

# **Representations to Epping Forest District Council Submission Local Plan**

Land Fund Limited

January 2018

**Turley**

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# 1. Introduction

- 1.1 These representations are made by Turley on behalf of Land Fund Limited (“Land Fund”). This report has been prepared in response to Epping Forest District Council’s Submission Local Plan which was published for the purpose of consultation in December 2017.
- 1.2 Land Fund has a significant land interest to the east of Waltham Abbey. Land Fund owns and is actively promoting land south of Upshire Road, Waltham Abbey (“the Land Fund Site”) for residential development and has previously submitted representations in response to the Issues and Options Consultation in 2012 and the Draft Local Plan consultation in 2016.
- 1.3 A site plan (drawing no. 210166DWG018A) is provided at **Appendix 1**. The Site comprises parts of two separate sites assessed within the ‘Site Selection Report (2016)’ (site references SR-0034 and SR-0372). An updated ‘Site Selection Report’ accompanies the Submission Version (December 2017). It is noted however that a number of appendices are missing from the report, notably ‘Appendix B – Assessment of Residential Sites’. For this reason it is not clear whether the Land Fund Site has a new site reference number or if the previous references remain.

## Structure of the representations

- 1.4 This report sets out Land’s Fund’s response to the Submission Version Local Plan focussing predominantly on the validity of the current consultation, overall housing numbers, and the spatial distribution of growth. The report sets out comments in relation to the policies contained within the Submission Local Plan, as well as the Evidence Base documents which sit behind it.
- 1.5 For clarity, where relevant, reference has been made to the questions contained in the representation form for the submission of the Epping Forest District Local Plan 2011-2033 (Regulation 19 publication). In respect of question 4 these representations relate to Waltham Abbey.
- 1.6 The remainder of this report is structured as follows:
  - **Section 2:** provides the background to the site, including site description and a summary of the engagement undertaken to date;
  - **Section 3:** provides our clients view on the validity of this consultation in accordance with the regulations;
  - **Section 4:** provides our clients response to Housing Numbers in the context of the Housing Market Area;
  - **Section 5:** provides our clients response to the proposed Spatial Distribution of Growth;

- **Section 6:** provides our clients response to the proposed growth in Waltham Abbey;
- **Section 7:** provides our clients response to the site assessment; and
- **Section 8: Conclusions:** sets out the concluding remarks for this report.

## 2. Background

### Land Fund

- 2.1 Land Fund is an experienced land promotion company, committed to working alongside Local Authorities in delivering land appropriate for residential development. Land Fund has experience of bringing forward development across the country.

### The Site

- 2.2 The Land Fund Site is located immediately to the east of Waltham Abbey and south of Upshire Road. The site is located within the Green Belt on land that is currently identified as Green Belt land on the Submission Version Local Plan Policies Map (December 2017).
- 2.3 The site is located immediately adjacent to the eastern extent of Waltham Abbey which forms the site's western boundary. Agricultural land lies to the south and immediate east with further residential development off Wood Green Road to the east.
- 2.4 There is an existing access point off Upshire Road into the site and the land comprises predominantly agricultural land bordered by trees, hedgerows and vegetation.
- 2.5 The site largely sits within Flood Zone 1 (land having a less than 1 in 1,000 annual probability of river or sea flooding), its south-western corner falls partially within Flood Zone 2 (land having between a 1 in 100 and 1 in 1,000 annual probability of river flooding) and 3 (Land having a 1 in 100 or greater annual probability of river flooding).

### Previous Representations

- 2.6 Our client has previously submitted representations in response to the Issues and Options Consultation in 2012 and the Draft Local Plan consultation in 2016.
- 2.7 These previous representations analysed the Council's approach to development in the District and questioned the findings of the assessment work which has been undertaken by the Council as contained within the evidence base.
- 2.8 Our Client retains their previous position that as currently drafted the Submission Local Plan would not meet the tests of 'soundness' as set out in paragraph 182 of the National Planning Policy Framework ("NPPF"). Paragraph 182 specifies a Local Planning Authority should submit a plan for examination which it considers is 'sound' namely:
- **Positively prepared** – the plan should be prepared based on a strategy which seeks to meet objectively assessed development and infrastructure requirements, including unmet requirements from neighbouring authorities where it is reasonable to do so and consistent with achieving sustainable development;
  - **Justified** - the plan should be the most appropriate strategy, when considered against the reasonable alternatives, based on proportionate evidence;

- **Effective** - the plan should be deliverable over its period and based on effective joint working on cross-boundary strategic priorities; and
- **Consistent with national policy** - the plan should enable the delivery of sustainable development in accordance with the policies in the Framework.

2.9 A summary of the client's view with regard to the 'soundness' of the Submission Local Plan is provided under the headings below and further evidenced within this report.

***Positively Prepared***

2.10 Our client maintains the view that the Local Plan has not been positively prepared. At a strategic level, the Local Plan will not meet the Objectively Assessed Housing Need (OAHN) for the District providing for only 11,400 new homes against a requirement of 12,573. In addition, the OAHN likely underestimates the full scale of housing needs within Epping Forest and the wider HMA and should be increased. The Local Plan has therefore not been '**positively prepared**' and is not sound.

***Justified/ Effective***

2.11 At a District level, the Submission Local Plan is too heavily reliant on growth around Harlow where there is insufficient infrastructure to accommodate the level of growth proposed with little certainty over delivery. The plan in its current form is therefore not '**effective**' and the Council should ensure that the plan is '**justified**' by assessing the proposed strategy against other reasonable alternatives.

2.12 The Sustainability Appraisal notes that an eastern expansion to Waltham Abbey is a 'less suitable strategic option' when assessed against other reasonable alternatives. However it is considered that this conclusion is not based on proportionate evidence and is therefore not 'sound'.

***Consistent with national policy***

2.13 The NPPF requires Local Planning Authorities to "*boost significantly*" the supply of housing (paragraph 47) and "*use their evidence base to ensure that their Local Plan meets the full objectively assessed needs for market and affordable housing in the housing market area, as far as consistent with the policies set out in the Framework*".

2.14 As set out above, it is not considered that Epping Forest District Council are meeting their objectively assessed need and indeed are not acknowledging that their housing need is potentially significantly greater than their evidence base suggests. On this basis the Submission Local Plan is not **consistent with national policy**.

2.15 Paragraph 151 of the NPPF specifies '*local plans must be prepared with the objective of contribution to the achievement of sustainable development*'. Local Authorities should seek to ensure sustainable development can be achieved to meet the requirements of their residents.

2.16 Part of achieving sustainable development is ensuring the right homes are built in the right (and most sustainable) places. The settlement hierarchy indicates where development can be accommodated in a sustainable manner, and yet the Epping Forest Local Plan proposes substantially more dwellings in settlements lower down the

settlement hierarchy and is therefore not promoting sustainable patterns of development in accordance with National Policy.

### 3. Validity of current consultation

- 3.1 This section of the report questions the validity of the current consultation in terms of whether it complies with the relevant Regulations.
- 3.2 When preparing a local plan there are a number of legal requirements which must be considered. The Town and Country Planning (Local Planning) (England) Regulations 2012 (hereafter referred to as the 'Local Planning Regulations') provide the regulatory framework within which Development Plan Documents should be prepared.

#### ***Town and Country Planning Regulations***

- 3.3 Regulation 19 of the Local Planning Regulations (publication of a local plan) sets out that:

*“Before submitting a local plan to the Secretary of State under section 20 of the Act, the Local Planning Authority must –*

- (a) Make a copy of each of the **proposed submission documents** and a statement of the representations procedure available in accordance with regulation 35; and*
- (b) Ensure that a statement of the representation procedure and a statement of the fact that the proposed submission documents are available for inspection and of the places and times at which they can be inspected, is sent to each of the general consultation bodies and each of the specific consultation bodies invited to make representation under regulation 18(1).”*

- 3.4 Regulation 17 of Part 6 of the Local Planning Regulations 2012 sets out the application and interpretation of Part 6 and defines the *proposed submission documents* as:

- (a) The local plan which the local planning authority proposed to submit to the Secretary of State,*
- (b) If the adoption of the local plan would result in changes to the adopted policies map, a submission policies map,*
- (c) The sustainability appraisal report of the local plan,*
- (d) A statement setting out –*
  - (i) which bodies and persons were invited to make representations under regulation 18,*
  - (ii) how those bodies and persons were invited to make such representations,*
  - (iii) a summary of the main issues raised by those representations, and*
  - (iv) how those main issues have been addressed in the local plan, and*
- (e) Such supporting documents as in the opinion of the local planning authority are relevant to the preparation of the local plan; and*



*(f) Statement of the representations procedure.*

- 3.5 Development site allocations are an integral part of the Epping Forest Local Plan. A key document supporting the preparation of Epping Forest Local Plan is therefore the Site Selection Report (Arup, December 2017). The report sets out the methodologies developed in the site selection process alongside the formal assessment of sites which has subsequently been updated following the representations received in response to the consultation on the Draft Local Plan.
- 3.6 The detailed write up of the site selection work undertaken following the previous consultation is specified to be included within the appendices of the report. At the time of publication these appendices were yet to be finalised with the exception of Appendices A and D which set out the methodologies for residential, employment and traveller site selection. A final, complete version is awaited and was not yet available at the time of writing this report.
- 3.7 As it stands the current draft of the Local Plan is therefore not considered to be compliant with the relevant regulations as a key document relative to the preparation of the Local Plan that has not been made fully available and no opportunity for representations to be submitted in relation to the missing appendices has been given.

## 4. Housing Numbers and the Housing Market Area

### Background

- 4.1 Paragraph 47 of the National Planning Policy Framework (NPPF) states that in order to boost the supply of housing Local Planning Authorities should:

*“Use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this Framework, including identifying key sites which are critical to the delivery of the housing strategy over the plan period.”*

- 4.2 A separate report titled “Updated Review of the Objectively Assessed Need for Housing in Epping Forest” has been prepared by Turley and is submitted in support of these representations. This report provides an updated and in depth review and critique of the Objective Assessment of Housing Need (OAHN) which is summarised in this section. This report is enclosed separately as part of the representation submission.

### Epping Forest’s Objective Assessment of Housing Need

- 4.3 Since the previous consultation on the Draft Local Plan undertake in December 2016, the Council has not revised its planned level of housing provision and continues to propose a requirement within the Submission Version for at least 11,400 additional homes over the plan period (2011 – 2033). This equates to an average provision for circa 518 dwellings per annum.
- 4.4 The Council has, however, published an update to its housing need evidence, with the latest update to the Strategic Housing Market Assessment (SHMA) produced in July 2017 and concluding that there is an OAN for 572 dwellings per annum in Epping Forest or 12,573 homes in total over the plan period. This is evidently higher than the housing requirement proposed within the Submission Version.
- 4.5 The latest SHMA evidence also presents an updated OAN for the administrative areas of East Hertfordshire, Harlow and Uttlesford, which – with Epping Forest – have been found to function collectively as the West Essex and East Hertfordshire housing market area (HMA). The latest evidence concludes that there is an OAN for 51,710 homes across the HMA over the period assessed (2011 – 2033). This aligns relatively closely with the provision for around 51,100 homes agreed through the Councils’ joint Memorandum of Understanding (MoU), albeit it is noted that this was based on an earlier iteration of the SHMA evidence.
- 4.6 It is acknowledged that the latest evidence responds positively to a number of the concerns previously raised by our client during the previous stage of consultation in December 2016. However, in its application of some stages of the methodology outlined in Planning Practice Guidance (PPG), the latest evidence appears to adopt a selective approach which contradicts conclusions established in the preceding studies, with little explanation or justification for these departures. Retaining previous assumptions in this

regard would be expected to produce a higher OAN for Epping Forest and the wider HMA.

