assessed needs<sup>17</sup>.

d. Population as a starting point

14. To provide a sound basis for projecting future housing needs, the assessment is founded on the total population living in the HMA in 2011, regardless of the way they were housed. The 2011 Census provides the most up-to-date population figures available and these are reflected in the population and subsequent dwelling forecasts. There is therefore no backlog of demand for housing above and beyond these figures.
15. This approach is consistent with a High Court judgement in March 2014 for Zurich Assurance Limited v Winchester City Council<sup>18</sup> in which Mr Justice Sales concluded that "there was no reason whatever for a person in 2011 seeking to draw up a current estimate of population growth and housing requirements looking into the future from that date to 2031 and using up-to-date evidence to do so, to add on to the estimated figures any shortfall against what had been estimated to be needed in the first phase of the previously modelled period". This approach is reflected in the PAS Technical Advice Note<sup>19</sup>.
16. The NPPF says that a SHMA should identify the housing needed to meet household and population projections (paragraph 159). National household projections rely upon ONS Sub-National Population Projections (SNPP). The assessment of housing demand in the SHMA starts with ONS SNPP and therefore the original evidence source used is the same as that required by national policy. In addition, using population instead of households as the starting point for an assessment of future housing demand

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<sup>15</sup> RD/Strat/310 and RD/Strat/320

<sup>16</sup> Statements of Common Ground with Uttlesford District Council (RD/SCG/030) and North Hertfordshire District Council (RD/SCG/040)

<sup>17</sup> Objectively Assessed Need and Housing Targets: Technical Advice Note – Planning Advisory Service, para 4.11 (RD/Strat/360)

<sup>18</sup> High Court Judgement in the case of Zurich Assurance Limited v Winchester City Council and South Downs National Park Authority, paragraph 94 and 95 (RD/Strat/370)

<sup>19</sup> Objectively Assessed Need and Housing Targets: Technical Advice Note – PAS, paragraph 8.6 final bullet (RD/Strat/360)

enables comparison and corroboration of the widest range of projections and forecasts, both demographic and economic led, without relying on a single source.

17. Furthermore, there is a particular local issue with relying on the national projections for this area. The Technical Report shows that the figures for Cambridge are implausibly low, due to the migration methodology used. Most representors agree with this, and this issue has been raised over many years with ONS. As well as the benefits described above, this is another reason for not relying solely on national projections, and instead using a wide range of available population figures. By following the same methodology for all districts, using the same evidence sources, the SHMA identifies consistent housing demand figures across the HMA, including for Cambridge<sup>20</sup>.

e. Taking account of Economic Forecasts

18. The indicative 2011-31 population and employment growth figures determined in the SHMA are based on jobs-led population forecasts rather than solely on demographic-led forecasts. The assessment considers economic forecasts from two independent forecasting models: the East of England Forecasting Model (EEFM) and the Local Economy Forecasting Model (LEFM). The employment-led population forecasts from the EEFM are reflected in the overall assessment of future population, leading to an increase in the population forecast in those parts of the HMA – including Cambridge and South Cambridgeshire – where the demographic projections alone would indicate a lower future population figure. Economic migration accounts for a significant proportion of forecast population growth for both districts, with natural change only accounting for around 40% overall.
19. Therefore, the identified population total reflects market and economic signals, in accordance with paragraph 158 of the NPPF<sup>21</sup>. The requirement to address market signals included in the NPPG<sup>22</sup> is addressed separately in Matter 3b. Appendix 2 sets out the implications of policy and data sources produced since the publication of the SHMA. Matter 4 addresses issues relating to forecast jobs.

f. Commuting

20. The commuting pattern demonstrated in the 2001 Census is carried forward in the SHMA for the period 2011-2031. This approach uses the latest available detailed evidence at the time the SHMA was produced. Taking account of commuting reflects the way the HMA functions as a whole. It recognises that an increase in jobs in an area will increase the number of employed residents, not only in that area, but also in the areas where, in 2001, people lived who travelled to work in the area with the increase in jobs. Using actual commuting patterns to set the geographic relationship between jobs and resident population forms an assessment of housing demand based on facts and free from constraints.

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<sup>20</sup> Cambridge Sub Region Strategic Housing Market Assessment (RD/Strat/090) Chapter 12, 12.2.5, paragraph 65

<sup>21</sup> RD/NP/010

<sup>22</sup> RD/NP/020

21. The 2011 Census commuting patterns have been published since the Local Plans were submitted. Overall, commuting patterns have changed very little, reflecting the functional relationship between settlements, supported by good sustainable transport links. Appendix 3 identifies the main findings regarding commuting from the 2011 Census compared with the 2001 Census used in the SHMA.
22. A key difference between the Councils and objectors is that there should be a closer relationship between additional jobs and homes in Cambridge and South Cambridgeshire, fundamentally changing commuting patterns. The SHMA includes significant levels of additional housing within Cambridge and South Cambridgeshire. The authorities in the Cambridge HMA have planned for housing need as a whole across the HMA, recognising that other districts provide for some of the housing needs related to economic activity within Cambridge. This is implicitly recognised by the initial conclusions of the Inspector who examined the East Cambridgeshire Local Plan<sup>23</sup>, where some of the housing to be provided will serve the wider Cambridge economy. In addition, the PAS advice note on objectively assessed need advises against recalling out-commuters from other districts unless this is a realistic strategy, and it has been agreed with the districts where the commuters work<sup>24</sup>.
- g. Converting population to homes
23. Having identified the population anticipated in 2031, taking account of economic growth, the SHMA calculates the number of homes needed to house the total population and identifies how many new homes are therefore needed in the HMA and by district between 2011 and 2031.
24. To determine the future demand for dwellings, the extent to which occupancy ratios will fall is forecast using an East of England-wide assumption based on the fall in occupancy rates over the period 1996 to 2007<sup>25</sup>. Using this geography and time period as the basis for an assumption about the future fall in occupancy ratios means that the fall reflects the national trend of an ageing population, but does not reflect issues of suppressed household formation due to the recession in more recent years. The average trend across the East of England region also provides an indication of the underlying trend across areas with varying levels of supply and affordability of housing over this period, and is based on observed data at a regional, rather than national, level. The Inspector examining the East Cambridgeshire Local Plan supported this approach: “In respect of occupancy ratios, the [approach] assumes a continued fall in household size through the Plan period. The relevant figures derive from trends between 1996 and 2007 for the East of England, and therefore avoid potential concerns that household size data from the 2011 Census may include an element of suppressed need. This approach appears prudent. While concerns were raised that occupancy ratios may vary depending upon the amount and type of in-migration, I have seen no

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<sup>23</sup> RD/Strat/310

<sup>24</sup> Objectively Assessed Need and Housing Targets: Technical Advice Note – PAS, paragraph 9.21 final bullet (RD/Strat/360)

<sup>25</sup> SHMA Chapter 12, paragraph 76 (RD/Strat/090)

substantive evidence that the approach (which uses different occupancy ratios for different districts) is inherently unsound"<sup>26</sup>.

25. The Councils consider that differences between the SHMA and representors' respective approaches to the relationship between population and dwellings are subtle and not substantial.

h. Affordable Housing

26. The SHMA includes an assessment of affordable housing need as required by paragraph 47 of the NPPF. There is a high level of affordable housing need in Cambridge and South Cambridgeshire reflecting a wide range of factors, including:

- the success of the local economy;
- attraction of Cambridge as the main urban centre with associated shops, leisure and other facilities;
- affordability of market housing;
- availability of privately rented accommodation at the lower end of the market.

27. The SHMA identified a net affordable housing need in the HMA of 44,864 affordable homes, with 14,418 in Cambridge and 9,011 in South Cambridgeshire<sup>27</sup>. For South Cambridgeshire the backlog of need is 5,412 with newly arising need being 6,425 as set out on Appendix 4.

28. The SHMA was prepared when the housing registers were at a peak, in the context of a repeating pattern of peaks and lows<sup>28</sup>. Since the publication of the SHMA 2013 the HMA authorities have reviewed their Housing Registers in response to the Localism Act and good practice guidance. The recorded level of need reduced significantly immediately following the review, as all applicants were removed from the register and required to reapply if they wanted to be considered for housing. The number started to increase again as applicants reapplied. Registers from now on will be subject to a rolling review which should ensure they are kept more up to date and it is not expected that they will increase back to the levels at the time of the SHMA 2013.

