



Town and Country Planning Act 1990 Section 78

Appeal by Marden Homes Ltd against non-determination of planning application

APP/A1530/W/21/3278575

**Land adjoining The Gables, Kelvedon Road,
Tiptree, Essex**

**Proof of evidence of Cristina Howick
On behalf of Colchester Borough Council**

March 2022

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1 Introduction

Credentials

- 1.1 My name is Cristina Howick. My qualifications are MA (Hons) in Philosophy, Politics and Economics (PPE) from Oxford University and MSc (Econ) in Urban and Regional Planning Studies, with distinction, from the London School of Economics (LSE). I have been working as a consultant for 41 years, initially in local economic development and for more than 20 years in town planning. I am a Planning Director at Stantec (UK) Ltd, previously Peter Brett Associates (PBA), previously Roger Tym & Partners.
- 1.2 In 2015-2016 I directed the study of Objectively Assessed Housing Need for Braintree, Chelmsford, Colchester and Tendring Councils. Subsequently I supported those authorities on many occasions, including at plan examinations and Section 78 inquiries.
- 1.3 The facts quoted in my evidence are true to the best of my knowledge, and the opinions expressed are my honest professional opinions.

Scope of evidence

- 1.4 My evidence relates to the housing need and requirement of Colchester borough in the plan period 2013-37. Specifically, it focuses on the difference between two assessments of housing need:
 - The requirement of 920 net new dwellings per annum (dpa) set in the adopted Local Plan, the North Essex Authorities' Shared Strategic Section 1 Plan
 - The current Local Housing Need (LHN) of 1,061 dpa, calculated through the government's standard method.
- 1.5 In the present appeal, the appellant maintains that the Local Housing Need of 1,061 dpa is a material consideration¹. Below, I discuss whether this is correct and conclude that it is not, so the LHN has no relevance to the appeal decision.
- 1.6 Before coming to a view, we need to understand why the two figures are different. I discuss this in Section 2 below – first describing the method behind each figure and then summarising the differences between them. My conclusions follow in Section 3.

¹ See Statement of Case, para 7.8.

2 Two measures of housing need

Why there are two measures

- 2.1 The current Section 1 Local Plan, submitted in October 2017 and adopted in February 2021, sets a housing requirement (or target) of 920 net new dwellings per annum (dpa), based on the evidence of the Objectively Assessed Housing Need Study prepared by my team (2016 update). The method used in that study followed the national policy and guidance applicable when the plan was submitted.
- 2.2 In July 2018, the government introduced a new method for measuring housing need, called the standard method. The result of the method is called Local Housing Need (LHN). For Colchester, it is currently 1,061 dpa.
- 2.3 The LHN has no bearing on Colchester's plan requirement, because due to transitional arrangements the Local Plan was examined under the previous system.

Objectively Assessed Need

- 2.4 To assess housing need through the previous method, based on an earlier version of the PPG, the 2016 OAN study² followed a complex process. The calculation involved six steps, as summarised below.

Step 1 ONS household projection

- 2.5 Our calculation started from the 2014-based household projection, which was the most recently available at the time. It used the projection for the plan period 2013-37, which showed annual growth of 830 households. We added an adjustment for vacant and empty homes, resulting in a 'demographic starting point' of 866 dpa.

Step 2 London's housing need

- 2.6 At the time of the OAN study the Greater London Authority (GLA) had produced its own demographic projections, as part of the Further Alterations to the London Plan (FALP) – which was adopted in 2015. That projection showed more people migrating out of London than the ONS one, implying more population growth in places that receive those people – including Colchester. The demographic consultants Edge Analytics estimated that the impact on Colchester would be an additional housing need of 45 dpa over the plan period, resulting in housing need of $866 + 45 = 911$ dpa.