4.7 The following key issues associated with the Council's evidence base have a significant impact on the OAN as currently calculated:

- **The robustness of the alternative projection developed through the Councils' evidence.** It is acknowledged that a number of Local Plan Inspectors have attributed weight to projections based on longer-term trends, in preference to the shorter-term trends which inform the 'starting point' of the latest official projections. However, robust demographic projections now produced by the Greater London Authority (GLA) similarly draw upon such longer-term trends and do not suggest that such an alignment necessitates the significant and negative adjustment applied to the '*starting point*' for Epping Forest or the wider HMA. In this regard, the weight later attributed to the GLA projection within the latest OAN evidence is welcomed, but the argument that this higher projection forms the basis for an appropriate "uplift" to respond to other stages of the PPG methodology is flawed, misrepresentative and strongly challenged;
- **The continued failure to interrogate the historic factors which may have influenced longer-term population trends.** The OAN for Epping Forest is uncritically based on a long-term period in which demographic trends have been shaped by the historic supply of housing in particular. Housing growth in the district has been historically constrained through now-abolished regional policy, and little more than a third of the housing needed since 2011 has been delivered. Any trend-based projection risks extrapolating the consequences of this consistent undersupply. This may include the '*starting point*', but the decision to negatively adjust this projection merely exacerbates – rather than positively addresses – this issue; and
- **The failure to provide a reasonable response to market signals.** The Council's evidence has consistently acknowledged the scale of imbalance between housing supply and demand in both Epping Forest and the wider HMA, with earlier iterations of the OAN evidence incorporating an uplift of 20% in response to the PPG methodology. This was supported within the previous critique report, and is considered to remain justified by the continued worsening in market signals since they were last reviewed within the SHMA. The decision to adopt a deviant approach within the latest OAN evidence is therefore strongly challenged and entirely unfounded, and as a consequence fails to provide an appropriate and reasonable response to worsening market signals in the area. The latest OAN evidence appears to uplift the GLA long-term trend-based projection by only 5% to address the historic worsening in household formation caused by worsening affordability, and – while the principle of such an adjustment is welcomed – it is considered that a cumulatively larger uplift from the '*starting point*' is necessary and justified by the scale of imbalance exhibited in the area. There is considered to be no justification for deviating from the 20% uplift previously concluded as necessary in this regard.

- 4.8 The above points of critique strongly indicate that the Council's latest OAN evidence underestimates the full need for housing in Epping Forest over the plan period.
- 4.9 The likely extent of the underestimation of the housing needs in the district is further illustrated when considering the Government's proposals to introduce a new standard methodology aimed at providing an '*honest assessment of the need for new homes*'. This confirms the Government's view that there are '*very limited grounds*' for negatively adjusting the latest household projections, and its expectation that those areas where house prices and earnings are most imbalanced should plan for progressively more homes than suggested by this '*starting point*'. The proposed method significantly indicates a need for some 61% more homes than the OAN presented in the Council's evidence base. The higher level of calculated housing need implied in the Government's methodology has formed a critical factor in the Council's decision to expediently submit its Local Plan. Indeed the Submission Version confirms that these timescales are driven by this deadline, to enable the continued use of the '*extensively researched housing requirement*' and avoid the risk of having to plan for a higher housing figure.
- 4.10 On the basis of the above, the updated critique identifies that the Submission Version of the Local Plan fails to meet housing needs in Epping Forest and therefore cannot be considered sound. This recognises that it is based on evidence which underestimates the full scale of housing needs in the district and the wider HMA. There is therefore a clear need to provide for a higher level of housing growth through the Local Plan.

## 5. The Spatial Distribution of Growth

5.1 This section of the report analyses the approach to spatial distribution of growth within the District. This section also considers the relationship with Harlow and proposed distribution of employment land in relation to the proposed housing distribution.

5.2 This section responds to Questions 6 and 7 of the consultation form.

### **Distribution of growth**

5.3 Policy SP 2 sets out that 9,816 of the 11,400 new homes in the District will be allocated to existing settlements of which 3,900 new homes will be distributed at sites around Harlow.

5.4 We note that the proposed apportionment of growth for Waltham Abbey has marginally increased since the previous consultation from 800 dwellings to 858 dwellings; whilst the increase is welcomed, this does not address the overall concern that the overall distribution does not represent the most sustainable overall strategy.

### ***Growth around Harlow***

5.5 The strategy for growth at a District level and for the wider HMA is to focus growth around Harlow. This strategy remains unchanged from the previous consultation.

5.6 It is acknowledged that various Memorandums of Understanding (MoU) relating to the distribution of growth have been agreed by the Local Authorities within the HMA. These MoUs confirm that the agreed spatial strategy is to direct a large proportion of housing growth for the HMA towards Harlow.

5.7 The Memorandum of Understanding (MoU) on Highways and Transportation Infrastructure for the West Essex (February 2017) and Highway Assessment Report (Essex Highways, December 2017) set out the major strategic highways schemes that would be required in order to meet the level of growth being proposed within and around the Harlow area. Table 5.1 sets out those major scheme referred to in the MoU which are also referred to in the Epping Forest Infrastructure Delivery Plan (IDP) (December 2017).

5.8 The Epping Forest IDP sets out the anticipated costs associated with these schemes, funding mechanisms available, and timescales for delivery.

**Table 5.1: Infrastructure requirements to facilitate growth at Harlow**

Highway Improvement as specified in the Highway Assessment Report (para 3.9.9)	Referenced in MoU (2017)	Referenced in IDP (2017)	Comments
Improvements to Junction 7 on the M11	✓	✓	Funding was initially obtained under the Road Investment

			Strategy <sup>1</sup> . Section 5.1.5 of the Infrastructure Delivery Plan (IDP) confirms that the RIS funding has since been used to pay for the works to Junction 7a therefore funding is still required for the improvements to Junction 7.
Provision of new Junction 7a and associated improvements to include: - widening of Gilden Way from London Road roundabout to March Lane - new road to link the improved Gilden Way to the M11 via a new Sheering Road Roundabout - new road link to reconnect to Sheering Road just south of Pincey Brook - new roundabouts on either side of the M11 and connected by a new bridge over the M11 - slip roads on and off the M11 for both north-bound and south-bound traffic	✓	✓	Planning approved 2017 (ref – CC/EPF/08/17)  Section 5.1.5 of the IDP confirms the funding previously identified for Junction 7 has been redirected to Junction 7a.
Provision of a through route at the interchange roundabout from Harlow A414 southbound to the B1393 to Epping southbound and minor widening works on the western side of the roundabout	✓	✓	Funding required
New second Stort Crossing to the east of the existing crossing: Additional road crossing of the River Stort in Harlow, comprising a dual carriageway linking the A414 at Eastwick with a new 3-arm roundabout north of the River Stort,	✓	✓	Funding required

<sup>1</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/381496/roads-investment-strategy-summary-of-schemes.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/381496/roads-investment-strategy-summary-of-schemes.pdf)

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and a further single carriageway link to River Way towards the eastern end of A414 Edinburgh Way  
A414 improvements – including Edinburgh Way, Howard Way and Harlow Retail Avenue

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Enhancements to Water Lane/A1169 roundabout; A1025/ Abercrombie Way signals and traffic calming along the A1169	✓	✓	Funding required
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### ***Infrastructure Funding and Delivery***

- 5.9 The required highways capacity works are essential to ensuring that the proposed level of housing around Harlow is deliverable. Without certainty over the delivery of these works, the Submission Local Plan is not **'effective'** and cannot be found sound.

### ***Funding***

- 5.10 Table 8.1 of Part B of the Infrastructure Delivery Plan confirms that the improvements to Junction 7 of the M11 are an 'essential' priority District Wide. Whilst funding had previously been obtained for the improvement works to Junction 7 (via the Road Investment Strategy) it has since been redirected to the works proposed on Junction 7a as confirmed by the IDP.
- 5.11 Table 8.1 also confirms the costs for the proposed improvements, amounting to £29,000,000 and cites the Highways England Road Investment Strategy 2 as a 'potential funding source'. In the table it is noted that "*if funding is not available from Road Investment Strategy 2 the cost will need to be borne by developers*".
- 5.12 In December 2017, Highways England (HE) published 'Shaping the Future of England's Strategic Roads Consultation on Highways England's Initial Report'. This report sets out HE's initial proposed priorities for RIS2. This report does not appear to suggest that any works to Junction 7 of the M11 are included for within RIS2, which would suggest any funding would need to be secured from developers through future S106 / S278 agreements.
- 5.13 Other infrastructure improvements referred to in Table 5.1 above, are cited as being 'essential' to meet growth on strategic sites in and around Harlow but equally do not yet have funding in place and are reliant on developer contributions as follows:
- Additional road crossing of the River Stort in Harlow (cost: £50,000,000);
  - A414 improvements - including Howard Way and Harlow Retail Park (cost: £3,000,000 - £4,000,000); and
  - Highways improvements to A1025 Third Avenue, First Avenue and Second Avenue (cost: £5,000,000).
- 5.14 Within the '*Stage 2: Update Assessment of the viability of affordable housing, Community Infrastructure Levy (CIL), and Local Plan Final Report (2017)*', it is not clear

whether the costs of these necessary highways improvements have been factored in to the viability of the proposed strategic allocations around Harlow.

### ***Delivery***

- 5.15 In additions to questions over the adequacy of the potential funding mechanisms identified, the timescales identified in the IDP for the delivery of these 'essential' works is as follows:
- M11 Junction 7a – 2016-2021
  - M11 Junction 7 improvements – 2025 -2030
  - Second Stort Crossing – 2027-2033
  - A414 improvements - including Howard Way and Harlow Retail Park – 2027-2033
  - Highways improvements to A1025 Third Avenue, First Avenue and Second Avenue – 2020-2025
- 5.16 The proposed housing trajectory as set out in Appendix 5 of the Submission Local Plan confirms that the strategic sites around Harlow will begin to deliver houses within the next three to four years (2021/2022). On the basis of the delivery timescales set out in the IDP, the necessary infrastructure to accommodate these dwellings may therefore not be in place.
- 5.17 The memorandum of understanding on distribution of Objectively Assessed Housing Need across the West Essex/East Hertfordshire Housing Market Area (March 2017) specifies that sufficient suitable sites in and around Harlow exist to accommodate close to 16,100 units provided that:
- Detailed traffic modelling demonstrates that development to the East of Harlow is deliverable on the scale envisaged;
  - Significant infrastructure requirements are met [emphasis added], including highways, sustainable travel options, education sewerage/drainage etc;
  - Landscape impacts can be mitigated; and
  - Development can be distributed amongst several sites in combination.
- 5.18 It is not evident that the above criteria can be met and the Submission Local Plan can therefore not be considered '**effective**'. Further confirmation and clarity should be provided prior to the submission of the Local Plan.

### **Distribution of Growth within the District**

- 5.19 The Local Plan's Spatial Development Strategy is set out in Policy SP2, the policy notes a sequential approach for new housing and how new homes will be distributed across existing settlements.
- 5.20 Policy SP2 sets out new homes will be distributed as follows:



Settlement	Settlement Population <sup>2</sup>	Settlement Hierarchy	Allocated Housing
Sites around Harlow	n/a	n/a	3,900
Epping	11,461	Town	1,305
Loughton	31,106 (fig for Loughton-Debden)	Town	1,021
Waltham Abbey	18,913	Town	858
Ongar	6,251	Town	590
Buckhurst Hill	11,380	Village	87
North Weald Bassett	4,477	Village	1,050
Chigwell	2,207	Village	376
Theydon Bois	4,062	Village	57
Roydon	2,193	Village	62
Naazeing	3,874	Village	122
Thornwood	969	Village	172

- 5.21 Our previous representations identified that the towns, Waltham Abbey and Ongar have both been allocated a significantly lower proportion of housing than North Weald Bassett, a village. Given their position in the settlement hierarchy it still remains unclear why Waltham Abbey and Ongar's proposed housing numbers are so proportionately low.
- 5.22 Waltham Abbey is a key market town in Epping Forest District. The Settlement Proformas (September 2016) note that Waltham Abbey is designated as one of Epping Forest District Council's main centres and is home to the District's largest supermarket, twice weekly market, library, District Council museum and Town Council offices/Town Hall.
- 5.23 The settlement proforma also specifies that there is a diverse range of community facilities and there is significant local employment provision (Brooker and Cartersfield Road Industrial Estates and the Sainsbury's Distribution Centre).
- 5.24 Waltham Abbey also has the second highest population of settlements specified in policy SP 2 but the distribution of housing is not reflective of this. The existing Settlement Hierarchy should be acknowledged and help to inform the Local Plan Site Selection Methodology. The current approach fails to utilise the hierarchy and does not distribute new housing at existing settlements where the facilities, services and employment opportunities are well established and can support growth

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<sup>2</sup> 2011 Census

- 5.25 It is not clear from the Sustainability Appraisal (December 2017) or the Site Selection Methodology (2017) why the distribution of development to Waltham Abbey is proportionately low compared with North Weald Bassett.
- 5.26 The Site Selection methodology suggests that *‘the settlement hierarchy will only be used as a sense check on the results given that the land available does not tally with the places most likely to provide growth in line with the existing hierarchy’*. As previously raised this statement is questionable and it is unclear what is meant by ‘available’ given that the total number of sites put forward for consideration within the District could accommodate 26,447 dwellings.