29. The SHMA 2013 remains the evidence base supporting the Local Plans. However, it is helpful to see the impact of the housing register reviews on housing need figures since 2013. Indicative figures are contained at Appendix 4, Tables 7, 8 and 9. The partial update suggests the current and newly arising need for Cambridge may have reduced from 17,131 in 2011/12 to 10,896 in 2012/13, rising to 11,809 in 2013/14. South Cambridgeshire sees a similar pattern, reducing from 11,838 in 2011/12 to 9,253 in 2012/13, then 9,893 in 2013/14. There has also been a big reduction in the backlog of need to 3,731 for Cambridge and 2,846 for South Cambridgeshire, although newly arising need has increased a little to 8,078 and 7,047 respectively.

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<sup>26</sup> East Cambridgeshire Local Examination Inspector's Interim Conclusions 14<sup>th</sup> July 2014 paragraph 10 (RD/Strat/310)

<sup>27</sup> SHMA, Chapter 12 - Table 23 net of the supply identified in Table 24 (RD/Strat/090)

<sup>28</sup> Strategic Housing Market Assessment, Chapter 12, paragraph 130, 5th bullet (RD/Strat/090)

30. It is helpful to understand the composition of affordable need. The sub-regional system defines four “Bands” of need which are used across the seven districts in the partnership. All categories of need are clearly important. The Bands used in the HMA Lettings Policies are:

- Band A – Those in urgent need to move;
- Band B – Those with a high need;
- Band C – Those with a medium need;
- Band D – Those with a low level of housing need.

A new Band D\* was introduced in April 2013, and includes households assessed as having sufficient financial resources to resolve their own housing need. Before then, such applicants would have been included in Band D.

31. Bands A, B and C broadly reflect the five groups of applicants who must, in law, be given ‘reasonable preference’ on the housing register. SHMA 2013 shows that Band D comprises a significant proportion of the register, at 36% for Cambridge and 40% for South Cambridgeshire in 2013<sup>29</sup>. Band D applicants are more likely to be able to afford intermediate housing which is an important element of the affordable housing mix. For South Cambs, the newly introduced Band D\* make up less than 1% of the total register, and for Cambridge City Band D\* makes up approximately 5% of the total register.

32. Since SHMA 2013 was published, the proportion of households in each Band has changed, and this change over time is set out in Graphs 3 to 6 in Appendix 4 for comparison. The update indicates a reduction in the proportion in Band D to 31% for Cambridge and 37% for South Cambridgeshire.

33. The high level of affordable housing need is not disputed and the Councils are clear this is a high priority as part of new developments. However, the SHMA makes clear that it is not appropriate to make a direct comparison between the additional housing required under an assessment of objectively assessed needs for all housing and the overall affordable housing need (paragraphs 129 and 130). For example, existing households which form part of the calculation would, if housed, free up existing homes.

34. This is supported by the Planning Advisory Service Technical Note<sup>30</sup>, which confirms that the overall need and the affordable need calculations are different. It states that only part of the affordable housing need is a component of the overall need figure - the part which relates to new households – and that the affordable need of existing households is not a need for net new housing.

35. On major new housing developments, including sites on the fringes of Cambridge, “Local Lettings Policies” are used. Through these policies, the Councils have agreed to share nomination rights to affordable housing on a 50/50 basis. This also happened at

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<sup>29</sup> SHMA Chapter 13, table 2 for Cambridge and Table 6 for South Cambridgeshire; in both tables, register by band is set out on lines 5.1.3 a, b, c and d (RD/Strat/090)

<sup>30</sup> Objectively Assessed Need and Housing Targets: Technical Advice Note – Planning Advisory Service (RD/Strat/360)

Cambourne, Orchard Park and the Southern Fringe and will be considered for the new town at Northstowe and other major developments coming forward. As such, it is appropriate to consider the affordable needs for the Greater Cambridge area<sup>31</sup> together. In addition, at least 10% of all homes advertised through the sub-regional Choice Based Lettings scheme are made available to applicants with a local connection to any of the seven local authorities in the sub-region.

36. Affordability of housing is an important issue in the Greater Cambridge area. The overall objectively assessed needs significantly boost housing above national projections. The affordable housing need has decreased due to the volatility of registers but is anticipated to remain at a more consistent lower level in future. The methodologies for calculating overall objectively assessed needs and affordable housing needs are different and they should not be directly compared, as confirmed in national guidance. It is also relevant to recognise that a number of people included in the calculation of affordable need are already in housing. Significantly, the functioning of the wider HMA helps meet affordability challenges close to Cambridge.

### Conclusion

37. In overall conclusion, comparing all available forecasts enables an integrated consideration of demographic and economic-led forecasts, so that the identified population total reflects market and economic signals as well as meeting household and population projections. The approach taken in the SHMA more than adequately provides for the national housing projections for the HMA as a whole and for Cambridge and South Cambridgeshire specifically. The planned dwellings will significantly boost the supply of housing, and are considered to meet the full housing need for Greater Cambridge.

**Matter 3b: Is the methodology used consistent with the advice in Planning Practice Guidance? (Where technical matters are in dispute, the Inspector will expect the Councils and relevant representors to provide a statement of common ground so as to narrow and/or clarify areas of agreement and dispute. This will enable the examination hearings to focus on the implications of such matters rather than the underlying technical data.)**

38. The SHMA and Technical Report<sup>32</sup> were published prior to the publication of the NPPG. However, the methodology included in the SHMA for determining objectively assessed need is consistent with guidance in the NPPG, and takes account of market and economic signals. A table showing where the SHMA addresses NPPG requirements is included in the Reference Document Library<sup>33</sup>.

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<sup>31</sup> Greater Cambridge is the term now embodied in the City Deal signed with Government for Cambridge and South Cambridgeshire, Greater Cambridge City Deal, page 7 (RD/Strat/300).

<sup>32</sup> RD/Strat/080 and RD/Strat/090.

<sup>33</sup> Assessing the Cambridge Strategic Housing Market Assessment against the final National Planning Practice Guidance (RD/Strat/290)

39. Appendix 5 provides an assessment of how the approach taken to assessing housing need is consistent with the advice in the NPPG. The main points to note from this assessment are:

**Can local planning authorities use a different methodology?**

40. The approach based on population rather than households enables:
- comparison of the widest range of projections and forecasts, both demographic and economic-led, reflecting market signals; and
  - a consistent approach across the HMA which addresses the implausibly low national projections for Cambridge.

**What areas should be assessed?**

41. The need for houses and jobs has been assessed across the Cambridge HMA, which is also a functional economic area.

**What is the starting point to establish the need for housing?**

42. Population rather than households is used as the starting point for the reasons given above.

**How should employment trends be taken into account?**

43. The assessment considers economic forecasts from two independent nationally recognised, forecasting models (EEFM and LEFM). The employment-led population forecasts from the EEFM are reflected in the overall assessment of future population.

**How should market signals be taken into account? / How should plan makers respond to market signals?**

44. The approach using population as a starting point avoids reflecting past trends of suppressed household formation in future assessments of need. As such, it responds directly to paragraph 015<sup>34</sup> of the NPPG, which says that adjustment to household projections may be required for a range of reasons including past suppression of household formation.
45. Planned increases in housing across the HMA are significantly above national projections, which results in a boost to the supply of housing.
46. The authorities in the Cambridge HMA have planned for housing need as a whole across the HMA, recognising that other districts provide for some of the housing needs related to economic activity within Cambridge. This is implicitly recognised by the initial conclusions of the Inspector who examined the East Cambridgeshire Local Plan<sup>35</sup>.

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<sup>34</sup> Paragraph: 015 Reference ID: 2a-015-20140306 of the NPPG (RD/NP/020).

<sup>35</sup> RD/Strat/310.

47. While there are affordability challenges within and close to Cambridge, there is no objective evidence that a decrease in house prices and rents would occur in response to increased levels of housing beyond the local plan targets.