Step 3 Market signals

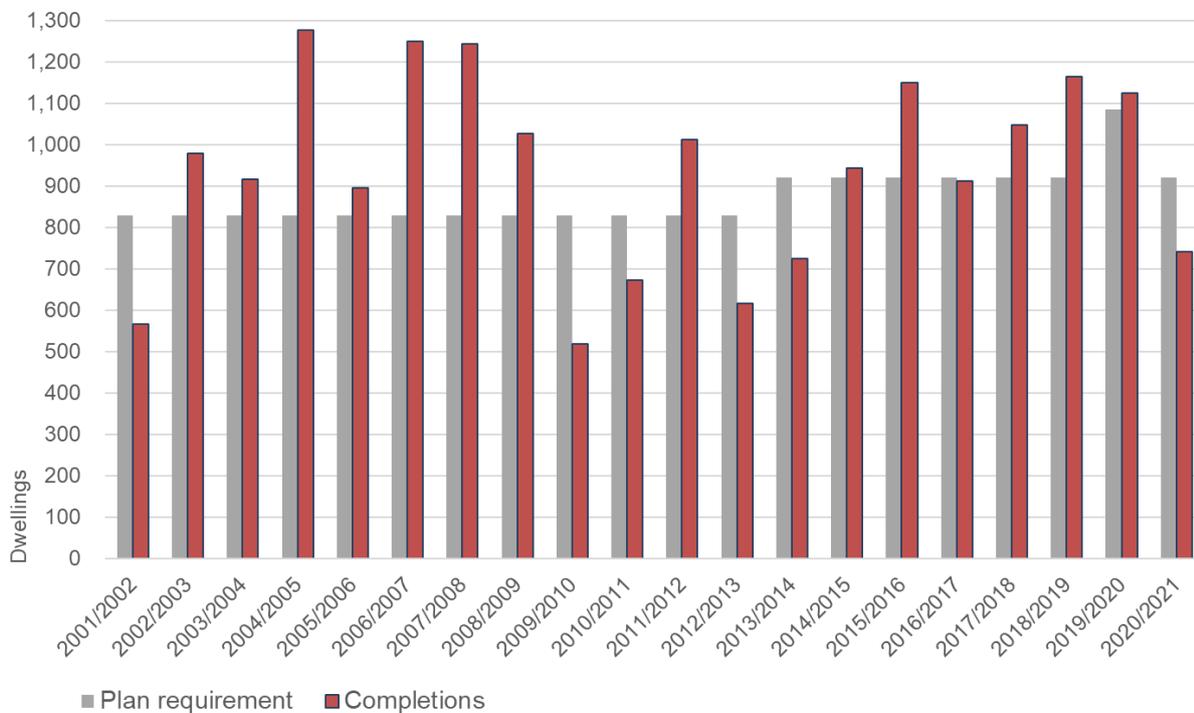
- 2.7 In line with the Guidance in force at the time, the OAN study used housing affordability (the ratio of house prices to earnings) alongside many other signals, or indicators. Our analysis showed that housing affordability in Colchester was worse than the national average. But compared to Essex Colchester was more affordable, and considered in a wider geographical context it provided some of the most

² Core Document 10.4

affordable housing in the wider south east of England, and specifically within easy reach of London. Also, since the turn of the century Colchester had maintained high rates of housing delivery, whether measured against plan targets, neighbouring areas or national benchmarks; and there was always a supply of land available should the market be willing to deliver new homes.

2.8 The graph below illustrates Colchester’s housing delivery since the turn of the century. With few exceptions, mostly in the aftermath of the recession and in the Covid year 2020/21, each year saw housing completions at or above the plan requirement applicable at the time. In the plan period to date, since 2013/14, cumulative completions exceeded the requirement by 281 dwellings.

Figure 2.1 Housing completions this century, Colchester borough



Source: Annual Monitoring Report 2021

Note: For all but one year since the beginning of the current plan period, the requirement shown is the OAN of 920 dpa. The exception is 2019/20, when the standard method had been introduced but the Local Plan was still under examination. For that year, in line with the Guidance the requirement is shown as the standard method LHN.

2.9 From its analysis of housing affordability, delivery and other indicators, the OAN study concluded that there was no justification for applying a market signals uplift to the ‘demographic starting point’ housing need.

Step 4 Future jobs

2.10 To assess the balance of homes and jobs, we considered economic and labour market forecasts from Experian and the East of England Forecasting Model (EEFM). We could not determine which forecast was nearer the truth. Therefore, in the spirit of

positive planning, we preferred EEFM, because it produced a slightly higher housing need. For the plan period this showed a need of 920 dpa – an uplift of 54 dpa over the demographic projection at Step 1.

Step 5 Affordable housing

- 2.11 Colchester’s affordable housing need was assessed in a separate study, the SHMA, by consultants HDH. The SHMA found an affordable need of 267 net new affordable units p.a., annum, equal to 29% of the maximum total need produced by the above analysis, which is 920 dpa. It advised that the Council consider these findings in the context of the second part of paragraph 029 of the PPG current at the time:
- 2.12 ‘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 included in the local plan should be considered where it could help deliver the required number of affordable homes.’
- 2.13 Since the Local Plan or Colchester set a target of 30% affordable housing contributions, and also some affordable housing would likely come forward on exception sites and directly from affordable providers, the North Essex Authorities considered that there was a good prospect that if the objectively assessed total need was met in full the area’s affordable need would also be met in full. Therefore they did not increase the housing figure in the strategic plan to help deliver the required number of affordable homes.