### **Employment distribution and relationship with housing**

- 5.27 Paragraph 17 of the NPPF states that Local Authorities should *“actively manage patterns of growth to make the fullest possible use of public transport, walking and cycling, and focus significant development in locations which are or can be made sustainable.”*
- 5.28 Paragraph 158 of the NPPF also requires strategic integration between planning for housing and employment:
- “Local planning authorities should ensure that their assessment of and strategies for housing, employment and other uses are integrated, and that they take full account of relevant market and economic signals”.*
- 5.29 It is therefore considered that the proposed spatial distribution of employment and housing should be generally comparable to ensure sustainable patterns of growth across the District and reduce the need for travel by car.
- 5.30 Paragraph 2.73 of the submission Local Plan notes that the spatial distribution of employment sites will reflect the employment need across the District particularly the *‘need for additional space at Loughton and Waltham Abbey’*.
- 5.31 Table 2.5 of the submission Local Plan (Employment Requirements: 2011-2033) sets out the following requirements for employment land in the District over the Plan Period:
- Employment land (B uses) required for offices – 2-5ha
  - Employment land (B uses) required for offices – 14ha
  - Remaining requirement to be provided – 16-19ha
- 5.32 Firstly, it would appear that there is a typo on this page in view that the text of the table is repetitive (i.e. Employment land (B uses) required for offices). The figures confirm that circa 38ha of employment land is required in the District.
- 5.33 It is noted that 27ha of new employment land is allocated in Waltham Abbey (WAL.E8) in light of the employment requirements set out in table 2.5 of the submission Local Plan it would appear that Waltham Abbey will be providing 71% of Epping Forrest’s employment land requirement.

- 5.34 In contrast to the large provision of employment land through allocation WAL.E8 Waltham Abbey will provide a substantially lower contribution towards housing in the District at only 8% of the overall requirement.
- 5.35 Waltham Abbey has been acknowledged as a sustainable location for a high provision of employment development but not for residential. This approach is questionable as sufficient housing should be provided for potential future jobs within the area. It is not considered that this pattern of growth is compatible with the NPPF and therefore the plan cannot be sound.

## 6. Approach to Growth in Waltham Abbey

- 6.1 This section of the report provides commentary on the approach to growth in Waltham Abbey. This section responds to Question 6 of the Consultation Questionnaire.

### **Policy P3 – Waltham Abbey**

- 6.2 Proposed policy P3 allocates seven residential sites in Waltham Abbey which accommodate the allocated provision of 858 dwellings in accordance with policy SP 2.
- 6.3 The spatial strategy that has informed the policy is set out in paragraph 5.45. The strategy at Waltham Abbey is:
- Intensification within the existing settlement; and
  - Expansion of the settlement to the north.

### **Commentary on Direction of Growth**

- 6.4 Appendix V of the Sustainability Appraisal (December 2017) provides a summary of the key considered directions for growth at each settlement (i.e. north, south etc).
- 6.5 It is noted that the eastern expansion of Waltham Abbey is described as a less suitable strategic option. The following justification is provided:
- It would be more harmful to the surrounding landscape than other strategic options.
  - While the northern part of this strategic option is located within Flood Zone 1, much of the area at the edge of Waltham Abbey is within Flood Zones 2 and 3.
  - While the strategic option would result in very low harm to the Green Belt, as evidenced by the Green Belt Review: Stage 2 (2016), this is judged to be outweighed by its unsustainable location, distance from the existing town centre and its potential to harm the wider landscape.
- 6.6 The northern expansion of Waltham Abbey is described as a more suitable strategic option. The following justification is provided:
- This strategic option provides opportunities to support development within close proximity to existing town centre services whilst minimising harm to the Green Belt.
  - While the wider character area, Copped Hall ridge north, is identified as being sensitive to change in heritage terms, it is noted in the Historic Environment Characterisation Study (2015) that the south-west corner (which aligns with the strategic option) would be less sensitive to change.
  - Part of this strategic option is sensitive to change in landscape terms, as evidenced by the Settlement Edge Landscape Sensitivity Study (2010), which

concluded that the landscape to the north-east of Waltham Abbey is highly sensitive to change, with the landscape to the north-west of moderate sensitivity.

- The area is predominantly located within Flood Zone 1, which is of low risk of flooding. Small areas of the option are located within Flood Zone 2 and 3 which is of medium-high risk of flooding.

### **General Commentary**

- 6.7 It is unclear based on analysis of constraints as set out in the Sustainability Appraisal why expansion to the east of Waltham Abbey has been discounted outright. It would appear from analysing the content of the SA that the only perceivable difference is the distance from the town centre and the findings of the Settlement Edge Landscape Sensitivity Study (2010).
- 6.8 It is interesting to read from the SA that all the strategic options for growth have been assessed at a 'strategic' level only, except for the northern strategic option which is largely justified on the basis that some of the constraints affecting the wider parcel do not affect the sites specifically proposed for allocation. We confirmed in our previous representations that the majority of constraints affecting the wider eastern area assessed, did not affect the Land Fund Site. This includes from a landscape sensitivity point of view (please refer to appendix 8 of our previous representations, contained in Appendix 2 of these representations).
- 6.9 The analysis in the SA also appears to completely disregard the findings of '*The Lea Valley Glasshouse Industry: Planning for the Future*' Report (2012) which suggests that the land which has been allocated for housing should be allocated for glasshouse development.

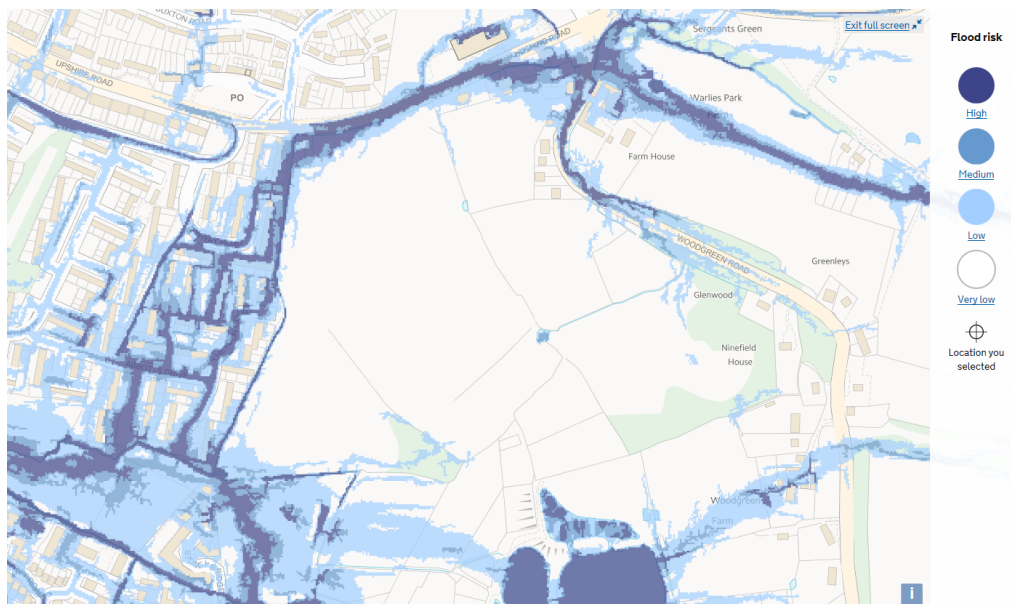
### **Flood Risk**

- 6.10 We note that with regard to Flood Risk the SA refers to the fact that parts of the eastern option and parts of the northern option are located in Flood Zones 2 and 3. Paragraph 100 of the NPPF requires that "*Local Plans should apply a sequential, risk-based approach to the location of development to avoid where possible flood risk to people and property and manage any residual risk*".
- 6.11 Paragraph 101 confirms that "*Development should not be allocated or permitted if there are reasonably available sites appropriate for the proposed development in areas with a lower probability of flooding*".
- 6.12 The Environment Agency's Flood Risk Map for Planning demonstrates that a large proportion of the northern allocation site is at risk from surface water flooding (see Figure 6.1 below). Whereas the Land Fund Site is largely free of risk from surface water flooding, except of the edges of the site (see Figure 6.2 below).

**Figure 6.1: Environment Agency Flood Risk Map for Planning – Northern Allocation**



**Figure 6.2: Environment Agency Flood Risk Map for Planning – Land Fund Site**



- 6.13 On this basis, it is not considered that the Local Plan meets the sequential test. The Submission Local Plan is therefore not consistent with National Policy and cannot be found sound.

#### **Proximity to Town Centre**

- 6.14 Whilst our client acknowledges that their site is further from the Town Centre than the site currently proposed for allocation, the Land Fund Site is within close proximity of a number of established and important facilities as follows:

- Primary School - Upshire Primary Foundation School (100m)
- Secondary School – King Harold Business and Enterprise Academy (1km)

- GP – Maynard Court surgery (1.3km)
- Shops – Co-op Food Upshire Road (130m)
- Post office – Upshire Road (130m)
- Bus Stop – Princesfield Road (60m)

6.15 On the basis of all of the above, it is not considered that the reasonable alternatives for growth have been duly considered using proportional evidence. The plan is therefore not '**justified**' and cannot be considered sound.

## 7. Land South of Upshire Road

- 7.1 This section responds to Questions 6 and 7 of the consultation form.
- 7.2 Our previous representations (**Appendix 3**) requested that the Land Fund site be reassessed as a single parcel and we provided information to help this assessment. All of the evidence previously submitted is contained in **Appendix 3**.
- 7.3 As highlighted in Section 3 of this report the relevant appendices of the Site Assessment supporting the submission consultation has not been made available in accordance with the regulations. In light of this we are not aware of whether the site assessment relating to the Land Fund site has been updated and we therefore refer back to our previous comments made (**Appendix 3**) and our detailed assessment of the Land Fund Site.
- 7.4 Our client reserves the right to provide further comments once Appendix B and all other missing appendices (Assessment of Residential Sites) of the Site Selection (Arup, December 2017, EB802B) are made available.

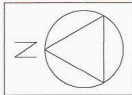


## 8. Summary and Conclusions

- 8.1 This report prepared by Turley on behalf of Land Fund Limited, responds to the Epping Forest Submission Local Plan Consultation focussing predominantly on the validity of the current consultation, overall housing numbers and the spatial distribution of growth.
- 8.2 Land Fund owns and is actively promoting land south of Upshire Road, Waltham Abbey for residential development and has previously submitted representations in response to the Issues and Options Consultation in 2012 and the Draft Local Plan consultation in 2016. The Land Fund Site comprises parts of two separate sites assessed within the 'Site Selection Report' (2016) which accompanied the Draft Local Plan (site references SR-0034 and SR-0372). The Site Selection Report has since been updated but due to a number of missing appendices, it is not clear whether the Land Fund Site has been reassessed as a single parcel.
- 8.3 The Council's latest evidence of housing need is provided in the 2017 SHMA for the wider HMA which concludes that there is an OAN for 572 dwellings per annum in Epping Forest or 12,573 homes in total over the plan period. This is evidently higher than the 11,400 housing requirement proposed within the Submission Version Plan.
- 8.4 Based on critical analysis of the evidence base, there is a strong indication that the Council's latest OAN evidence underestimates the full need for housing in Epping Forest over the plan period. The likely extent of the underestimation of the housing needs in the district is further illustrated when considering the Government's proposals to introduce a new standard methodology aimed at providing an 'honest assessment of the need for new homes'. The proposed method significantly indicates a need for some 61% more homes than the OAN presented in the Council's evidence base.
- 8.5 In addition to the evident underestimation of housing need in the District, it is also considered that the approach to distribution within the District is flawed. There is an overreliance on growth around Harlow where essential infrastructure requirements may not be met, due to funding / delivery timescales.
- 8.6 Overall it is considered that the Submission Local Plan in its current form does not meet the tests of soundness set out in paragraph 182 of the NPPF for the following primary reasons:
- **Positively prepared** – the plan has not been positively prepared as it does not seek to meet the objectively assessed housing need, and it is considered that the objectively assessed housing need itself underestimates the actual needs of the District and the wider area.
  - **Justified** – Sufficient evidence has not been provided to demonstrate that all other reasonable alternatives to growth have been assessed, and the approach taken is not considered to be the most appropriate strategy. In particular limiting growth in settlements which the Council themselves have identified as being at the top of their settlement hierarchy and therefore the most sustainable locations for growth.