**What is the total need for affordable housing?**

48. The overall objectively assessed needs significantly boost housing above national projections. The affordable housing need has decreased due to the volatility of registers. The methodologies for calculating overall objectively assessed needs and affordable housing needs are different and they should not be directly compared, as confirmed in national guidance. A number of people included in the calculation of affordable need are already in housing. The functioning of the wider HMA helps meet affordability challenges close to Cambridge.

## **Appendix 1: List of Reference Documents**

The Councils' key evidence in relation to housing need is set out in the following documents:

### **National policy:**

- National Planning Policy Framework (NPPF) (RD/NP/010);
- National Planning Practice Guidance (NPPG) (RD/NP/020).

### **South Cambridgeshire District Council submission documents**

- South Cambridgeshire Proposed Submission Local Plan (RD/Sub/SC/010).

### **Cambridge City Council submission documents**

- Cambridge Local Plan 2014: Proposed Submission (RD/Sub/C/010).

### **Topic papers:**

- Joint Working and Development Strategy Topic Paper (RD/Top/010).

### **Development strategy:**

- Population, Housing and Employment Forecasts Technical Report (RD/Strat/080);
- Cambridge Sub Region Strategic Housing Market Assessment SHMA (RD/Strat/090);
- Cambridgeshire and Peterborough Memorandum of Cooperation: Supporting the Spatial Approach 2011-2031 (RD/Strat/100);
- Approach to Establishing Objectively Assessed Need for Additional Housing (RD/Strat/280);
- East Cambridgeshire Local Plan Examination Inspector's Interim Conclusions (RD/Strat/310);
- Report on the Fenland District Council Core Strategy Local Plan Examination (RD/Strat/320);
- Objectively Assessed Need and Housing Targets: Planning Advisory Service (June 2014) (RD/Strat/360);
- High Court Judgement – Zurich Assurance v Winchester City Council (RD/Strat/370).

### **Statements of Common Ground:**

- South Cambridgeshire District Council and Uttlesford District Council: Local Plan – Statement of Common Ground (RD/SCG/030);
- South Cambridgeshire District Council and North Hertfordshire District Council: Local Plan – Statement of Common Ground (RD/SCG/040).

## Appendix 2: Implications of policy and data sources produced since the publication of the SHMA

1. The SHMA Chapter 12: *Forecasts for homes of all tenures* was published in April 2013. The SHMA followed the NPPF's requirements to base its assessment of housing demand on up-to-date and relevant evidence about the area (paragraph 158), in that it included the latest available national 2011-based interim population and household projections. Since the publication of the SHMA, the following new policy and data has been published:
2.
  - EEFM 2013 forecasts, published in August 2013;
  - National Planning Practice Guidance, issued in March 2014;
  - ONS 2012-based Sub-National Population Projections (SNPP), published in May 2014;
  - ONS Census 2011 origin – destination (commuting) data, published in July 2014;

In addition, CLG 2012-based household projections are due to be published around autumn 2014.

3. The implications of the NPPG are addressed in Matter 3b; the findings from Census 2011 commuting data are set out at Appendix 3. The implications of EEFM 2013 forecasts and ONS 2012-based SNPP are discussed below.
4. East of England Forecasting Model (EEFM) forecasts are updated annually. The 2013 baseline forecasts produce dwelling numbers that are very similar to those in the SHMA: 12,000 additional dwellings for Cambridge, between 2011 and 2031, and 20,000 for South Cambridgeshire over the same period. Taken together, the overall dwellings increase of 32,000 dwellings is comparable to the 33,000 dwellings included in the SHMA.
5. The ONS 2012-based SNPP projections for Cambridge and South Cambridgeshire 2011-31 show a population increase of 10,000 and 33,000 respectively. The SHMA figures for the same period, based upon a wider range of sources<sup>36</sup>, are 27,000 for Cambridge, and 38,000 for South Cambridgeshire<sup>37</sup>. The combined difference of 22,000 more people shows that the SHMA more than caters for the population change included in the latest national projections.
6. The 2012-based CLG household projections will be derived from the ONS 2012-based SNPP projections. Given the observations on these population projections noted above, it is not expected that these will have any implications for the objectively assessed need for housing in the two plans.

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<sup>36</sup> Population, Housing and Employment Forecasts Technical Report (RD/Strat/080), Page 36, Table 30

<sup>37</sup> Ibid.

### **Appendix 3: 2011 Census commuting patterns**

1. As noted in section f of the statement (paragraphs 20 – 22), between Census 2001 and 2011 commuting patterns changed very little, while net commuting numbers increased, as a result of increases in both resident and workplace populations.

#### Changes in net commuting numbers

2. The 2011 Census showed the following changes in total commuting numbers from 2001:
  - In-commuting into Cambridge and South Cambridgeshire increased from 44,724 to 54,496;
  - Out-commuting from Cambridge and South Cambridgeshire increased from 20,175 to 24,363;
  - Net in-commuting to the two districts increased from 24,549 to 30,133.
3. These changes in total commuting relate to an increase between 2001 and 2011 in Cambridge and South Cambridgeshire's workplace population from 142,893 to 168,709, and an increase in the two districts' employed residents from 118,344 to 138,576.

#### Changes in commuting patterns

4. The 2011 Census showed the following small changes in commuting patterns from 2001:
  - 67.7% of the workplace population lives in Cambridge and South Cambridgeshire, down from 68.7%;
  - 19.3% of the workplace population lives elsewhere in Cambridge HMA, down from 19.6%;
  - 13.0% of the workplace population lives outside the HMA, up from 11.7%.
5. Overall, the majority of Cambridge and South Cambridgeshire's workers continue to come from within the HMA, and the commuting patterns of the area's workers have changed very little.

## Appendix 4: Revisiting the SHMA Affordable Housing figures

### Changes since the 2013 SHMA

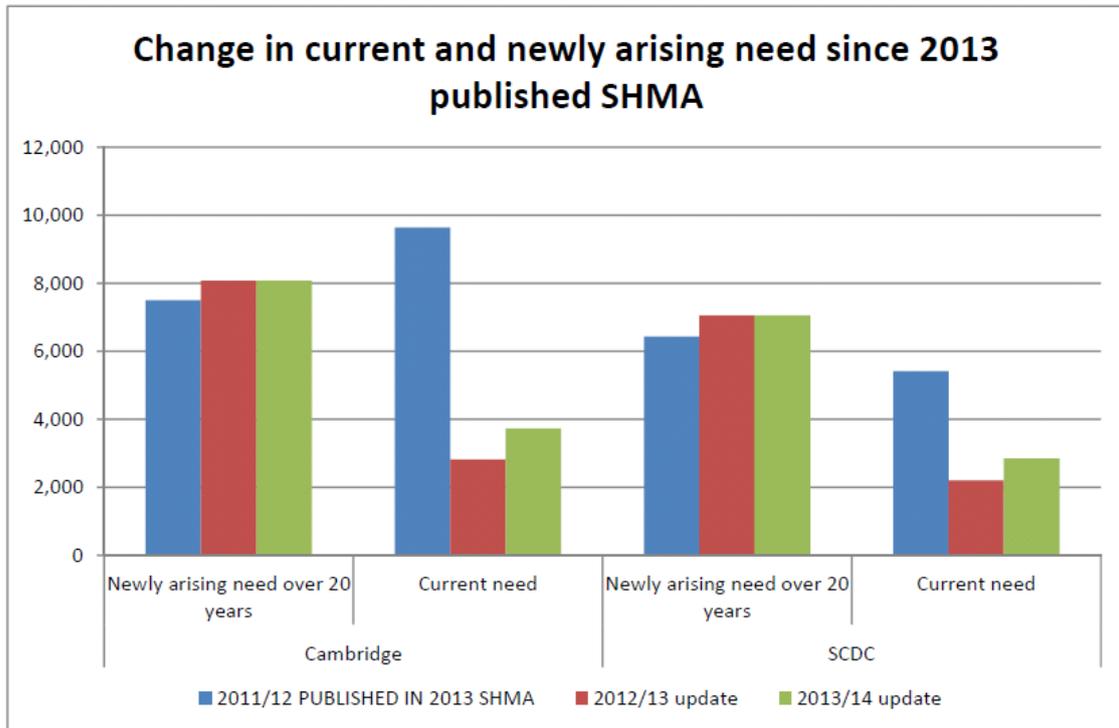
1. Since the publication of the 2013 SHMA, there have been two changes in circumstances that affect the calculation of affordable housing need:
  - i. Review of Housing Registers:
    - The housing needs register in each district is a significant factor affecting the affordable housing need calculation, and the point and frequency of district reviews of people expressing housing need in their area has an impact on the calculation. The affordable housing need calculation<sup>38</sup> uses data from 2011/12 which was the most current at the time the SHMA was prepared. The SHMA also shows the impact that previous reviews of the housing register in Cambridge had on numbers<sup>39</sup>.
    - A full housing register review was undertaken between October 2012 to April 2013 following changes to the sub regional Allocations Policy to take into account the Localism Act and new guidance published on the allocation of social housing. These changes also supported a move to rolling review of Housing Register applications which meant all applicants had to re-register, resulting in a significant drop in numbers at April 2013.
    - Since that time, as applicants continue to re-register, the numbers have increased. As part of improving the Choice Based Lettings system, an automatic rolling review of the housing register has been implemented from April 2014 whereby applicants have to confirm their application on an annual basis on the anniversary of their application. Over time, this will ensure that the housing register provides a more robust, up to date assessment of expressed need for social rented housing in the sub region.
    - Following this review of all applications, the move to more frequent review of applications will ensure Home-Link is an active register of housing need. These reviews are now being conducted by all seven districts in the Home-Link partnership, in consistent fashion, reflecting good practice and learning from positive experiences in Huntingdonshire who were already doing a “rolling review”.
    - The important thing to note around the housing needs register figures is the trend; all areas saw a big drop between 2012 and 2013 when the review of the register was undertaken, but generally have seen a rise between 2013 and 2014. However, it is not expected that numbers will go back to the levels before the review provided there are no other significant changes.
    - Graphs showing the change in current and newly arising need since 2013 following the review of the registers for Cambridge and South Cambridgeshire are shown overleaf.

