

Gladman Developments Ltd
Matter 2 Hearing Statement
East Herts District Plan 2011-2033

The Development Strategy



September 2017

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1.1 Q1.1 – Does the evidence base for OAN reflect national policy and guidance?

- 1.1.1 Gladman do not consider that the OAN for East Hertfordshire, as set out in the West Essex Strategic Housing Market Assessment (SHMA) July 2017 document, represents the full need for housing in the district.
- 1.1.2 The Submission Plan's housing requirement was based upon an out-of-date SHMA produced in 2015 which used the 2012 Household Projections and set a housing need of 745 dwellings per annum (dpa). Gladman commissioned Lichfields to undertake a critique of the 2015 SHMA which was submitted with our representations to the Pre-Submission Plan. This suggested that the actual need for housing, based upon the 2012 Household Projections, was between 950 and 1,180dpa.
- 1.1.3 Since the Pre-Submission Plan was published, the Council has updated its evidence base to take account of the 2014 Household Projections. This SHMA update was published in July 2017 and set out an increased need for housing in East Hertfordshire of 836dpa over the Plan period.
- 1.1.4 Gladman have a number of concerns with the approach set out in the 2017 SHMA as it appears to underestimate housing need both across the HMA and in East Hertfordshire. The timing of the publication of the SHMA update has also been unhelpful. Paragraph 2.3 of the Housing Topic Paper 2017 states that the 2016 Household Projections were published before the Pre-submission version of the Plan was agreed. The Council could have therefore delayed submission of the Plan until the SHMA update was completed thus ensuring the Plan was based on the most up-to-date evidence and allowing interested parties time to consider and comment upon the SHMA update as part of the Pre-submission consultation.

1.2 Q1.2 What are the assumptions for the proposed level of housing provision in terms of migration, jobs growth, commuting patterns, household formation and market signals? What is the basis for these assumptions in terms of evidence and are they realistic?

- 1.2.1 In terms of the demographic starting point for the calculation of the OAN, the 2017 SHMA makes an adjustment to the Household Projections to reflect a 10-year migration trend. This is justified on the basis that the PAS advice to local authorities is that a more appropriate approach is to adopt a longer period for establishing migration trends. Gladman agree that a 10-year migration trend period can often be appropriate. However, in the case of East Hertfordshire, an analysis of the migration data over the last 5 years shows a considerably higher and more stable pattern of population growth than the longer term 10-year trend.
- 1.2.2 This pattern of migration has been heavily influenced by higher rates of out-migration from London and the significant challenges that the south-east authorities have been facing in terms of meeting

their housing need. London cannot meet its own housing need within the capital and has not done so for a considerable period of time. This has put significant pressure on the availability of accommodation in the capital and has led to increased out-migration to surrounding authorities. As this situation is likely to continue going forward, it is considered that it is more appropriate to utilise the recent 5-year migration trend for East Hertfordshire to calculate the Council's OAN as this is likely to be more representative of future migration trends across the Plan period.

1.3 Is the uplift proposed sufficient to deal with Market Signals, including the effects of pre-plan undersupply?

- 1.3.1 In terms of Market Signals, Gladman are concerned that the approach taken in the 2017 SHMA under-estimates the uplift required to address the affordability issues faced in East Hertfordshire based upon an analysis of the data.
- 1.3.2 Gladman agree with the Council that an analysis of the housing market signals, indicate that there are considerable housing market pressures within the HMA with many of the indicators showing greater pressures than the national average.
- 1.3.3 The 2015 SHMA suggested an uplift of 20% to address Market Signals which is in line with recent Inspector's recommendations on Local Plans in areas facing similar issues. This approach was considered appropriate. However, the 2017 SHMA has concluded that the response to Market Signals should be reduced to 14% because the OAN for the HMA is 5,600 dwellings higher than was originally identified in the 2015 SHMA.
- 1.3.4 This reduction in the uplift to address Market Signals is not considered to be appropriate or in line with the guidance set out in the Framework and Planning Practice Guidance (PPG). This is especially significant as the Lower Quartile Affordability Ratio has worsened considerably in East Hertfordshire since the original SHMA was published.
- 1.3.5 The Council's Housing Topic Paper suggests that the increased OAN for the HMA which is contained in the 2017 SHMA, aligns with the increased rates of migration identified in the Greater London Authority population forecasting model and responds to possible suppression in the latest household formation rates.
- 1.3.6 Whilst it is considered possible that an uplift to the OAN to address suppression in household formation rates may improve affordability, the adjustment made to take account of increased migration is entirely separate and will do nothing to address affordability in the area.
- 1.3.7 There has also been a considerable level of housing under-supply in East Hertfordshire since 2001 based upon the relevant housing requirements in place at the time. This under-supply is one of the principal reasons behind East Hertfordshire's current adverse Housing Market signals and therefore it needs to be addressed through a significant adjustment to the OAN in line with the guidance in the PPG.