- **Effective** – The Council's reliance on growth at Harlow which in turn is reliant on infrastructure improvements which may not be deliverable over the plan period means the plan is not effective.
- **Consistent with National Policy** – Overall the representations contained within this report and its appendices confirm that the Draft Local Plan is not consistent with the policies contained within the NPPF. In particular the plan does not seek to 'boost significantly' the supply of housing land and is not looking to safeguard future Green Belt land for growth beyond the plan period.

## **Appendix 1: Site Plan**



Dr. C. J. Taylor

[illegible]

# WORDS

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LAND AT  
WARLIES ESTATE

TITLE: SITE PLAN LOT 12

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## **Appendix 2: OAHN Report**

**Updated Review of the Objectively  
Assessed Need for Housing in  
Epping Forest**  
Land Fund Limited

January 2018

**Turley**

# Contents

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4.	Failing to Provide a Reasonable Response to Market Signals	22
5.	Conclusions	29

# 1. Introduction

- 1.1 On behalf of Land Fund Limited, Turley produced a review and critique of the then-latest published evidence on the objectively assessed need (OAN) for housing in Epping Forest district ('Epping Forest') in December 2016<sup>1</sup>. The report informed representations submitted in response to consultation on the draft Epping Forest Local Plan, which ran until 12 December 2016.
- 1.2 In December 2017, Epping Forest District Council ('the Council') published the Submission Version of the Local Plan<sup>2</sup> for consultation until 29 January 2018. It is understood that the Council intends to thereafter submit the Local Plan to the Secretary of State in March 2018, ahead of its independent Examination this autumn.
- 1.3 The Council has not revised its planned level of housing provision within the Submission Version, and continues to propose a requirement for at least 11,400 additional homes over the plan period (2011 – 2033). This equates to an average provision for circa 518 dwellings per annum.
- 1.4 The Council has, however, published an update to its housing need evidence, with the latest update to the Strategic Housing Market Assessment<sup>3</sup> (SHMA) produced in July 2017 and concluding that there is an OAN for 572 dwellings per annum in Epping Forest or 12,573 homes in total over the plan period. This is evidently higher than the housing requirement proposed within the Submission Version.
- 1.5 The latest SHMA evidence also presents an updated OAN for the administrative areas of East Hertfordshire, Harlow and Uttlesford, which – with Epping Forest – have been found to function collectively as the West Essex and East Hertfordshire housing market area (HMA). The latest evidence concludes that there is an OAN for 51,710 homes across the HMA over the period assessed (2011 – 2033). This aligns relatively closely with the provision for around 51,100 homes agreed through the Councils' joint Memorandum of Understanding<sup>4</sup> (MoU), albeit it is noted that this was based on an earlier iteration of the SHMA evidence.
- 1.6 This report revisits the critique of the OAN evidence for Epping Forest, within the context of the latest published evidence. In undertaking this review, it is acknowledged that the latest evidence responds positively to a number of the concerns previously raised. However, in its application of some stages of the methodology outlined in Planning Practice Guidance (PPG), the latest evidence appears to adopt a selective approach which contradicts conclusions established in the preceding studies, with little explanation or justification for these departures. Retaining previous assumptions in this regard would be expected to produce a higher OAN for Epping Forest and the wider HMA.

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<sup>1</sup> Turley (December 2016) Review of the Objectively Assessed Need for Housing in Epping Forest

<sup>2</sup> Epping Forest District Council (2017) Epping Forest District Local Plan – Submission Version

<sup>3</sup> ORS (July 2017) West Essex and East Hertfordshire Strategic Housing Market Assessment – Establishing the Full Objectively Assessed Need

<sup>4</sup> Memorandum of Understanding on Distribution of Objectively Assessed Housing Need across the West Essex/East Hertfordshire Housing Market Area, March 2017



- 1.7 Given that the latest evidence was produced some months after the authorities agreed to plan for around 51,100 homes in the HMA through the MoU, it is concerning that these unjustified changes in approach have produced an OAN that closely aligns with this previously agreed supply figure, which has not formally been examined to date. This is despite acknowledgement that the latest evidence shows an increasing need for housing, with a continued failure to provide the homes that are needed leading to ever-worsening affordability issues in Epping Forest and the wider HMA.

## Report Structure

- 1.8 The remainder of this report is structured as follows:

- **Section 2 – Implications of Updates to the Evidence Base** – consideration of the latest SHMA evidence’s consistency with previous iterations, and the extent to which previous points of critique have been recognised and addressed;
- **Section 3 – Adjusting the Demographic Projection** – a critique of the SHMA’s approach to evidencing the need for housing using demographic trend-based projections. It is identified that the SHMA has preferred an alternative projection of population growth, but that this is incorrectly presented as an uplift from the previous SHMA’s adjusted ‘*starting point*’. It would appear that the latest evidence is itself acknowledged as being unrepresentative of a reasonable projection of housing need;
- **Section 4 – Failing to Provide a Reasonable Response to Market Signals** – while the previous SHMA evidence was considered to provide a reasonable adjustment to respond to the significant affordability issues evidenced in Epping Forest and the HMA, the latest evidence unjustifiably departs from this approach. The result is a proposed significant reduction in the scale of adjustment considered reasonable to respond to market signals, from a 20% upward adjustment to only 5%; and
- **Section 5 – Conclusions** – the key areas of remaining critique to the latest OAN evidence are summarised. The conclusion is reached that the latest evidence continues to underestimate the full need for housing when considering the latest datasets and the methodology prescribed through the PPG. The scale of the likely underestimation of needs is also presented in the context of the Government’s recent consultation on a proposed standard method, suggests a considerably higher housing need for Epping Forest and the HMA.

## 2. Implications of Updates to the Evidence Base

- 2.1 As set out in the introduction to this report, Turley has previously submitted an extensive and detailed critique of the Council's previously published housing OAN evidence base on behalf of Land Fund Limited<sup>5</sup>. This earlier evidence and the previous points of critique are summarised within this section.
- 2.2 There is little evidence to suggest that the Council's updated evidence – also summarised within this section – has responded to these points of critique, made by ourselves and other consultees<sup>6</sup>. It is noted that the updated evidence does not reference any of the points of challenge or critique raised through the consultation, nor confirm how or whether they have been addressed. This is considered to significantly undermine the conclusions of the latest evidence, and indeed is exacerbated by its authors' decision to adopt a deviant approach in the latest iteration of the OAN evidence base in relation to a number of the methodological stages outlined in the PPG. It is therefore considered that a number of fundamental issues remain within the Council's OAN evidence, which are introduced in this section and explored in further detail in the remainder of this report.

### Earlier OAN Evidence

- 2.3 Epping Forest forms part of the West Essex and East Hertfordshire HMA, first defined within the jointly commissioned SHMA<sup>7</sup> published in September 2015. This presented conclusions on the OAN for housing across the HMA and in each of its constituent authorities, based on analysis of evidence available at the time.
- 2.4 This included the then-latest 2012-based household projections, which – based on Planning Practice Guidance (PPG) – represented the '*starting point*' for the assessment<sup>8</sup>. The OAN for 46,058 dwellings concluded across the HMA over the period assessed (2011 – 2033) was, however, some 11% lower than this '*starting point*'. This was largely a consequence of the application of a negative adjustment seen to be required to account for migration trends recorded between Census years (2001 – 2011), which was not offset by subsequent uplifts applied to allow for suppressed household formation and respond to worsening market signals. The OAN concluded for Epping Forest was some 25% lower than the '*starting point*', as summarised at Table 3.1 of the December 2016 critique report prepared by Turley.
- 2.5 As noted within the previous critique report, an update to this study was produced by its authors in August 2016, who were commissioned to:

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<sup>5</sup> Turley (December 2016) Review of the Objectively Assessed Need for Housing in Epping Forest

<sup>6</sup> The Home Builders Federation, for example, expressed '*deep misgivings*' about the OAN calculated for the HMA – outlined in further detail within its submission to the East Hertfordshire Local Plan Regulation 19 consultation – including the '*severe*' reduction applied to the demographic projection

<sup>7</sup> ORS (September 2015) West Essex and East Hertfordshire Strategic Housing Market Assessment

<sup>8</sup> PPG Reference ID 2a-015-20140306

*“Review the ONS 2014-based sub-national population projections (SNPP) and the CLG 2014-based household projections in the context of overall housing need in the West Essex and East Hertfordshire SHMA (September 2015) and the subsequent review of migration trends that was undertaken in March 2016 following the PINS Advisory Visit to East Hertfordshire”<sup>9</sup>*

- 2.6 This update increased the OAN by some 8,550 dwellings across the HMA, including an increase of 1,970 dwellings in Epping Forest over the plan period as summarised in the table below.

**Table 2.1: Comparing OAN concluded for West Essex and East Hertfordshire in September 2015 and August 2016 (dwellings 2011 – 2033)**

	September 2015	August 2016	Change in OAN
Epping Forest	11,308	13,278	+1,970
West Essex and East Herts	46,058	54,608	+8,550

*Source: Turley analysis of ORS evidence*

- 2.7 As noted in the previous review, the approach to calculating the OAN within this study was broadly similar to that followed in the 2015 SHMA. This included the application of a 20% uplift to the demographic projection as an ‘*appropriate response*’ to market signals<sup>10</sup>, with the implied growth in population sufficient to also support anticipated likely employment growth. A number of demographic updates were integrated, however, including:

- **The use of updated 2014-based official population and household projections**, which updated the ‘*starting point*’ for the assessment. While this latest projection slightly elevated the ‘*starting point*’ across the HMA, the growth projected in Epping Forest closely aligned with the preceding 2012-based dataset; and
- **An adjustment to the historic period from which longer-term migration trends are derived**, moving from an intercensal period (2001 – 2011) to the then most recent available ten year period (2005 – 2015). This recognised a recent increase in annual migration rates which was seen to represent a ‘*new long-term norm*’<sup>11</sup> for the area, inherently indicating that the previous 2015 OAN would underestimate future migration to West Essex and East Hertfordshire. This alignment with longer-term trends continued to negatively adjust the ‘*starting point*’ – by 14% across the HMA, and over a quarter (26%) in Epping Forest – but to a lesser extent than previously considered necessary.

<sup>9</sup> ORS (August 2016) Updating the Overall Housing Need – based on the 2014-based projections for West Essex and East Herts, paragraph 1

<sup>10</sup> Ibid, paragraph 35

<sup>11</sup> Ibid, paragraph 22

## Latest Published OAN Evidence

- 2.8 A further update to the SHMA was published in July 2017, with the purpose of '*establishing the full objectively assessed need*'<sup>12</sup>. It is specified that the findings of the 2015 SHMA and 2016 update – the latter retrospectively described as an '*interim demographic update*' – were taken into account, as well as the latest population estimates and national projections released for the first time by the Greater London Authority (GLA).
- 2.9 The latest update continues to reference the adjusted demographic projections developed in 2016, based on the then-latest decade of official population estimates (2005 – 2015). It is stated that the strong population growth implied by these estimates for the area is supported by a range of administrative data sources<sup>13</sup>.
- 2.10 However, it is noted that – whilst reference continues to be made to these trend-based projections – they do not form the basis for the demographic projection of housing need concluded within the 2017 SHMA.
- 2.11 In arriving at the OAN, the latest SHMA prefers the trend-based demographic projection published by the GLA. This is acknowledged as similarly basing future projected population growth on a ten year historic trend period, albeit with a slightly more recent period (2006 – 2016) forming the basis for the projection. This recognises the integration of the latest mid-year estimates (MYE) published by the ONS. Whilst being based upon a comparable historic period to the projection presented within the 2016 SHMA Update, this projection shows a considerably higher projection of population growth, being some 9% higher across the HMA and notably closer to the official 2014-based SNPP.
- 2.12 The 2017 SHMA also adopts a variant approach to allow for required adjustments to respond to economic and market signals.
- 2.13 In earlier iterations of the SHMA, the demographic baseline was first adjusted to account for concealed families and homeless households – uplifting housing need by circa 2% across the HMA – before applying '*further adjustments*' to balance jobs and workers and respond to market signals. The latter adjustment in particular was consistently applied to arrive at an OAN which was cumulatively some 20% above the demographic baseline. An uplift of this scale was concluded as a necessary and '*appropriate response to the market signal indicators, in particular house prices and affordability which were both considerably higher than national figures and had also been increasing at a faster rate*'<sup>14</sup>.
- 2.14 Although the latest update does not review market signals, it does review the approach to respond to these indicators through an adjustment to the demographic baseline, in order to ensure that the uplift remains '*reasonable*'<sup>15</sup>. In contrast to the approach

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<sup>12</sup> ORS (July 2017) West Essex and East Hertfordshire Strategic Housing Market Assessment – Establishing the Full Objectively Assessed Need

<sup>13</sup> Ibid, paragraph 2.16

<sup>14</sup> ORS (August 2016) Updating the Overall Housing Need – based on the 2014-based projections for West Essex and East Herts, paragraph 35

<sup>15</sup> ORS (July 2017) West Essex and East Hertfordshire Strategic Housing Market Assessment – Establishing the Full Objectively Assessed Need, paragraph 3.2

previously applied in the 2015 and 2016 SHMA Update, the 2017 update appears to interpret the PPG methodology differently, and speculates on the possible demographic consequences of providing such a supply response by advancing a position that the reasonableness of any such uplift should be assessed in the context of net migration and average household size<sup>16</sup>. The 2017 SHMA does not present a justification for this change in approach, or cite where such an approach has been expressed as preferential or validated by Inspectors or the Courts.