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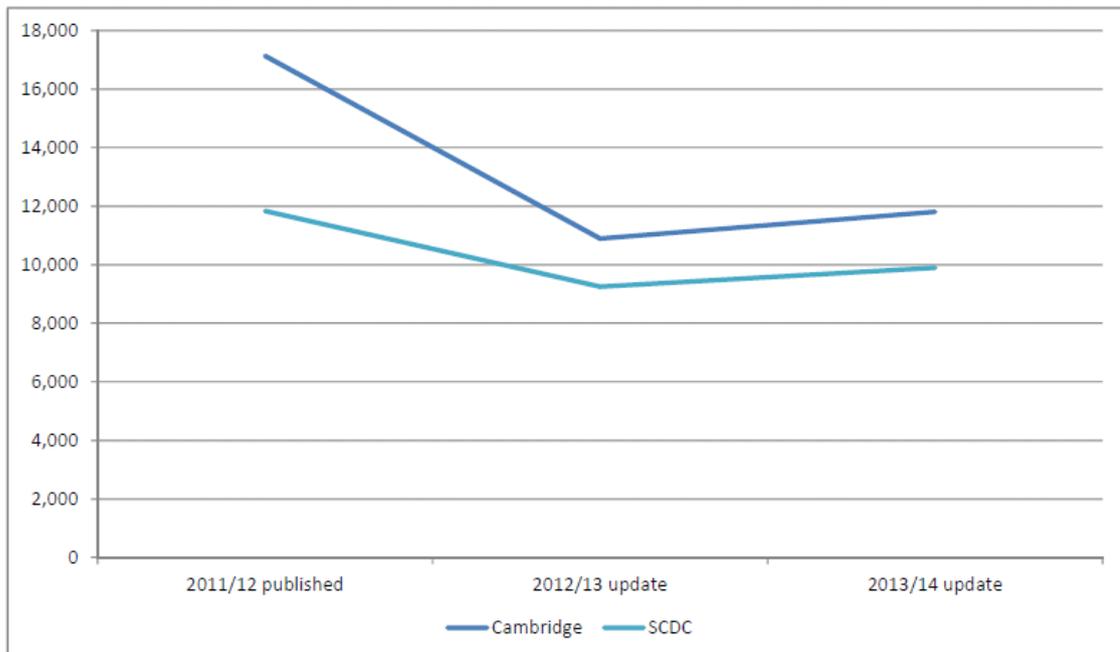
<sup>38</sup> SHMA, Chapter 13, page 11 for Cambridge City and page 15 for South Cambridgeshire (RD/Strat/090)

<sup>39</sup> SHMA, Chapter 12, paragraph 130, 5<sup>th</sup> bullet, page 40 (RD/Strat/090)

**Graph 1: change in affordable housing need, split into current need (in total) and newly arising need (annual figure x 20 years), since 2013 SHMA (indicative)**



**Graph 2: change in total affordable housing need (current + newly arising) need since 2013 SHMA (indicative)**



ii. Concealed Households

- The concealed household estimates from the 2011 Census were considerably higher than the 2009 CLG estimates. It is not clear how these figures will be updated in future but the 2011 figures will be used until superseded or another source of the information becomes available.

**New calculation of affordable housing need**

2. Taking account of these factors, a new calculation of affordable housing need in the HMA as a whole and in Cambridge and South Cambridgeshire in particular has been undertaken as a comparison with the published SHMA. The figures for the HMA are contained in the table below.

**Affordable housing need headline update**

		Cambridge	ECDC	FDC	HDC	SCDC	FHDC	SEBC
2011/12 PUBLISHED IN 2013 SHMA	Newly arising need over 20 years	7,496	4,254	4,415	6,948	6,425	4,070	4,940
	Current need	9,634	1,911	3,512	3,312	5,412	1,865	2,709
	<b>Total need</b>	<b>17,131</b>	<b>6,165</b>	<b>7,927</b>	<b>10,259</b>	<b>11,838</b>	<b>5,935</b>	<b>7,650</b>
2012/13 update	Newly arising need over 20 years	8,078	4,695	4,229	7,268	7,047	4,771	3,883
	Current need	2,818	1,257	1,621	2,438	2,205	1,344	2,007
	<b>Total need</b>	<b>10,896</b>	<b>5,952</b>	<b>5,851</b>	<b>9,706</b>	<b>9,253</b>	<b>6,115</b>	<b>5,890</b>
2013/14 update	Newly arising need over 20 years	8,078	4,695	4,229	7,268	7,047	4,771	3,883
	Current need	3,731	1,607	2,492	3,257	2,846	1,711	2,572
	<b>Total need</b>	<b>11,809</b>	<b>6,302</b>	<b>6,721</b>	<b>10,525</b>	<b>9,893</b>	<b>6,482</b>	<b>6,456</b>

3. The key tables from the 2013 SHMA have been re-provided below together with the revised table taking account of the reviewed housing register and concealed households information. The two “added years” of data do not represent a complete review of the affordable housing need, but do provide a snapshot which reflects the two main changes outlined above. Graphs showing the changes in the bands of housing need are also included.

**Updated tables reflecting changes since 2013 SHMA publication**

Table 23 and 26 in Chapter 12 set out the “overall” dwelling change compared to affordable need (current + newly arising).