- 1.3.8 The PPG is clear that the purpose of a market signals adjustment is to adjust supply relative to assessed demand such that affordability might reasonably be expected to improve over time. Gladman consider that the whilst the 2017 SHMA update states that a market signals uplift is appropriate, its application of a 14% uplift on the OAN is not an appropriate response in light of the available evidence and recent inspector decisions.
- 1.3.9 Gladman consider that the correct uplift to apply to the OAN to address Market Signals across the HMA should be at least 20%, given that the Lower Quartile Affordability Ratio has worsened considerably since the 2015 SHMA was published. This is because:
- a. East Hertfordshire has a lower quartile affordability ratio of over 13 (13.10), significantly higher than the national average. This affordability ratio has worsened considerably since 2012 when it was just over 10 (10.1).
 - b. Past development rates in the district have been extremely low when set against delivery targets.
 - c. The LPEG approach recommends uplifts in light of market signals evidence. Although the LPEG recommendations are not adopted as guidance in OAN, they were the outcome of an authoritative report which considered a wide range of housing market evidence, and which considered its recommended uplifts to be the minimum necessary to meet government objectives for housing. East Hertfordshire would qualify for a 25% uplift under the LPEG approach.
- 1.3.10 To illustrate the conclusion that at least a 20% uplift is considered to be appropriate, it is useful to assess a number of recent decisions in EIPs where a significant affordability issue has been present. Three examples are presented below:
- a. Canterbury (June 2017) – A recent decision in the Canterbury Local Plan Examination concluded that a 20% uplift was appropriate for market signals to account for “greater than modest” market signal pressures. The total uplift here was 30% on the starting point, which accounted for other factors such as economic growth - Report on the Examination of the Canterbury District Local Plan, 15th June 2017.
 - b. Mid Sussex (February 2017) – The interim conclusions on the Mid Sussex District Plan Examination state: “An uplift of 20% from the basic OAN figure of 730 dpa would give 876 dpa. From all the material that has been submitted this figure is in my view the most well-founded and most realistic, being compatible with the greatest part of the evidence base. Evidence indicates that it would counter worsening affordability and would accommodate most of the affordable housing need for reasonable preference groups. It would also align with the range of employment forecasts, and whilst recognising that each authority is different, it would be comparable with the range of market signals uplifts accommodated by many other local

authorities in broadly similar circumstances.” - Mid Sussex District Plan Examination, Inspectors Interim Findings, 20th February 2017.

- c. Eastleigh (February 2015) – In the inspectors report on Eastleigh’s local plan examination, he states: ‘It is very difficult to judge the appropriate scale of such an uplift. I consider a cautious approach is reasonable bearing in mind that any practical benefit is likely to be very limited because Eastleigh is only part of a much larger HMA. Exploration of an uplift of, say, 10% would be compatible with the “modest” pressure of market signals recognised in the SHMA itself’ - Report on the Examination into Eastleigh Borough Council’s Eastleigh Borough Local Plan 2011 – 2029, 11th February 2015

1.3.11 In all of the examples above, the latest Lower Quartile Affordability Ratios (2016) are above 11. As East Hertfordshire’s current Lower Quartile Affordability Ratio is above 13, it could be argued that the uplift should be greater than in the examples quoted above i.e. above 20%. However, taking the above issues into account, it is considered that as a minimum, the OAN for East Hertfordshire should be calculated as the 2014 Household Projection start point of 17,785 dwellings (as set out in the 2017 SHMA para 2.2) plus at least a 20% uplift to address Market Signals. This would equate to a minimum OAN of **970 dwellings per annum** and it is this figure should form the basis of the housing requirement for the East Hertfordshire District Plan 2011-2033.