Step 6 Objectively Assessed Housing Need

- 2.14 The analysis above produced three measures of housing need for Colchester over the plan period:
- The official demographic projection 866 dpa
 - The possible London uplift added 45 dpa, bringing need to 911 dpa
 - The future jobs uplift added 54 dpa, bringing need to 920 dpa.
- 2.15 The two uplifts of course overlap, because both amount to providing housing for additional people, over and above the official projections – that is, over and above the past trends that the projections roll forward. Of this above-trend population growth – which occurs through additional net migration from London – a proportion will join the labour force, and these additional workers will help fill the gap between future labour demand and the labour supply that would result from the trend-based projections.
- 2.16 Given that the two uplifts overlap, the final OAN figure must be based on the higher of the two – thus ensuring that the OAN both accommodates the expected London migration and provides enough workers to meet labour demand.

- 2.17 Therefore, the OAN study (2016 update) concluded that the OAN for Colchester over the plan period was 920 dpa – 6% above the demographically projected figure of 866 dpa.

The plan examination

- 2.18 The North Essex plan was in examination for more than three years, from its submission in October 2017 to the examining Inspector's report in December 2020. In this time, the examining Inspector, Mr Clews, responded to the authorities' housing needs assessments on three occasions. On each occasion he took into account the latest evidence, in effect updating the 2016 OAN report.
- 2.19 The Inspector's initial views were in his letter of 27th June 2018 to the North Essex Authorities . The letter discussed, and specifically supported each step of the OAHNS study's analysis, as summarised above. In para 35, it endorsed the housing need figures produced by the study, including the housing need of 920 dpa for Colchester.
- 2.20 On 15th May 2020 Mr Clews wrote a further letter to the authorities, which among other things considered whether there had been any meaningful change in the situation regarding housing need in North Essex, such as would justify a reconsideration of the plan's housing requirements. He found (at para 47) that neither new population and household projections, nor employment forecasts published since June 2018, nor recent evidence from market signals, indicated that there has been a meaningful change in the housing situation that he considered previously. This finding was based on extensive new evidence from both objectors and the North Essex Authorities. The Inspector's conclusion was that 'the Plan's requirement figures remain unchanged'.
- 2.21 Finally, on 10 December 2020 Mr Clews produced his formal report on the North Essex strategic plan. Again, the report considered if there had been a meaningful change in the housing situation that would justify a change to the housing need assessment. Again, the Inspector considered new evidence from both objectors and Councils. In relation to Colchester, his findings are as follows:

'For Colchester, the Stantec report shows that the 2018-based household projections forecast an increase of 849 households per annum, only 18 households per annum more than the 2014-based projections. I do not regard that change, of around 2%, as sufficiently meaningful to justify reviewing the policy SP3 requirement for Colchester. Nor have I seen any locally-specific evidence to demonstrate that the household formation rates used in the 2018-based projections have caused Colchester's housing needs to be underestimated.'

Compared with national trends, there may be some evidence of worsening affordability and suppressed household formation in Colchester since the start of the Plan period. But compensation for such effects will be provided by the uplift of around 6% on the demographic starting-point figure that is included in Colchester's housing requirement in order to cater for expected employment growth.'

- 2.22 The Inspector's report (para 58), issued in December 2020, concluded that the housing requirement figures set out in the draft plan, including 920 dpa for Colchester, were soundly based. Consequently the figure was carried forward into the final version of the Colchester Local Plan Section 1, adopted in February 2021.

The standard method

- 2.23 In contrast to the OAN calculation, the standard method is specified in the PPG as a simple, rigid formula, leaving no room for discretion. For Colchester it involves just two steps, as set out below.

Step 1 ONS household projections

- 2.24 Like the OAN calculation above, the standard method starts from the household growth shown in the 2014-based ONS household projection. Unlike the OAN calculation, it uses the projection for the next 10 years (2022-32), rather than the actual plan period (2013-37). For this 10-year period the projected growth is 786 households p.a., less than the 866 households p.a. projected for the plan period.