**Table 1: SHMA Chapter 12, Table 23 (repeated in Table 26) as published in 2013 SHMA: Dwelling change (all tenures) and affordable housing need, 2011 to 2031 and affordable housing need projected to 2031 (uses 2011/12 data)**

	Dwelling change 2011 to 2031	Affordable housing need 2011 to 2031 (current + newly arising) Based on <b>2011/12</b> data
Cambridge	14,000	17,131
East Cambridgeshire	13,000	6,197 <sup>40</sup>
Fenland	12,000	7,927
Huntingdonshire to 2031	17,000	10,259
South Cambridgeshire	19,000	11,838
<b>Cambridgeshire</b>	<b>75,000</b>	<b>53,351</b>
Forest Heath	7,000	5,935
St Edmundsbury	11,000	7,650
<b>Housing sub-region</b>	<b>93,000</b>	<b>66,936</b>

**Table 2: SHMA Chapter 12, Tables 23 & 26 updated using 2012/13 data**

	Dwelling change 2011 to 2031	Affordable housing need 2011 to 2031 (current + newly arising) Based on <b>2012/13</b> data
Cambridge	14,000	10,896
East Cambridgeshire	13,000	5,952
Fenland	12,000	5,851
Huntingdonshire to 2031	17,000	9,706
South Cambridgeshire	19,000	9,253
<b>Cambridgeshire</b>	<b>75,000</b>	<b>41,658</b>
Forest Heath	7,000	6,115
St Edmundsbury	11,000	5,890
<b>Housing sub-region</b>	<b>93,000</b>	<b>53,663</b>

**Table 3: SHMA Chapter 12, Tables 23 & 26 updated using 2013/14 data**

	Dwelling change 2011 to 2031	Affordable housing need 2011 to 2031 (current + newly arising) Based on <b>2013/14</b> data
Cambridge	14,000	11,809
East Cambridgeshire	13,000	6,302
Fenland	12,000	6,721
Huntingdonshire to 2031	17,000	10,525
South Cambridgeshire	19,000	9,893

<sup>40</sup> Following discussion with Planning Inspector at ECDC, the figures of 6,197 was amended to 6,165

Cambridgeshire	75,000	45,250
Forest Heath	7,000	6,482
St Edmundsbury	11,000	6,456
Housing sub-region	93,000	58,188

Table 24 in our SHMA published 2013 sets out anticipated affordable supply EXCLUDING new build.

**Table 4: SHMA Chapter 12, Table 24 as published in 2013 SHMA: Affordable housing supply projected over 20 years, excluding new build (uses 2011/12 data)**

	Affordable housing supply projected over 20 years, <b>excluding</b> new build Based on <b>2011/12</b> data
Cambridge	2,713
East Cambridgeshire	2,680
Fenland	4,400
Huntingdonshire to 2031	3,047
South Cambridgeshire	2,827
<b>Cambridgeshire</b>	<b>15,667</b>
Forest Heath	2,193
St Edmundsbury	4,213
<b>Housing sub-region</b>	<b>22,073</b>

**Table 5: SHMA Chapter 12, Table 24 updated using 2012/13 data**

	Affordable housing supply projected over 20 years, <b>excluding</b> new build Based on <b>2012/13</b> data
Cambridge	1,753
East Cambridgeshire	2,840
Fenland	4,200
Huntingdonshire to 2031	4,347
South Cambridgeshire	4,193
<b>Cambridgeshire</b>	<b>17,333</b>
Forest Heath	3,307
St Edmundsbury	3,580
<b>Housing sub-region</b>	<b>24,220</b>

**Table 6: SHMA Chapter 12, Table 24 updated using 2013/14 data**

	Affordable housing supply projected over 20 years, <b>excluding</b> new build Based on <b>2013/14</b> data
Cambridge	1,407
East Cambridgeshire	3,247
Fenland	907
Huntingdonshire to 2031	2,947
South Cambridgeshire	4,320
<b>Cambridgeshire</b>	<b>12,828</b>
Forest Heath	1,253
St Edmundsbury	2,393
<b>Housing sub-region</b>	<b>16,474</b>

**Overview document, May 2013**

The “Overview of Cambridge sub-region SHMA, May 2013” document sets out in a table on page 7, the affordable housing need, subtracting the projected affordable supply (excluding new build) over a 20 year timescale. Supply is subtracted from need to give a net figure, to be met by new build and other affordable supply mechanisms.

**Table 7: Overview: original published May 2013 using 2011/12 data**

	A	B	A – B
	Affordable housing need (current + newly arising)	Affordable housing supply projected over 20 years EXCLUDING new build	Need minus projected supply
Cambridge	17,131	2,713	14,418
East Cambridgeshire	6,197 <sup>41</sup>	2,680	3,517 <sup>42</sup>
Fenland	7,927	4,400	3,527
Huntingdonshire to 2031	10,259	3,047	7,212
South Cambridgeshire	11,838	2,827	9,011
Forest Heath	5,935	2,193	3,742
St Edmundsbury	7,650	4,213	3,437

**Table 8: Overview: update based on 2012/13 data**

	A	B	A – B
	Affordable housing need (current + newly arising)	Affordable housing supply projected over 20 years EXCLUDING new build	Need minus projected supply
Cambridge	10,896	1,753	9,143
East Cambridgeshire	5,952	2,840	3,112
Fenland	5,851	4,200	1,651
Huntingdonshire to 2031	9,706	4,347	5,359
South Cambridgeshire	9,253	4,193	5,060
Forest Heath	6,115	3,307	2,808
St Edmundsbury	5,890	3,580	2,310

<sup>41</sup> Following discussion with Planning Inspector at East Cambridgeshire Examination in Public, the figure of 6,197 was amended to 6,165

<sup>42</sup> 6,165 – 2,680 = 3,485

**Table 9: Overview: update based on 2013/14 data**

	A	B	A – B
	Affordable housing need (current + newly arising)	Affordable housing supply projected over 20 years EXCLUDING new build	Need minus projected supply
Cambridge	11,809	1,407	10,402
East Cambridgeshire	6,302	3,247	3,055
Fenland	6,721	907	5,814
Huntingdonshire to 2031	10,525	2,947	7,578
South Cambridgeshire	9,893	4,320	5,573
Forest Heath	6,482	1,253	5,229
St Edmundsbury	6,456	2,393	4,063

**Detailed affordable calculation data for Cambridge and South Cambridgeshire**

In the 2013 SHMA these tables are presented as table 2 and 6 in Chapter 13 (pages 2 and 15).  
Grey shading = data not updated in 2013/14.

**Table 10: Cambridge: SHMA Chapter 13 Table 2: Affordable housing need 2010/11 and 2011/12 update: one year snapshot; updated as far as possible for 2012/13 and 2013/14**

CLG ref	Stage	Detail	2011/12 (published)	2012/13 (new)	2013/14 (new)
<b>5.1</b>	<b>Total current housing need</b>				
5.1.1	Homeless households		86	82	80
5.1.2	Overcrowded and concealed households	Overcrowded	664	1,037	936
		Concealed <sup>43</sup>	247	476	476
5.1.3a	Other groups including Home-Link register	Band A	298	152	173
5.1.3b		Band B	645	191	419
5.1.3c		Band C	4,415	253	697
5.1.3d		Band D	3,025	269	590
5.1.3e		Revised Band D (excludes intermediate overlap shown at 5.1.3g)	2,997	222	543
5.1.3f	Intermediate housing register		368	487	487
5.1.3g	Intermediate and Home-Link register overlap		28	47	47
5.1.4	Current total housing need	Total of all stages above except 5.1.1 (ensures no double counting of homeless households on Home-Link register)	9,634	2,818	3,731
<b>5.2</b>	<b>Total newly arising need per year</b>				
5.2.1	Newly forming households	From existing households (natural growth)	372	389	389
		In migrants - owner occupied	78	88	88
		In migrants - private rent	136	154	154
		In migrants - social rent	29	33	33
		In migrants - other (LCHO)	2	2	2
5.2.2	Proportion of newly arising households unable to afford	From existing households (natural growth)	47%	44%	44%
		In migrants - owner occupied	0%	0%	0%
		In migrants - private rent	17%	36%	36%
		In migrants - social rent	100%	100%	100%
		In migrants - other (LCHO)	100%	100%	100%
	Total newly forming households unable to afford	(5.2.1 x 5.2.2)	229	264	264
5.2.3	Existing households falling into need	Households who enter the register and are housed within the year	146	140	140
5.2.4	Total newly arising need	(5.2.1 x 5.2.2) + 5.2.3	375	404	404
<b>5.3</b>	<b>Annual supply of affordable housing</b>				

<sup>43</sup> Concealed household estimates last published by CLG in 2009, and updated on basis of 2011 Census and recently published via NOMIS. No update planned

Matter 3: Housing Need  
Statement by Cambridge City Council and South Cambridgeshire District Council  
October 2014.