2.15 While the report recognises the continued affordability pressures in the HMA, it concludes that an uplift of 20% is ‘*difficult to justify in the context of the implications for net migration and average household sizes*’<sup>17</sup>.

2.16 It appears to conclude that it is ‘*most appropriate*’<sup>18</sup> to respond to market signals by aligning the OAN with the higher population projection produced by the GLA – as noted above – with a further uplift to the household projections applied through a subsequent demographic adjustment to ensure that:

“...household formation rates for those aged under 35 would be no lower than the equivalent rates recorded in 2001”<sup>19</sup>

2.17 These assumptions suggest a total need for 51,710 homes across the HMA, which is around 6,200 more homes (14%) than implied by the 2016 SHMA Update’s demographic baseline. In direct contrast to the approach previously advocated in the preceding iterations of the SHMA, the report suggests that it ‘*probably isn’t reasonable*’ to apply a larger uplift to this projection, referencing its earlier review of demographic evidence in this regard<sup>20</sup>.

2.18 As summarised below, this leads the report to conclude that there is an OAN for 51,710 dwellings across the HMA, equating to 2,350 dwellings each year (2011 – 2033).

**Table 2.2: Process for Calculating Latest OAN in Epping Forest and HMA (dwellings 2011 – 2033)**

	Epping Forest	West Essex and East Herts
<b>2014-based projections – the ‘starting point’</b>	<b>15,049</b>	<b>52,728</b>
Adjustment to reflect long-term trends (2005 – 15)	-3,984	-7,221
<b>2016 SHMA Update Adjusted demographic projection</b>	<b>11,065</b>	<b>45,507</b>
Further adjustment in response to market signals, suppressed household formation and migration pressures	+1,508	+6,203

<sup>16</sup> Ibid, paragraph 1.22

<sup>17</sup> Ibid, paragraph 3.24

<sup>18</sup> Ibid, paragraph 3.25

<sup>19</sup> Ibid, paragraph 3.27

<sup>20</sup> Ibid, paragraph 3.28

<b>Objectively assessed need</b>	<b>12,573</b>	<b>51,710</b>
Cumulative adjustment from ' <i>starting point</i> '	-16%	-2%
Adjusted from 2016 SHMA demographic projection	+14%	+14%

Source: ORS, 2017

- 2.19 A breakdown by local authority is also presented, indicating an OAN for 12,573 dwellings in Epping Forest or 572 dwellings per annum. Although the uplift applied to the OAN for the HMA has been demonstrably based on a demographic modelling exercise – drawing upon and aggregating data for each individual authority – this breakdown appears to be based on a '*pro rata*' distribution, allocating 24% of the uplift to Epping Forest to reflect its proportionate share of the adjusted demographic projection. The reasons for adopting such a basic approach – which differs from the earlier evidence – are not outlined, and nor is this change in approach directly acknowledged.
- 2.20 The OAN for the HMA, in contrast to the 2016 OAN Update, is now lower than the '*starting point*', as represented by the official 2014-based sub-national household projections (SNHP). This also means that the OAN has been reduced in the latest study. This is principally the combined result of a notably smaller adjustment to respond to market signals, and the maintained reference to a downward adjustment to the underpinning demographic projection.
- 2.21 For Epping Forest, the scale of the reduction from the '*starting point*' is even more pronounced. Given that the same demographic projection is referenced in each study, this variance is solely attributable to the alternative approach adopted to respond to market signals.

**Table 2.3: Comparing OAN concluded for West Essex and East Hertfordshire in September 2015, August 2016 and July 2017 (dwellings 2011 – 2033)**

	September 2015	August 2016	July 2017	Change in OAN
Epping Forest	11,308	13,278	12,573	-705
West Essex and East Herts	46,058	54,608	51,710	-2,898

Source: Turley analysis of ORS evidence

## Consultation on a New Standard Method

- 2.22 The previous critique report noted the anticipated publication of the Government's Housing White Paper, which was released in February 2017. This reaffirmed its appreciation of the scale of the national housing crisis, and confirmed its intention to introduce a new standardised approach to assessing housing need as part of the '*radical, lasting reform*' required to '*get more homes built right now and for many years to come*'<sup>21</sup>. This was necessary to:

<sup>21</sup> DCLG (February 2017) Housing White Paper: Fixing our broken housing market, p7

*“Ensure that plans start from an honest assessment of the need for new homes, and that local authorities work with their neighbours, so that difficult decisions are not ducked”<sup>22</sup>*

- 2.23 The Government’s proposals for a new standard method<sup>23</sup> were published for consultation in September 2017, alongside an indicative housing need figure for each authority in England based on the proposed method.
- 2.24 When compared with existing guidance in the PPG, a reduced number of methodological steps are proposed. The 2014-based sub-national household projections (SNHP) continue to be treated as the ‘*starting point*’, but are explicitly regarded as the ‘*minimum local housing need figure*’. Adjustments are subsequently applied to take account of a single market signal, with the overall scale of adjustment capped at 40% above recently adopted housing requirements or household projections if higher than older adopted requirements.
- 2.25 The consultation paper strongly discourages authorities from seeking to present alternative evidence to suggest a lower level of housing need than that indicated by the proposed standard method. It confirms that evidence of this nature will come under significant scrutiny through the Examination process<sup>24</sup>.
- 2.26 As summarised in the table below, the proposed method indicates an annual need for 923 homes in Epping Forest, which is some 61% higher than the latest published OAN for 572 dwellings per annum in the district. The standard method also indicates that housing needs across the HMA are some 38% higher than the OAN concluded in this latest study.

**Table 2.4: Indicative Outcome of Proposed Standard Method**

	Household projections 2016 – 2026	Median affordability ratio 2016	Adjustment factor, up to <b>40%</b>	Indicative housing need based on proposed method	2017 OAN	Variance
East Herts	794	11.38	<b>40%</b> (46%)	1,111	836	+33%
Epping Forest	659	14.09	<b>40%</b> (63%)	923	572	+61%
Harlow	352	9.20	33%	466	337	+38%
Uttlesford	529	12.30	<b>40%</b> (52%)	740	606	+22%
<b>HMA</b>	<b>2,333</b>	<b>–</b>		<b>3,240</b>	<b>2,350</b>	<b>+38%</b>

Source: DCLG; ONS

<sup>22</sup> Ibid, p21

<sup>23</sup> DCLG (September 2017) Planning for the right homes in the right places: consultation proposals

<sup>24</sup> Ibid, paragraph 47

- 2.27 Consultation on the proposals closed in November 2017, and the Government has not to date outlined a fixed timetable for reviewing consultation responses and publishing new guidance in its final form. However, the consultation materials indicate that Local Plans submitted from 1 April 2018 will be expected to take the new methodology into account.
- 2.28 As previously noted, the Council intends to submit the Epping Forest Local Plan for Examination in March 2018. The Submission Version confirms that these timescales are driven by this deadline, to enable the continued use of the '*extensively researched housing requirement*' and avoid the risk of having to plan for a higher housing figure<sup>25</sup>.

### **Submission Version of the Epping Forest Local Plan and the Memorandum of Understanding**

- 2.29 As noted in the introduction to this report, the Submission Version of the Epping Forest Local Plan<sup>26</sup> continues to plan for the provision of at least 11,400 additional homes over the plan period (2011 – 2033). This level of provision falls below the OAN established for the district through successive updates to the evidence base in August 2016 and July 2017, with the latest OAN for 12,573 dwellings in Epping Forest some 1,173 higher than planned.
- 2.30 The Submission Version confirms that the proposed housing requirement is derived from the Memorandum of Understanding<sup>27</sup> (MoU) signed in March 2017 by the four authorities which comprise the HMA. The MoU agreed that approximately 51,100 net additional dwellings will be planned for across the HMA over the period from 2011 to 2033, with Epping Forest providing around 11,400 homes.
- 2.31 In establishing this spatial option, the MoU references the findings of the 2015 SHMA and its conclusions that around 46,100 homes are needed across the HMA over the period considered. As previously highlighted, this took no account of the later conclusion – reached in the 2016 update – that this OAN is likely to underestimate future migration, population growth and housing needs in the area.
- 2.32 The subsequent update to the housing needs evidence in July 2017 concluded with an OAN for 51,710 dwellings, which exceeds but more closely aligns with this spatial option. However, it confirms that this spatial option will not meet the OAN evidenced in three of the four authorities. This is only partially offset through Harlow accommodating a greater level of housing growth than the OAN evidence suggests is needed, and will result in a shortfall of over 600 homes over the period to 2033. The OAN evidence referenced in the MoU is therefore demonstrably out-of-date with the result being that the full need for housing will not be met across the HMA.

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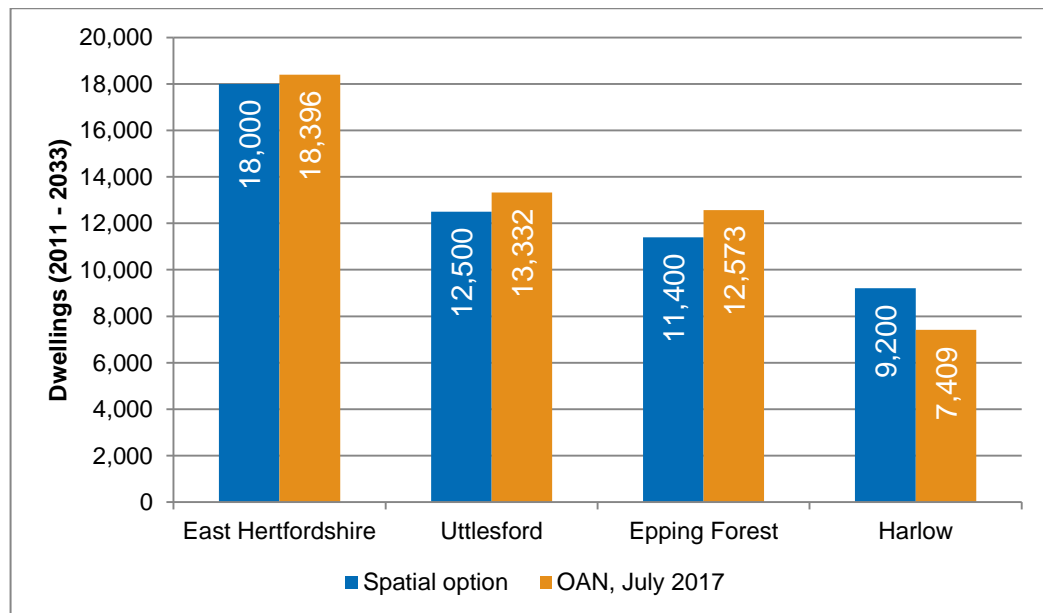
<sup>25</sup> Epping Forest District Council (2017) Epping Forest District Local Plan – Submission Version, foreword

<sup>26</sup> Epping Forest District Council (2017) Epping Forest District Local Plan – Submission Version

<sup>27</sup> Memorandum of Understanding on Distribution of Objectively Assessed Housing Need across the West Essex/East Hertfordshire Housing Market Area, March 2017



**Figure 2.1: Comparing Latest OAN with Spatial Option (dwellings 2011 – 2033)**



*Source: ORS; Co-operation for Sustainable Development Member Board, 2017*

## Reflecting on Earlier Points of Critique

- 2.33 The previous critique report highlighted that housing provision of the scale proposed by the Council would not meet the then-latest evidence of housing needs. While the OAN evidence has been updated, this continues to be the case, resulting in an unmet need for housing in both Epping Forest and the wider HMA.
- 2.34 The critique report also identified a range of concerns relating to the robustness of the OAN update and its underlying assumptions, which were considered likely to underestimate the full scale of housing needs in Epping Forest and the wider HMA. In summary, these concerns related to:
- **The sizeable negative adjustment applied to the ‘starting point’** of the latest 2014-based household projections, and the absence of any interrogation of the historic factors – including historic policy constraints and a persistent failure to deliver the homes that are needed – which may have influenced longer-term population trends. The approach of uncritically drawing upon this period as the basis for future demographic trends risks extrapolating any factors which may have constrained growth in the past;
  - **The failure to consider the factors contributing to recently strong population growth**, and the extent to which they are likely to continue in future over the plan period. It was noted that recent population growth in the district had been driven by factors such as employment growth and the return to the higher net inflows of people from London recorded prior to the recession, for example;
  - **The adjustment applied to account for suppressed household formation**, which was considered unlikely to fully capture the historic and future impact of

any recent decline in household formation. The approach only captured some of those households affected by worsening market conditions, and – by failing to recognise the ongoing nature of this problem – would result in the suppression of future households, effectively accepting that younger people will be restricted from forming households over the plan period. Applying an adjustment to return household formation rates to previously evidenced levels was recommended as a more positive approach which more closely aligns with the PPG;

- **The need to respond to market signals through a separate uplift in housing supply**, with the proposed 20% uplift supported. The then-latest evidence confirmed that there had been no improvement in affordability over recent years, indicating a need to plan for a higher level of growth than suggested by the '*starting point*'; and
- **The transparency of the approach taken to model the relationship between housing and job growth**. Additional detail was sought to ensure that supporting job growth is not dependent upon unprecedented and unjustified changes in future labour force behaviour. This would assist in establishing the labour force growth necessary to support likely job creation, which may identify a need for a greater uplift in housing provision from the '*starting point*'.