Step 2 Affordability uplift

- 2.25 Next, the projected household growth is adjusted for affordability. This step is broadly equivalent to the market signals adjustment in the old method. But it is based on a single metric – the affordability ratio, which as mentioned earlier equals median house price divided by median earnings.
- 2.26 For Colchester, the multiplier, or affordability factor, is 1.35. Multiplied by the projected household growth of 766, it produces annual household growth of 1,061. In the standard method there is no adjustment for vacant or second homes, so each household needs exactly one dwelling. Hence the annual housing need is also 1,061 dwellings – 141 dpa, or 15%, above the Objectively Assessed Housing Need and adopted plan requirement.
- 2.27 Underlying the affordability factor is Colchester's affordability ratio of 9.45 (latest data available, year to September 2020). As mentioned earlier, this is the ratio of median house price to median earnings, from the latest ONS statistics – which are for the year ending September 2020. A high ratio denotes bad affordability and vice-versa. For Colchester it stands at 9.45. This is higher than for England (7.84), though virtually equal to the East of England region (7.41) and lower than Essex (10.16).
- 2.28 To attract no affordability uplift (a factor of 1), an authority would need to have a ratio of 4 or less. But then only four local authorities in the country meet that condition, all of them in the North West region: Barrow-in-Furness, Copeland, Burnley and Hyndburn. Also, as noted above, the whole of England does not meet the conditions, since the national ratio is above 4 (in fact nearly twice as much).
- 2.29 This points to a fundamental difference between the old and new methods for assessing need.

- 2.30 In the old OAN calculation, the Guidance did not state clearly against what standard affordability or market signals should be measured. But it did say that the indicators should be benchmarked against national averages and similar areas. The implication was that, to justify an uplift, an area should perform badly against those comparators. An area whose performance was average, or better than average, should not attract an uplift. This approach was accepted practice and we used it in the OAN study among many others.
- 2.31 By contrast, in the standard method, as we have seen, the affordability uplift applies to virtually all local authorities in England. It also applies to the country as a whole, so if England were a local authority area it would also fail the affordability test. This of course is no accident. It is because the test was designed to boost housing supply, over and above the levels produced by the old assessment method.

The methods compared

- 2.32 Based on the descriptions above, we can split the differences between the standard method and the previous OAN method into two categories.
- 2.33 In the first category are technical differences that were introduced to simplify and standardise the process. For example, the standard method starts from a 10-year ONS projection everywhere, rather than matching the projection to specific plan periods; it takes no account of vacant and second homes or future jobs; and overall it uses far fewer indicators. For Colchester, these differences pull the result downwards. For example, the 10-year household projection used in the standard method shows growth of only 786 households p.a., against 866 in the plan-period projection used in the OAN study. The fact that the standard method takes no account of vacancies, second homes and future jobs also pull its result downwards.
- 2.34 Secondly, and more important, the difference between the two methods is policy-led. The standard method aims to deliver higher numbers in total, and specially higher numbers in the least affordable parts of England – which largely means the south of the country, and especially London and its hinterland. These objectives drive the ‘leverage’ whereby the local affordability ratio is translated into the affordability uplift of 230 dpa (35%). That affordability uplift pulls the result sharply upwards, drowning out all the other methodological differences. It is the reason why the standard-method Local Housing Need exceeds the Objectively Assessed Need, which is also the Local Plan requirement.

3 Local Housing Need and the planning balance

Direct relevance

- 3.1 To summarise the findings of the last section, the difference between Colchester's adopted housing requirement of 920 dpa and its Local Housing Need of 1,061 dpa is entirely explained by one factor: the market signals uplift introduced in the standard method. The impact of the new uplift reflects the policy objective behind it: to increase plan requirements above what they were in the previous system, for England as a whole and especially for the less affordable parts of the country – of which Colchester is one.
- 3.2 However this new approach does not apply to Colchester, because its adopted housing requirement is based on the previous method for measuring housing need. That requirement, 920 dpa, is not out of date in any sense. On the contrary, it reflects the latest evidence on housing need just before the plan was adopted a year ago, as confirmed by the examining Inspector after the final round of hearings. The housing situation behind the 920 dpa has not meaningfully changed. What has changed is the method that turns that situation into a plan requirement. And this change does not apply to Colchester, due to transitional arrangements introduced by the government - presumably for the sake of effectiveness and certainty in plan-making.
- 3.3 For these reasons, it is clear that the standard-housing Local Housing Need has no direct relevance either to plan period land supply or to five-year land supply in this appeal. To suggest otherwise would amount to bringing in the standard method in by the back door, when the government's transition arrangements have firmly barred it from the front door. This would undermine the primacy of the development plan, and be in clear conflict with national planning policy itself.