5.3.1	Affordable dwellings occupied by households in need	Under-occupiers minus overcrowded social tenants on register	-51	-42	-186
5.3.2	Surplus stock	If less than 3%, represents zero surplus stock	0	0	0
5.3.3	Anticipated (previously referred to as "committed") supply of new affordable housing	<i>New data source: average of homes completed over previous 3 years, hence changed label</i>	206	168	168
5.3.4	Units to be taken out of management		0	0	0
5.3.5	Total stock available	5.3.1 + 5.3.2 + 5.3.3 - 5.3.4	155	126	-18
5.3.6	Annual supply of social re-lets	<i>Excludes 5.3.3 so as not to double-count new build and first lets</i>	146	102	235
5.3.7	Annual supply of intermediate affordable housing available for re-let or re-sale at sub-market levels		40	28	22
5.3.8	Annual supply of affordable housing	5.3.6 + 5.3.7	187	130	256
	Total annual supply	5.3.5 + 5.3.8	342	256	238
	Total annual supply excluding new build affordable	5.3.9 – 5.3.3	136	88	70

**Table 11: South Cambridgeshire: SHMA Chapter 13 Table 6: Affordable housing need 2010/11 and 2011/12 update: one year snapshot**

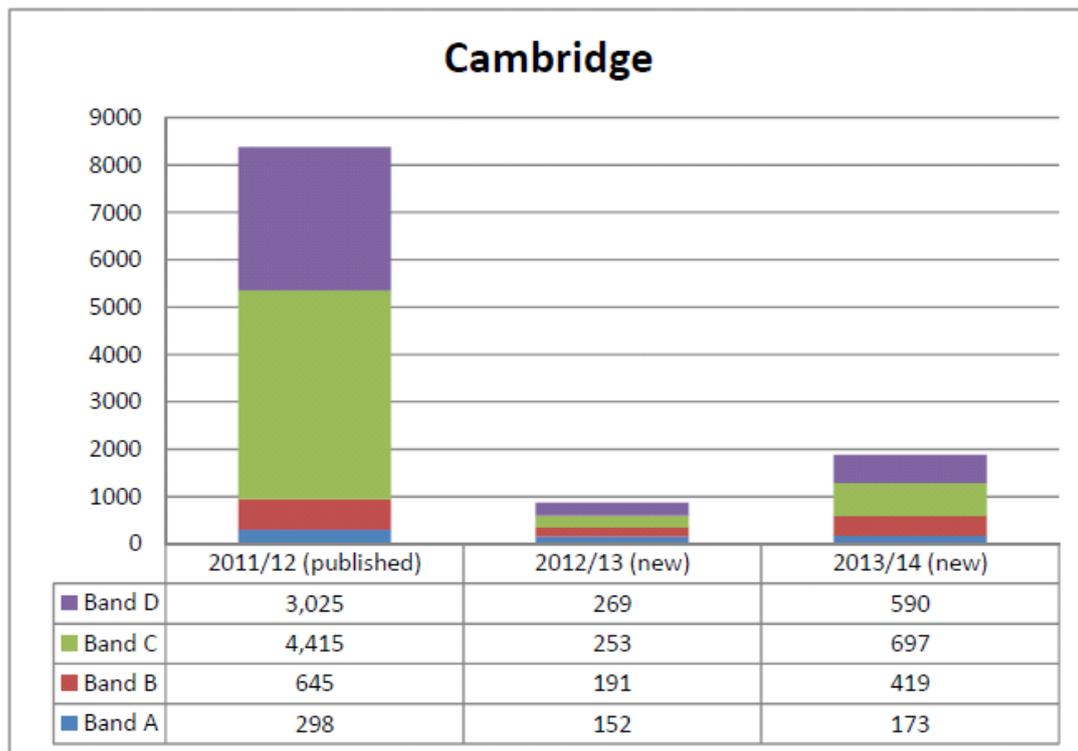
CLG ref	Stage	Detail	2011/12 (published)	2012/13 (new)	2013/14 (new)
5.1	<b>Total current housing need</b>				
5.1.1	Homeless households		42	39	41
5.1.2	Overcrowded and concealed households	Overcrowded	228	417	404
		Concealed <sup>44</sup>	334	507	507
5.1.3a	Other groups including Home-Link register	Band A	199	109	132
5.1.3b		Band B	461	239	341
5.1.3c		Band C	2,110	322	580
5.1.3d		Band D	1,841	343	614
5.1.3e		Revised Band D (excludes intermediate overlap shown at 5.1.3g)	1,820	285	556
5.1.3f	Intermediate housing register		260	326	326
5.1.3g	Intermediate and Home-Link register overlap		21	58	58
5.1.4	Current total housing need	Total of all stages above except 5.1.1 (ensures no double counting of homeless households on Home-Link register)	5,412	2,205	2,846
5.2	<b>Total newly arising need per year</b>				

<sup>44</sup> Concealed household estimates last published by CLG in 2009, and updated on basis of 2011 Census and recently published via NOMIS. No update planned

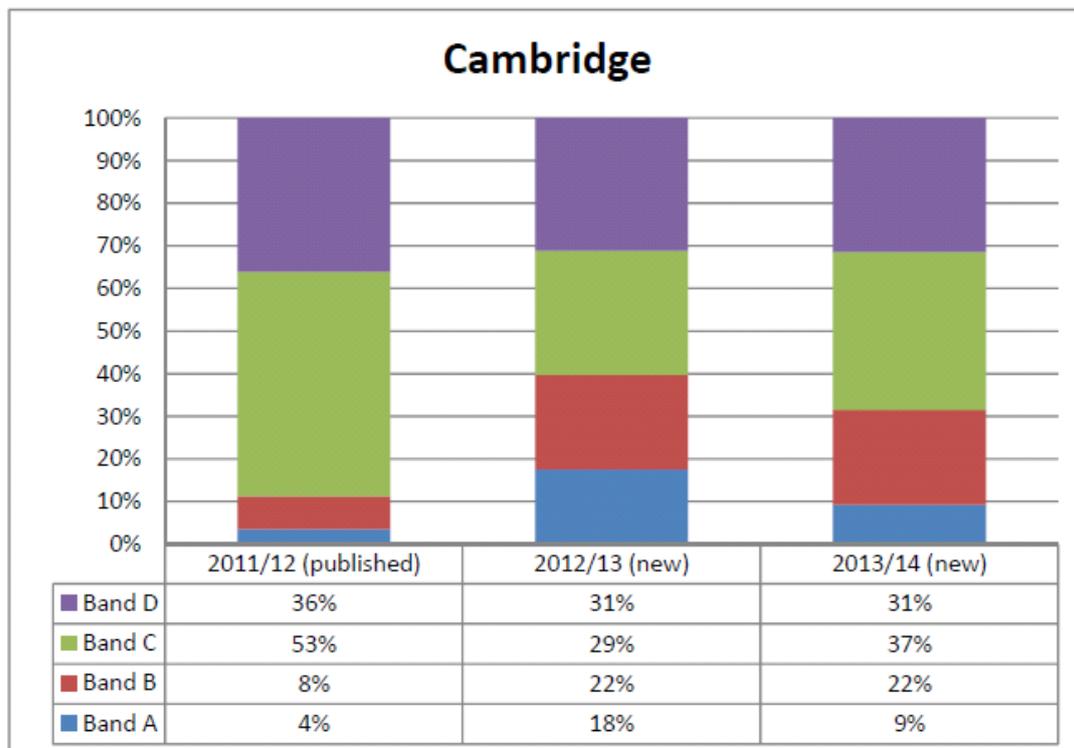
Matter 3: Housing Need  
Statement by Cambridge City Council and South Cambridgeshire District Council  
October 2014.