2.35 Reflecting on the above within the context of the latest evidence summarised within this section, it is clear that some of these issues have been positively addressed in arriving at an updated OAN.

2.36 Specifically, the revised approach to accounting for suppressed household formation is welcomed. It is agreed that the updated assumption that '*household formation rates for those aged under 35 would be no lower than the equivalent rates in 2001*' provides a more '*comprehensive response to suppressed household formation*'<sup>28</sup>, and provides a means of offsetting an inherent assumption that younger household formation will continue to worsen in the future.

2.37 The weight attributed to population projections recently produced by the GLA is also welcomed, given that they integrate the latest available population estimates to 2016 and provide a robust indication of the population growth likely to occur if long-term trends continue. The GLA methodology has been reviewed by the Centre for Population Change at the University of Southampton, and is understood to closely align with the approach used by the Office for National Statistics (ONS) in developing official population projections based on shorter-term population trends. This methodological alignment allows a more direct comparison between their population growth trajectories for Epping Forest and the wider HMA, which indicates a relatively close alignment between the 2014-based SNPP and this longer-term trend-based projection as established later in this report.

2.38 In this context, however, the retained use of the adjusted demographic projection previously presented in the 2016 SHMA update continues to lack justification. Similarly – whilst the use of the more robust GLA projection is welcomed in the case of Epping

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<sup>28</sup> ORS (July 2017) West Essex and East Hertfordshire Strategic Housing Market Assessment – Establishing the Full Objectively Assessed Need, paragraph 3.27

Forest – the continued assertion that longer-term population trends justify a significant and negative adjustment to the ‘*starting point*’ is considered to remain unjustified, with this assumption markedly impacting upon the concluded OAN. **Section 3** of this report considers this outstanding issue in further detail, drawing upon the previously submitted critique report and the latest available demographic evidence.

- 2.39 Outside of this retained point of critique, it is readily apparent that the latest SHMA update has sought to suppress the full OAN through an inexplicable decision to diverge from the previously supported approach to responding to market signals, which is strongly challenged. There is considered to be no justification or precedent for the revised approach referenced in the 2017 SHMA, and this change results in a markedly lower uplift being considered ‘*reasonable*’ than has previously been concluded. As a consequence, the latest OAN evidence fails to provide an appropriate and reasonable response to market signals in Epping Forest and the wider HMA. This is considered further in **section 4**.
- 2.40 The following sections therefore focus on these issues considered to have the most significant impact on the calculation of the OAN. It should be noted, however, that – though not reconsidered in detail within this report – there remains a lack of transparency around the approach taken to balance jobs with workers. Indeed, this relationship does not appear to have been reconsidered in detail within the latest update to the OAN. The suggestion that ‘*no uplift was needed*’<sup>29</sup> in this regard is understood to remain based on an employment forecast produced three years ago<sup>30</sup>. It is recommended that this element of the evidence base is revisited by the Council to transparently consider the implications of the latest available evidence in this regard.
- 2.41 Equally, we have reservations about the approach taken to arrive at an individual OAN for each constituent authority. As noted in this section, this appears to use an inexplicably basic pro-rata distribution rather than robustly basing it upon the underpinning population and household modelling outputs. Whilst it is recognised that the authorities have agreed a spatial distribution of housing provision through the MoU, it is considered that such an approach of distribution must be based on a transparent and robust assessment of each authority’s individual housing needs.

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<sup>29</sup> Ibid, paragraph 2.26

<sup>30</sup> ORS (September 2015) West Essex and East Hertfordshire Strategic Housing Market Assessment, paragraph 5.34

### 3. Adjusting the Demographic Projection

- 3.1 The PPG states that the latest official household projections produced by the Department for Communities and Local Government (DCLG) – and based upon sub-national population projections (SNPP) produced by the ONS – should provide the ‘starting point’ for assessing housing need, with this official projection both ‘statistically robust and...based on nationally consistent assumptions’<sup>31</sup>.
- 3.2 The PPG recognises that the household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography and household formation rates which are not captured by past trends, but confirms that:
- “Any local changes would need to be clearly explained and justified on the basis of established sources of robust evidence”*<sup>32</sup>
- 3.3 As noted in the previous section, the Government – through its recent consultation on proposals for a new standard method – has expressed a clear preference for the retention of the latest published official household projections when establishing housing needs. As in the PPG, they continue to be described as the ‘starting point’, but are additionally acknowledged as ‘the most robust estimates of future growth’<sup>33</sup>. It is explicitly stated that these official household projections should be ‘regarded as the minimum local housing need figure’<sup>34</sup>. The Government is therefore clear that there are ‘very limited grounds’ for reducing housing needs below the level suggested by official projections, with a rigorous testing of any perceived reasons for doing so<sup>35</sup>.
- 3.4 It is acknowledged that the Council aims to submit its Local Plan before this new method is expected to be implemented from April 2018. The sizeable reduction in its demographic projection of need evidently conflicts with the direction of emerging guidance, which would resultantly elevate the calculation of housing needs in the district as recognised by the Council<sup>36</sup>. This provides important context in considering the justification for the significant negative adjustment applied to the ‘starting point’ within the Council’s OAN evidence.

#### **Robustness of the Household Projection Developed through the 2016 SHMA Interim Update**

- 3.5 It is acknowledged that a number of Local Plan Inspectors have given greater weight to the use of longer-term trend-based projections of need, in preference to the more short-term nature of the ONS projections. In particular – and in the context of the PPG – the use of longer-term trends are considered to be important where there is evidence that

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<sup>31</sup> PPG Reference ID 2a-017-20140306

<sup>32</sup> Ibid

<sup>33</sup> DCLG (September 2017) Planning for the right homes in the right places: consultation proposals, paragraph 16

<sup>34</sup> Ibid, paragraph 17

<sup>35</sup> Ibid, paragraph 47

<sup>36</sup> Epping Forest District Council (2017) Epping Forest District Local Plan – Submission Version, foreword

more recent trends are reflective of a comparatively low level of housing delivery and/or undersupply<sup>37</sup>.

- 3.6 As noted in the previous section, the 2015 SHMA preferred to base its demographic conclusions on such a long-term trend-based projection, drawing upon trends between Census years (2001 – 2011) in preference to the shorter-term five year period which forms the basis for official population projections. The 2016 update concluded that it was necessary to adjust the trend period to reflect the new '*long-term norm*' exhibited by more recent population estimates<sup>38</sup>. Its adjusted demographic projection was therefore based on average migration counts annually recorded between 2005 and 2015. This adjusted demographic projection is retained within the latest OAN report, although it is acknowledged that an additional population estimate for 2016 is now available.
- 3.7 The GLA population projections referenced in the OAN report do, however, integrate this latest population estimate, with its Central scenario developed to similarly establish how the population will change if long-term trends persist. This evidently draws upon population trends recorded during a ten year period which is one year advanced (2006 – 2016) from the SHMA (2005 – 2015).
- 3.8 As noted in the previous section, the GLA projections have been developed by its in-house statisticians, with the methodology reviewed by the University of Southampton. The GLA is understood to have broadly aligned its methodology with the approach of the ONS, which – as noted in the previous critique report – bases domestic migration on a matrix to ensure that an out-migrant from one area is also recorded as an in-migrant to another<sup>39</sup>. This methodological alignment enables a direct comparison with the 2014-based projections produced by the ONS.
- 3.9 As summarised in the following table, the GLA Central scenario projects a growth in population which relatively closely aligns with the 2014-based SNPP, which underpin the '*starting point*'. It does not suggest that a continuation of longer-term population trends will result in a fundamentally different level of population growth in Epping Forest or the wider HMA, when applying a broadly consistent modelling approach.

**Table 3.1: Considering the GLA Central Scenario (population 2011 – 2033)**

	Epping Forest	HMA
DCLG 2014-based – the ' <i>starting point</i> '	30,147	105,103
GLA Central variant	25,090	95,730

Source: GLA; ONS

- 3.10 As a consequence, the GLA Central variant projects the formation of a comparable number of additional households in Epping Forest and the wider HMA, relative to the 2014-based household projections. This contrasts with the more marked difference from

<sup>37</sup> PPG Reference ID 2a-015-20140306

<sup>38</sup> ORS (August 2016) Updating the Overall Housing Need – based on the 2014-based projections for West Essex and East Herts, paragraph 22

<sup>39</sup> ONS (May 2016) Information Paper Quality and Methodology Information, p5

the adjusted demographic projection presented in the 2016 SHMA Update and which continues to be referenced in the latest SHMA.

**Table 3.2: Considering the GLA Central Scenario (households 2011 – 2033)**

	Epping Forest	HMA
DCLG 2014-based – the ‘starting point’	14,374	50,697
GLA Central variant	12,216	47,248
SHMA’s adjusted demographic projection	10,568	43,759

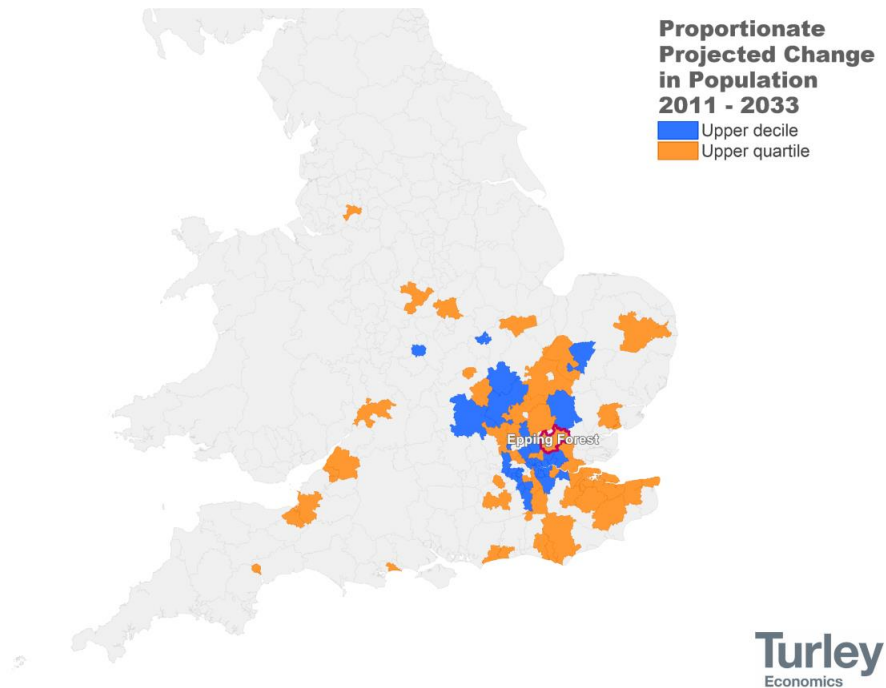
Source: GLA; ONS; ORS

- 3.11 Given that both the GLA and the authors of the SHMA have developed a scenario based on migration trends recorded over ten years, it is notable that the projected level of household growth – and therefore housing need – differs. The GLA projection suggests a much closer alignment with the official projections, which undermines the perceived need for a substantial adjustment and indeed is considered rather to reinforce its retention as the demographic ‘starting point’ when calculating the OAN for Epping Forest and the wider HMA.
- 3.12 It is not immediately clear why such a difference exists between the GLA’s modelled 10 year projection and the projection presented within the 2016 SHMA and retained as part of the presentation of the OAN in the 2017 SHMA. However, its existence serves to challenge the robustness of the adjustments applied to the demographic projection preferred by the report’s authors.
- 3.13 The GLA model is considered to benefit from a greater degree of sophistication for the purposes of sensitivity testing the official projections, by virtue of its alignment with the ONS methodology and the basing of domestic migration on an integrated matrix. This is enabled by the national coverage of the ONS and GLA models, and ensures that historic migration *counts* are not simply extrapolated without considering future change in the size of the local and wider population. As highlighted in the previous critique report, this is a fundamental shortcoming of the Council’s approach, given that:
- “...any authority which has a strong migration relationship with Epping Forest, and has experienced a change in the projected population size, will impact the total number of people migrating into Epping Forest. In addition, out-migration from Epping Forest will be impacted by the change in Epping Forest’s population over time”<sup>40</sup>*
- 3.14 The critique report noted that the application of a more simplistic methodology based only on *counts* – as used in the 2016 SHMA Update – has a more pronounced limitation when assessing housing needs in authorities close to London, where sustained future population growth in the capital can be reasonably expected to increase the absolute number of people moving from London to surrounding areas over the course of a plan period. The methodology employed by the ONS reflects this relationship, as illustrated by the 2014-based SNPP projecting the highest rates of growth in those authorities

<sup>40</sup> Turley (December 2016) Review of the Objectively Assessed Need for Housing in Epping Forest, paragraph 4.30

which surround London. This is illustrated at Figure 4.4 of the previous critique report, which is replicated below.