The next plan review

- 3.4 Under current national policy and guidance, both sections of the Colchester Local Plan will have to be reviewed within five years of the adoption of Section 1, which means by early 2026. It is at that time, the Local Housing Need (or any measure of need that may replace it) will be an important factor in plan-making – and subsequently in decision-making. If the standard method does not change in the meantime, and other things being equal, the new plan will need to find land for 15% more housing development than the current plan.
- 3.5 This direct implication of the new number relates to future plan-making, and not current development management. Depending on the circumstances, it might be argued that it impacts indirectly on development management decisions, by suggesting that the benefit of additional housing provision might weigh heavier in the planning balance than current policies suggest.
- 3.6 But in the circumstances of Colchester there is no such impact. Obvious reasons for this are that the next plan review is four years away, and the difference between the

two housing need figures is modest. Perhaps less obviously, there is huge uncertainty about what housing needs and plan requirements might be in that new Plan, for four main reasons:

- i National policy and guidance are very likely to change. In August 2020 the government published the planning White Paper, proposing long-term fundamental changes to England’s planning system, including a new method for setting housing targets. In the intervening time no specific proposals have emerged, but the government has confirmed repeatedly that they are still under way.
 - ii Even if no fundamental changes are brought forward, the technical specification of the standard method is almost certain to change. In the present method, the housing need is calculated from 2014-based housing projections. This projection is already very out of date, having been superseded by two more recent releases, the 2016-based and 2018-based projections. By the date of the next review, 2026, according to current plans³ the ONS will have released two further updates, based on 2021 and 2023 respectively. Those future projections will take into account the results of the 2021 census, which will be crucial new evidence. In these circumstances, it is hard to imagine that the government will continue to rely on projections that in 2026 will be 12 years out of date.
 - iii Even if the planning system and the standard method stay exactly the same, Colchester’s affordability ratio could improve – especially as the land allocations made in the 2021 North Essex plan boost housing land supply across the area. This would reduce the Local Housing Need
 - iv Even if Colchester’s Local Housing Need stays exactly the same, the housing requirement in the next Local Plan could be different from that LHN. The requirement could be less than the borough’s need if housing supply is constrained by factors recognised in the NPPF. It could be more than the borough’s housing need, if Colchester accommodates unmet need from neighbouring areas. These factors will be taken into account in the plan-making process. It is not the function of a planning appeal to pre-empt that process.
- 3.7 In weighing up the benefit of additional housing, another important factor is Colchester’s healthy record of housing delivery, which I have illustrated earlier and is discussed further in other evidence. That track record suggests that, if in 2026 the Council does need to find land for 15% more housing, it will be able to do this in a plan-led manner. It should not need to rely on speculative proposals contrary to current policies, four years ahead of the next review.
- 3.8 In summary, the standard method suggests that at the next plan review, in 2026, Colchester may or may not need to provide for a slightly higher rate of housing

³ See Office for National Statistics, Household projections across the UK: user guide, Last revised 10 March 2021

delivery than the current adopted plan. This consideration has no impact on the current appeal.

Government objectives

- 3.9 As I showed earlier, the standard method expresses a government objective to lift plan requirements above those produced by the previous method – for England as a whole, and especially for relatively unaffordable places like Colchester. In light of this objective, it might be considered that the benefit of additional housing weighs more heavily in the planning balance than it would do otherwise. But that additional weight does not apply to Colchester in the current plan period, because if the government had wanted authorities like Colchester to plan for housing in line with the standard method it would have made different transitional arrangements.
- 3.10 Again, this confirms that the standard-method LHN should have no impact on the outcome of this appeal – in accordance with national planning policy.

4 Summary

- 4.1 Having considered the particular circumstances of Colchester, I conclude that the standard-method Local Housing Need of 1,061 net new dwelling per annum (dpa) has no relevance to this appeal. This is for six main reasons:
- i In line with national planning policy and guidance, Colchester's land supply must be assessed against the requirement of 920 dpa in the adopted Local Plan.
 - ii The LHN (or any measure of housing need that might replace it) will not translate into a plan requirement until the next plan review, in 2026.
 - iii The current Local Housing Need is only 15% above the requirement in the current plan.
 - iv By the time of the next review, the LHN is almost certain to have changed.
 - v Regardless of this, the future housing requirement may be different from that need. That requirement will be set by the plan-making process, which will balance need against supply constraints and adverse impact of development. It is not the role of planning appeals to pre-empt this process.
 - vi Regardless of this, Colchester healthy track record of housing delivery suggests that, if in 2026 the Council does need to find land for 15% more housing, it will be able to do this in a plan-led manner without relying on speculative proposals.
 - vii The standard method does show that, for England as a whole and for many local authority areas, the government aims for housing requirements over and above those produced by the OAN calculation that underpins the adopted plan. But this objective does not impact on Colchester in the current plan period, because if the government had intended authorities like Colchester to plan for housing in line with the standard method it would have made different transitional arrangements.
- 4.2 I conclude that, in accordance with national planning policy, the Local Housing Need of 1,061 dpa is not a material consideration in this appeal.