5.2.1	Newly forming households	From existing households (natural growth)	365	344	344
		In migrants - owner occupied	376	395	395
		In migrants - private rent	204	214	214
		In migrants - social rent	51	53	53
		In migrants - other (LCHO)	10	11	11
5.2.2	Proportion of newly arising households unable to afford	From existing households (natural growth)	32%	33%	33%
		In migrants - owner occupied	0%	0%	0%
		In migrants - private rent	16%	35%	35%
		In migrants - social rent	100%	100%	100%
		In migrants - other (LCHO)	100%	100%	100%
	Total newly forming households unable to afford	(5.2.1 x 5.2.2)	210	252	252
5.2.3	Existing households falling into need	Households who enter the register and are housed within the year	111	100	100
5.2.4	Total newly arising need	(5.2.1 x 5.2.2) + 5.2.3	321	352	352
<b>5.3</b>	<b>Annual supply of affordable housing</b>				
5.3.1	Affordable dwellings occupied by households in need	Under-occupiers minus overcrowded social tenants on register	-31	-33	-40
5.3.2	Surplus stock	If less than 3%, represents zero surplus stock	0	0	0
5.3.3	Anticipated (previously referred to as "committed") supply of new affordable housing	<i>New data source: average of homes completed over previous 3 years, hence changed label</i>	266	222	222
5.3.4	Units to be taken out of management		0	0	0
5.3.5	Total stock available	5.3.1 + 5.3.2 + 5.3.3 - 5.3.4	235	189	182
5.3.6	Annual supply of social re-lets	<i>Excludes 5.3.3 so as not to double-count new build and first lets</i>	100	166	187
5.3.7	Annual supply of intermediate affordable housing available for re-let or re-sale at sub-market levels		72	76	69
5.3.8	Annual supply of affordable housing	5.3.6 + 5.3.7	172	243	256
	Total annual supply	5.3.5 + 5.3.8	407	432	438
	Total annual supply excluding new build affordable	5.3.9 – 5.3.3	141	210	216

**Graph 3: Cambridge: change in number on housing register by band, since 2013**

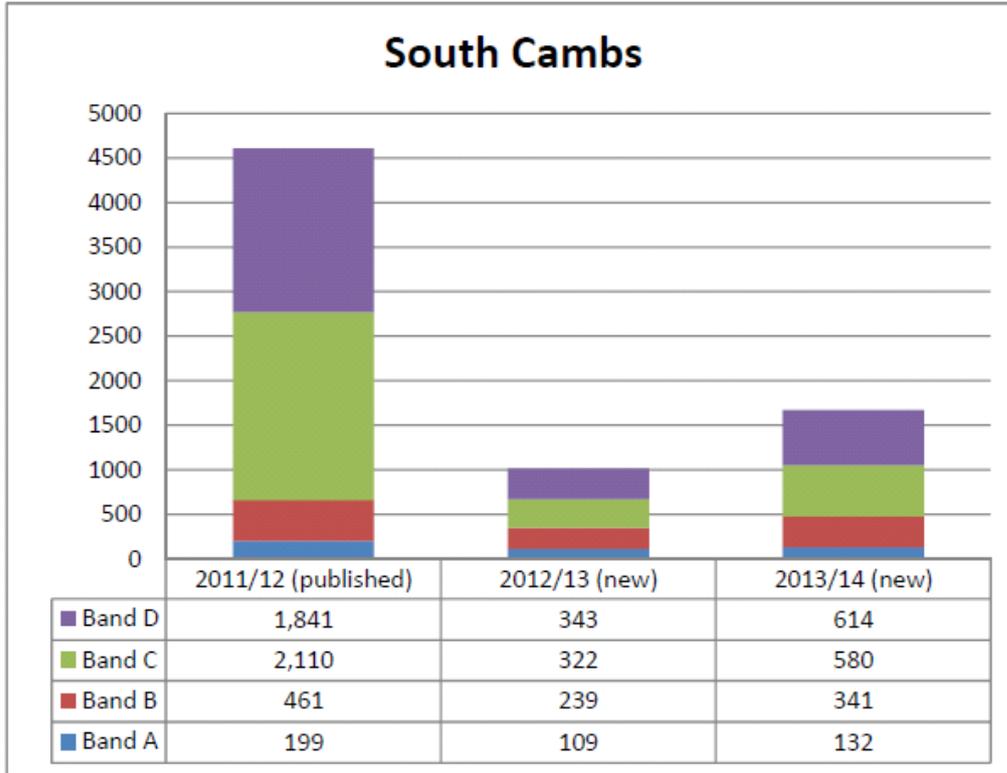


**Graph 4: Cambridge: change in percentage on housing register by band, since 2013**

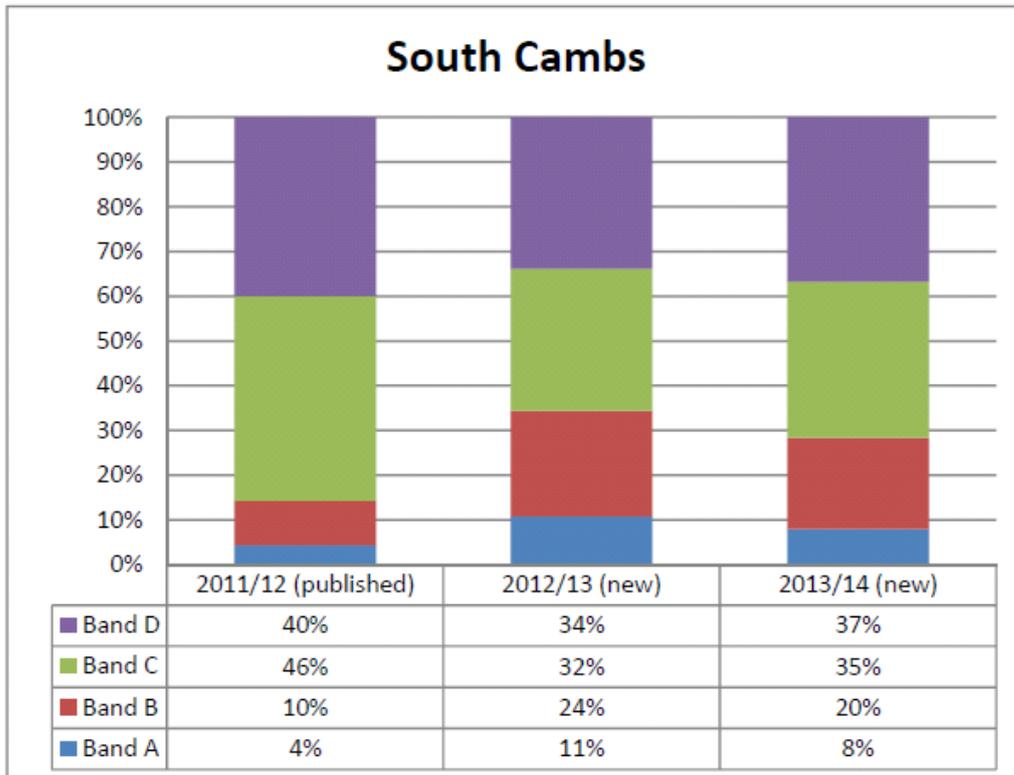


*(percentages are rounded)*

**Graph 5: South Cambridgeshire: change in number on housing register, by band, since 2013**



**Graph 6: South Cambridgeshire: change in % on housing register, by band, since 2013**



*(percentages are rounded)*

**Note on rounding:** Figures in 0and 0are rounded and may not sum precisely to the respective 20 year figure.

## **Appendix 5: Consistency of housing needs assessment approach with the National Planning Practice Guidance**

1. Relevant parts of the NPPG are reproduced in italics, with the Councils' response in plain text underneath.

### **Can local planning authorities use a different methodology?** (Paragraph: 005 Reference ID: 2a-005-20140306)

*"There is no one methodological approach ...but the use of this standard methodology set out in this guidance is strongly recommended...Local planning authorities may consider departing from the methodology, but they should explain why their particular local circumstances have led them to adopt a different approach...the assessment should be thorough but proportionate".*

2. The NPPF and NPPG state that assessments of housing demand should start with considerations of national household projections; these projections rely upon ONS Sub-National Population Projections (SNPP). The Technical Report's assessment of housing demand starts with ONS SNPP and therefore the original evidence source used is the same as that required by national policy.
3. However, the Technical Report shows that ONS SNPP population projections for Cambridge are implausibly low, due to the migration methodology. These errors are carried forward in to the relevant household projections. While for other areas in the Cambridge HMA ONS population projections look more reasonable, the fact that the same methodology produces such unrealistic projections for one district suggests that the projections are unlikely to be entirely realistic for any district, and caused concern about the consistency of data and approach across the HMA. The authorities working together decided that there was a need to identify consistent housing demand figures across the HMA, including for Cambridge, because it is important to follow the same methodology for all districts, using the same evidence sources.
4. Using population instead of households as the starting point for an assessment of future housing demand enables comparison of the widest range of projections and forecasts, both demographic and economic-led. This enables comparison and corroboration between different projections and forecasts, without relying on any single source.