**Figure 3.1: Proportionate Projected Change in Population 2011 – 2033 (2014-based SNPP)**



Source: ONS; Turley

- 3.15 The Council's latest report notes this '*fundamental difference*' between the models<sup>41</sup>. Notably, the report attributes weight to the GLA projection by indicating that the level of annual migration assumed by the Central variant forms an appropriate basis for the OAN. Indeed, the report argues that the higher projection should form the basis for an appropriate "uplift" to the adjusted demographic baseline in response to market signals, despite its underlying demographic nature.
- 3.16 In large part, however, this "uplift" of 14% merely illustrates the impact of the more refined and robust methodology employed by the GLA and ONS. It highlights the extent to which the SHMA's previous adjusted demographic projection will underestimate the housing needs generated over the plan period by a continuation of longer-term trends in Epping Forest and the wider HMA.
- 3.17 The SHMA's acceptance of the GLA projection as a robust ten year projection of population growth within the concluded OAN undermines the continued suggestion that the demographic projection preferred in the latest OAN report – which indicates a need for 45,507 homes across the HMA, to which uplifts are subsequently applied – should be used in any form as a representative projection of need taking account of either short-term and long-term trends. It is therefore not appropriate to apply any uplifts

<sup>41</sup> ORS (July 2017) West Essex and East Hertfordshire Strategic Housing Market Assessment – Establishing the Full Objectively Assessed Need, paragraph 2.29

subsequently necessary to respond to the PPG methodology to this suppressed and misrepresentative projection, nor suggest that any uplift beyond this figure will suitably respond to other aspects of the PPG methodology.

### **Considering Factors Affecting Local Demography**

- 3.18 The critique report previously expressed concern that the OAN evidence had failed to interrogate historic factors which may have influenced longer-term population trends in Epping Forest and the wider HMA. Such an interrogation remains absent from the latest evidence published in July 2017, which retains the adjusted demographic projection developed a year earlier.
- 3.19 As highlighted above, its modelling suggests that a continuation of longer-term trends in the HMA will lead to the formation of fewer households than suggested by the 2014-based projections. A similar conclusion can also be drawn from the GLA Central scenario, albeit to a markedly lesser extent.
- 3.20 The Council's evidence does not explore the reasons for such a difference, which – notwithstanding the methodological issues raised earlier – inherently results from the incorporation of lower population growth trends recorded over a decade ago. Factors which may have influenced or indeed suppressed population growth at this time are therefore not interrogated, with the lower growth trajectory instead uncritically adopted as a demographic baseline.
- 3.21 As referenced in the critique report, the PPG identifies the historic supply of housing as a key factor which can shape demographic trends, given that long-term undersupply can suppress demographic growth which would have occurred had sufficient housing been provided in the past. The PPG indicates that the negative consequences of such factors should be offset and positively addressed to ensure that this artificially suppressed context is not extrapolated as the basis for the OAN.
- 3.22 The critique report confirmed that Epping Forest is an area in which housing growth has been historically constrained through regional policy which has since been abolished. A minimum requirement for only 175 dwellings per annum was adopted for the district through the East of England Regional Spatial Strategy (RSS), despite evidence at the time indicating that a continuation of recent demographic trends would lead to the formation of 480 households in the district each year.
- 3.23 On this basis, while the district largely met its housing requirement from 2001 – as illustrated in the chart below – it cannot be claimed that housing delivery in Epping Forest has been sufficient to meet its housing needs over the long-term. Furthermore, since 2011, an annual need for at least 514 homes has been successively evidenced – increasing to 572 dwellings per annum within the latest evidence – but has not been met on any occasion. Only 39% of the homes that the Council's evidence indicates are needed in Epping Forest have been delivered since 2011<sup>42</sup>. The Council has acknowledged its substantial shortfall in housing supply on several occasions<sup>43</sup>.

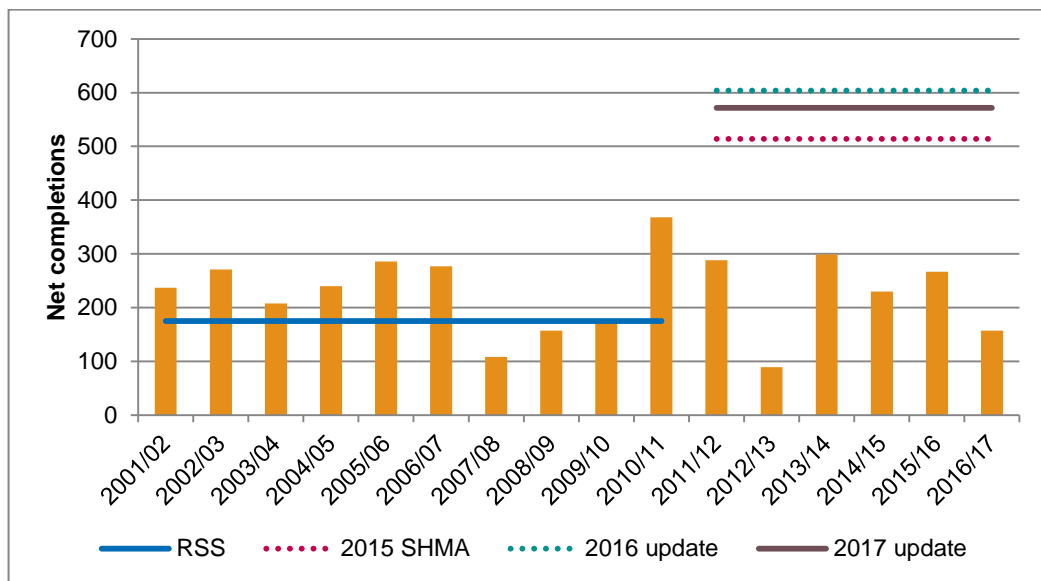
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<sup>42</sup> Between 2011 and 2017, 1,330 net additional dwellings were provided in Epping Forest, equating to only 39% of the OAN for 3,432 dwellings (572dpa) over this period

<sup>43</sup> The critique report referenced two appeal decisions (APP/J1535/W/16/3143247; APP/J1535/W/16/3143248)



**Figure 3.2: Epping Forest Housing Completions Relative to Targets/OAN (2001 – 2017)**



Source: Council monitoring data; Turley analysis; ORS

- 3.24 Given this historic and sustained failure to provide the homes that are needed, any trend-based projection risks extrapolating the consequences of undersupply in Epping Forest. The ‘starting point’ may similarly underestimate needs on this basis, although drawing trends from a shorter historic period inherently means that it is less likely to be adversely influenced by historic policy constraints. The application of a sizeable negative adjustment – as advocated within the SHMA evidence – merely exacerbates this issue, and fails to address the historic implications of under-provision.

## Summary and Implications

- 3.25 The role of official household projections as a robust ‘starting point’ for assessing housing needs is well established, and indeed will be strengthened through the Government’s proposals to introduce a new methodology aimed at providing an ‘honest assessment of the need for new homes’. The Government envisages ‘very limited grounds’ for reducing housing needs below the level suggested by official projections.
- 3.26 The Council has consistently sought to advance a position that the ‘starting point’ should be negatively adjusted to reflect longer-term population trends, initially between Census years (2001 – 2011) before the trend period was updated to reflect a new and higher ‘long-term norm’ between 2005 and 2015. This moderates the population projection for Epping Forest and the wider HMA, relative to the shorter-term trends which underpin the official projections.
- 3.27 It is acknowledged that a number of Local Plan Inspectors have attributed weight to such longer-term trend-based projections. However, the continued assertion that longer-term population trends across the HMA justify such a sizeable negative adjustment is considered to remain unjustified on the basis of:

- **The robustness of the alternative projection developed through the Councils' evidence.** Comparison has been drawn within this section – and indeed within the latest OAN report – to demographic projections recently produced by the GLA, which similarly consider the implications of a continuation of long-term trends but relatively closely align with the '*starting point*'. This undermines the perceived need for a substantial adjustment to reflect long-term trends, and highlights a shortcoming in the methodology employed by the authors of the SHMA. The GLA has sought to align its methodology with the approach used by the ONS to develop official population projections, thereby adopting a more sophisticated and robust model which more accurately accounts for the factors likely to influence future domestic migration in particular. Indeed, the latest OAN report later attributes weight to the GLA projection, but argues that the higher projection should form the basis for an appropriate "uplift" to respond to other stages of the PPG methodology. This is a flawed approach which is misrepresentative and strongly challenged;
- **The continued failure to interrogate the historic factors which may have influenced longer-term population trends.** As previously highlighted, the Council's evidence does not explore the reasons why a continuation of longer-term demographic trends in the HMA may lead to the formation of fewer households than suggested by the '*starting point*'. The PPG itself recognises that the historic supply of housing can shape demographic trends, but indicates that the negative consequences of such factors should be assessed in calculating the OAN. Epping Forest is demonstrably an area in which housing growth has been historically constrained through now-abolished regional policy, and little more than a third of the housing needed since 2011 has been delivered. Given this historic and sustained failure to provide the homes that are needed, any trend-based projection therefore risks extrapolating the consequences of undersupply. This may include the '*starting point*', but the decision to negatively adjust this projection merely exacerbates – rather than positively addresses – this issue.

3.28 On the basis of the above, there is considered to be no justification for departing from the latest official 2014-based household projections as a representative demographic projection of housing needs in Epping Forest. Its projected need for 15,049 homes in the district over the plan period (2011 – 2033) – or 684 dwellings per annum – should therefore represent the demographic basis for any subsequent adjustments necessary in accordance with the PPG methodology.

## 4. Failing to Provide a Reasonable Response to Market Signals

4.1 The PPG confirms that full account should be given to market signals of imbalance between housing supply and demand. An adjustment should be made to the housing need number suggested by the household projections to reflect a worsening trend in market signals<sup>44</sup>.

4.2 The PPG confirms that:

*“A worsening trend in any of these indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections”<sup>45</sup>*

4.3 The PPG states that any adjustment should be set at a level that is considered ‘reasonable’. In arriving at a reasonable adjustment, the PPG confirms that this should consider the significance of affordability constraints and the strength of other indicators of high demand. The PPG states that the larger the improvement in affordability needed, the larger the additional supply response should be.

4.4 While the PPG confirms that no attempt should be made to estimate the precise impact of an increase in housing supply, it indicates that a judgement will be required to:

*“Increase planned supply by an amount that, on reasonable assumptions and consistent with principles of sustainable development, could be expected to improve affordability, and monitor the response of the market over the plan period”<sup>46</sup>*

4.5 Within section 2, it has been identified that the latest iteration of the SHMA has departed from the approach applied in both the 2015 SHMA and the subsequent 2016 update in its judgement and application of a ‘reasonable’ adjustment to respond to evidence of worsening market signals.

4.6 This section initially illustrates the difference in the approach adopted, and the implication for the scale of adjustment which is considered ‘reasonable’.