### **What areas should be assessed?** (Paragraph: 008 Reference ID: 2a-008-20140306)

*"Needs should be assessed in relation to the relevant functional area...In some cases housing market areas and functional economic areas may well be the same".*

5. The need for houses and jobs has been assessed across the Cambridge HMA, which is also a functional economic area.

**What is the starting point to establish the need for housing?** (Paragraph: 015 Reference ID: 2a-015-20140306)

*“Household projections should provide the starting point estimate for overall housing need...[these] may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends”.*

6. The starting point for the assessment across the HMA is population rather than households, in order to take into account the widest range of available employment and population forecasts for comparison and corroboration. In addition, this approach has the benefit of not being dependent upon the implausibly low figures for Cambridge described above.
7. The Cambridge HMA total population increase for 2011-31 identified by the Technical Report of 176,000 is higher than ONS 2008, 2010 and 2011-based population projections, CLG 2008, 2010 and 2011-based household projections, and EEFM 2012 baseline projections. In addition, the most recent ONS population projections, which are 2012-based, show lower population increase across the Cambridge HMA (130,000) than any of the sets of projections used in the Technical Report.

**How should employment trends be taken into account?** (Paragraph: 018 Reference ID: 2a-018-20140306)

*“Plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area”.*

8. The assessment considers economic forecasts from two independent forecasting models: the EEFM and the LEFM. The EEFM is a vital tool owned by the East of England Local Government Association for the purpose of aligning jobs and homes. The employment-led population forecasts from the EEFM are reflected in the overall assessment of future population, leading to an increase in the population forecast in those parts of the HMA - including Cambridge and South Cambridgeshire - where the demographic projections alone would indicate a lower future population figure. The employment-led population forecasts align the growth of the working age population in the housing market area with the growth in jobs: the working age population increases in areas where job numbers are forecast to increase, as migrants are attracted by these jobs. Based on commuting patterns from the 2001 Census, a proportion of the migrants attracted to the area will choose to live in the neighbouring districts, as the area's economy provides employment for residents across the housing market area. The 2011 Census commuting figures indicate a similar pattern.

*“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...in such circumstances plan makers will need to consider how the location of new housing or infrastructure development could help address these problems”.*

9. The NPPF and NPPG require assessments of need to be undertaken at HMA and/or functional economic area scale. It is reasonable to take the view that these issues about the balance between jobs and homes should be considered at the same spatial scale. This view is supported by recent Planning Advisory Service (PAS) guidance<sup>45</sup>:

“The [NPPG] does not say what geography should be used when aligning jobs with housing. In our view it is important to consider the functional economic area (labour market area) as a whole, rather than individual authorities. Many people travel to work across administrative boundaries, so planning for each district in isolation cannot produce the most efficient and sustainable relationships between the location of houses and jobs”.

10. At the HMA/functional area scale there is a recognisable and appropriate relationship between jobs and houses. The forecast economic activity focused within and close to Cambridge (44,000 additional jobs) is balanced by a proportionate increase in housing focused principally in Cambridge and South Cambridgeshire (33,000) and in the adjoining districts, East Cambridgeshire, Huntingdonshire, St Edmundsbury and Forest Heath. The total net dwelling provision in these neighbouring areas compared to additional jobs (16,000 more houses than jobs) provides a broad indication of the balance between job creation within Cambridge and South Cambridgeshire and housing provision in these and adjoining districts, much of which will serve this economic activity.

**How should market signals be taken into account?** (Paragraph: 019 Reference ID: 2a-019-20140306)

*“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 dwellings”.*

**How should plan makers respond to market signals?** (Paragraph: 020 Reference ID: 2a-020-20140306)

*“Appropriate comparisons of indicators should be made...A worsening trend in any of these indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections”.*

11. As already noted, the starting point for the assessment of need is population rather than households. The NPPG makes clear in paragraph 015 (Reference ID: 2a-015-20140306) that the reason for any change to household projections is “to reflect factors affecting local demography and household formation rates which are not captured in past trends. For example, formation rates may have been suppressed historically by under-supply and worsening affordability of housing”. Also as noted above, the alternative approach using a Census-based assessment of total expected population provides a basis for determining a housing demand

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<sup>45</sup> Objectively Assessed Need and Housing Targets, Technical advice note – June 2014.

figure that is free from such constraints, particularly concerns about projecting forward previously suppressed household formation.

12. The indicative 2011-31 population and employment growth figures are based on jobs-led population forecasts rather than solely on demographic-led forecasts. Therefore, the identified population total reflects market and economic signals. The jobs-led Technical Report figures identify 43,000 more people than the latest national demographic-led projections across the HMA, which results in a boost to the supply of housing in accordance with paragraph 47 of the NPPF.

*“In areas where an upward adjustment is required, plan makers should set this adjustment at a level that is reasonable. The more significant the affordability constraints...the larger the improvement in affordability needed and, therefore, the larger the additional supply response should be”.*

*“Plan makers should not attempt to estimate the precise impact of an increase in housing supply. Rather they should increase planned supply by an amount that, on reasonable assumptions and consistent with principles of sustainable development, could be expected to improve affordability”.*

13. The NPPF requires housing need to be assessed across an HMA, as opposed to an individual local authority area, for good reason – it recognises the relationship between where people live and work and opportunities for housing choice within a market. The authorities in the Cambridge HMA have planned for housing need as a whole across the HMA recognising that other districts provide for some of the housing needs related to economic activity within Cambridge. This is implicitly recognised by the initial conclusions of the Inspector who examined the East Cambridgeshire Local Plan. He accepted that the district’s objectively assessed need for housing is for 13,000 additional houses and 7,000 jobs up to 2031. The balance in the district between jobs and homes reflects the role it plays within the HMA in serving the wider Cambridge economy in terms of housing supply and affordability. It would, therefore, be perverse to simply increase housing supply in one or two districts when housing needs have been assessed and fully planned for across the HMA, as required by national policy.
14. It is acknowledged that house prices and rents within and close to Cambridge are high, compared against local, regional and national prices. This is a reflection of the area’s economic success and its attractiveness as a place to live and the quality of life it offers. Mean house prices to income ratios are notably lower further away from Cambridge and house prices are lower to the north of Cambridge and provide more affordable housing for those priced out of the market close to Cambridge including those working in and close to the city<sup>46</sup>.
15. As already noted, the identified population total and additional housing need based on this reflects market and economic signals because it takes account of demographic and

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<sup>46</sup> SHMA chapter 12, paragraphs 42 to 44 (RD/Strat/090)

economic forecasts. The NPPG requires planned supply to be increased by an amount that *“on reasonable assumptions could be expected to improve affordability”*.

16. The authorities do not consider, based on the reasonable assumptions required by the NPPG, that simply building more houses overall in Cambridge and South Cambridgeshire will lead to improvements in affordability. There is no objective evidence that suggests this could occur at the scale of two districts and none has been put forward to suggest what decrease in house prices and rents would occur in response to increased levels of housing beyond the local plan targets.

**What is the total need for affordable housing?** (Paragraph: 029 Reference ID: 2a-029-20140306)

*“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...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”*.

17. The overall objectively assessed needs significantly boost housing above national projections. The affordable housing need has decreased due to the volatility of registers but is anticipated to remain at a more consistent lower level in future. The methodologies for calculating overall objectively assessed needs and affordable housing needs are different and they should not be directly compared, as confirmed in national guidance. It is also relevant to recognise that a number of people included in the calculation of affordable need are already in housing. Significantly, the functioning of the wider HMA helps meet affordability challenges close to Cambridge.