4.7 The justification for the marked reduction in the scale of adjustment applied in the latest SHMA is then considered in the context of a review of the changing affordability context in Epping Forest specifically.

### **Advancing a Smaller ‘Reasonable’ Adjustment in Response to Market Signals**

4.8 The 2017 SHMA applies only two uplifts to its adjusted demographic projection. Putting aside the points of challenge outlined in the preceding section – around the extent to which this demographic projection can be viewed as representative – these adjustments are understood to result from the following:

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<sup>44</sup> PPG Reference ID: 2a-019-20140306

<sup>45</sup> PPG Reference ID: 2a-020-20140306

<sup>46</sup> PPG Reference ID: 2a-020-20140306

- An alignment with the scale of population growth associated with the trend-based demographic projection published by the GLA. This reflects a rising trend in net in-migration into the HMA, with future migration trends from London an important contributing factor; and
- An adjustment which assumes a positive return of the household formation rates of younger people to those seen in a period where affordability issues were less pronounced (2001).

4.9 Both of these adjustments respond positively to the representations submitted by Turley in December 2016, noting that the earlier studies – which formed the basis for this earlier critique – did not apply comparable adjustments in deriving a trend-based demographic projection of need.

4.10 However, it is evident that both of these adjustments reflect “demand” factors, insofar as they either respond to an evidenced pressure for new housing arising from new households – migrating out of London or from elsewhere – or address a pent-up demand which has arisen as a result of worsening affordability (household formation). They do not allow for any positive ‘*additional supply response*’ which could, in accordance with the PPG, be expected to trigger a positive ‘*improvement in affordability*’<sup>47</sup>.

4.11 It is acknowledged that the adjustment to household formation rates does imply a degree of positive adjustment to respond to the consequences of worsening affordability. This has been viewed by a number of Local Plan Inspectors as a necessary part of any ‘*reasonable*’ uplift.

4.12 However, even when this is counted as part of an uplift to respond to market signals, it appears to uplift housing needs by only 5% across the HMA as summarised below. At best, the latest SHMA update therefore appears to conclude that a 5% adjustment is an adequate and justifiable response to market signals in each of the constituent authorities.

**Table 4.1: Impact of Adjusting Household Formation Rates in the HMA (GLA Central variant)**

GLA Central variant	Table reference in 2017 SHMA Update	Housing need in the HMA 2011 – 2033
No adjustment to headship rates	Figure 2, p15	49,116
<b>With</b> adjustment to headship rates	Figure 4, p25	51,710
<b>Difference</b>		<b>2,594</b>
% difference		5.3%

Source: ORS, 2017

<sup>47</sup> PPG Reference ID 2a-020-20140306

- 4.13 This conclusion significantly contrasts with that arrived at within the previous OAN evidence published in 2015 and 2016.
- 4.14 In both of these earlier assessments, the application of the PPG methodology by the same authors led them to a clear conclusion that an adjustment of 20% was justified and reasonable to respond to market signals across the HMA and in Epping Forest.
- 4.15 Our previous representations supported the justification for an adjustment of this scale and its applicability to this area, recognising the conclusions arrived at by other Local Plan Inspectors and the comparative severity of affordability issues.
- 4.16 As the following updated evidence of key market signals suggests, there is no evidence to support a departure from this adjustment that was previously concluded as reasonable. Indeed, rather than improving, it is readily apparent that affordability issues – the direct outcome of supply exceeding demand, in accordance with the PPG – have worsened considerably at a rate which far exceeds that seen nationally.

### **Latest Evidence of Market Signals in Epping Forest and the HMA**

- 4.17 Whilst the 2017 SHMA attempts to apply a significantly smaller adjustment in response to market signals, it does not provide any meaningfully updated analysis of market signals across the HMA or in each authority to support this position.
- 4.18 The absence of any such analysis is considered a significant failing, given the scale of the departure in the adjustment concluded as reasonable.
- 4.19 The Government has continued to highlight the extent to which it views worsening affordability as a fundamental factor contributing to the acknowledged national housing crisis<sup>48</sup>.
- 4.20 In this context it is first important to highlight a number of key statistics which serve to outline the scale of affordability issues in Epping Forest:
- As of 2016, Epping Forest – on the basis of the Government’s own statistical determinant of affordability (median affordability ratio) – is ranked as the eighth least affordable authority when excluding London boroughs<sup>49</sup>;
  - Over the last three years of data (2014 – 2016) its median affordability ratio has proportionately deteriorated at a rate exceeded by only 26 authorities, when again excluding London boroughs. This places the district amongst the top decile in terms of the worsening relationship between median house prices and earnings;
  - Based on the lower quartile affordability ratio – specifically referenced in the PPG – the district performs even more poorly. Only eleven authorities – including nine London boroughs – recorded a higher lower quartile affordability ratio than Epping Forest in 2016, with the district ranking third least affordable when all London boroughs are excluded. This has proportionately worsened by some 37% over the

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<sup>48</sup> DCLG (September 2017) Planning for the right homes in the right places: consultation proposals

<sup>49</sup> ONS (2017) Ratio of house price to workplace-based earnings

past three years (2014 – 2016), a rate which surpasses all London boroughs and is itself exceeded by only two authorities nationwide.

- 4.21 The tables below compare both the absolute median and lower quartile affordability ratios for the latest year available, as well as their change over the last two years in Epping Forest with the other authorities in the HMA and the national average. This highlights the severity of the affordability issues in the district as outlined above.

**Table 4.2: Change in Median Affordability Ratio (2014 – 2016)**

	2014	2015	2016	% change
Harlow	6.45	7.81	9.20	43%
<b>Epping Forest</b>	<b>11.43</b>	<b>12.93</b>	<b>14.09</b>	<b>23%</b>
East Hertfordshire	10.71	11.85	13.10	22%
England	7.09	7.52	7.72	9%
Uttlesford	11.52	12.35	12.30	7%

Source: ONS, 2017

**Table 4.3: Change in Lower Quartile Affordability Ratio (2014 – 2016)**

	2014	2015	2016	% change
<b>Epping Forest</b>	<b>12.21</b>	<b>13.51</b>	<b>16.77</b>	<b>37%</b>
Harlow	7.3	8.66	9.55	31%
East Hertfordshire	10.71	11.85	13.1	22%
Uttlesford	11.46	12.2	13.18	15%
England	6.91	7.11	7.16	4%

Source: ONS, 2017

- 4.22 The key factor behind the worsening affordability across the HMA has been the significant rise in house prices over recent years. Table 4.4 shows the most up-to-date average house prices (year to June 2017) in each of the HMA authorities, benchmarked against the national average. It is readily apparent that Epping Forest, in absolute terms, is by some distance the most expensive, with an average house price of over £500,000. Significantly, it has also seen house prices increase by almost a third in only three years back to 2014. This rate of growth is well over double the national average and evidently represents a significant factor in limiting the ability of new and lower income households from entering the housing market in the area.

**Table 4.4: Change in Average House Prices (2014 – 2017)**

	Year to June 2014	Year to June 2017	% change
Harlow	£206,054	£290,502	41%

<b>Epping Forest</b>	<b>£391,347</b>	<b>£515,663</b>	<b>32%</b>
East Hertfordshire	£339,056	£434,800	28%
Uttlesford	£351,358	£436,900	24%
England	£258,033	£292,588	13%

Source: ONS, 2017

## A National Housing Crisis and the Government's Proposed Standard Method

- 4.23 The Government's recent consultation on a standardised methodology for calculating housing needs reasserts the principle of adjusting household projections to respond to evidenced affordability issues, stating:

*"There is a longstanding principle in planning policy that assessing an appropriate level of housing must address the affordability of new homes, which means in practice that projected household growth should be adjusted to take account of market signals"*<sup>50</sup>

- 4.24 Responding to this principle, a mandatory upward adjustment is proposed through Step 2 of the proposed standard method. The proposed method uses a formula based approach to present a simplified and standardised approach to making an adjustment for each authority.

- 4.25 The proposed formula iteratively applies larger adjustments in those areas where the greatest imbalance between median house prices and annual earnings exist. The Government's proposed approach indicates that such adjustments are needed in any area where median house prices are over four times median annual earnings, with this threshold:

*"...appropriate since the maximum amount that can typically be borrowed for a mortgage is four times a person's earnings. Put another way, if the average worker cannot get a mortgage for the average home in the area without additional help (eg from the 'bank of mum and dad') then there are not enough homes in the area and the local authority needs to plan for more" (emphasis added)*

- 4.26 Nationally, this threshold requires upward adjustments in all but three local authorities (Copeland, Burnley and Pendle), which emphasises the Government's view that affordability pressure across almost all of England has reached a point at which intervention is needed to plan for more houses than suggested by trend-based household projections. The Secretary of State has again recently expressed the Government's commitment to taking '*decisive action*' and described '*building more [as] the single biggest challenge that we face*'<sup>51</sup>. The Prime Minister has described the housing shortage as one of the greatest barriers to progress in Britain today<sup>52</sup>.

<sup>50</sup> DCLG (2017) Planning for the right homes in the right places: consultation proposals, paragraph 19

<sup>51</sup> Sajid Javid's speech on the housing market, 16 November 2017

<sup>52</sup> DCLG (2017) Fixing our broken housing market – the Housing White Paper

- 4.27 As noted at Table 2.4 of this report, the imbalance between median house prices and earnings in the HMA is of a scale at which Step 2 of the Government's proposed formula would require upward adjustments of up to 63% in Epping Forest. An uplift of 33% is even required in Harlow, which – as shown in Table 4.2 – has the lowest affordability ratio of the four HMA authorities. While the Government proposes a cap on the level of increase at 40% to ensure deliverability, it is notable that almost all of the HMA authorities therefore receive the maximum uplift in response to affordability when applying the Government's proposed method.
- 4.28 It is also of note that in contrast to the 2017 SHMA's assertions, an uplift of 20% or higher is considered by Government to be eminently deliverable and reasonable where affordability issues are at their most acute. The proposed capping of the adjustment in the latest SHMA at a level somewhat below 20% cannot be considered justifiable, on this basis and on the basis of the evidence set out within the SHMA report.

### **Summary and Implications**

- 4.29 The Council's evidence has consistently acknowledged the scale of imbalance between housing supply and demand in both Epping Forest and the wider HMA.
- 4.30 Indeed, the latest affordability ratios suggest that the district ranks amongst the least affordable authorities in England, both at the entry-level and mid-level of the housing market. A consideration of changing average house prices and linked to this affordability ratios confirms that rather than abating over recent years, this position has become ever more acute.
- 4.31 This picture of acute affordability issues presents a direct challenge to the 2017 SHMA's attempted justification for significantly reducing the scale of the adjustment applied in response to market signals.
- 4.32 In comparing the scale of adjustment applied – as has been identified both in this and the preceding section – the latest SHMA appears to conflate a series of demographic adjustments with the adjustment required through the PPG. The PPG specifically identifies that where appropriate the adjustment should represent an uplift above household projections. The assertion that a 14% "uplift" has been applied is misrepresentative and flawed, merely highlighting shortcomings in the demographic projection from which this "uplift" has been derived.
- 4.33 Even where the adjustment to household formation rates is presented as responding to evidence of worsening affordability – evidently a market signal in its own regard – this would suggest that an uplift of only 5% has been considered as reasonable by the SHMA's authors.
- 4.34 This is evidently substantially lower than the 20% uplift which was consistently identified as reasonable and justified in each of the earlier iterations of the SHMA evidence, produced by the same authors.
- 4.35 The SHMA is not considered to present any reasonable justification for either the change in methodology or the significant reduction in the scale of adjustment considered reasonable.



- 4.36 Whilst it is recognised that the standard method proposed by the Government was published for consultation purposes only, it is evident that its methodological approach more directly aligns with the previous interpretation of the PPG in the 2015 and 2016 SHMA reports, and contrasts markedly with the 2017 iteration. This is considered to further affirm the need for a more marked adjustment, with the 20% previously used considered to represent very much the minimum required to accord with Local Plan Inspectors' interpretation of the existing PPG methodology.

## 5. Conclusions

- 5.1 This report has been prepared by Turley on behalf of Land Fund Limited to present an updated critique of the objectively assessed need (OAN) evidence published for Epping Forest, which forms the basis for the emerging Local Plan. This builds upon an earlier critique report submitted at the previous stage of consultation in December 2016, but takes account of the latest update to the Council's evidence in July 2017 which established an OAN for 12,573 homes in Epping Forest over its plan period (2011 – 33).
- 5.2 Although the updated evidence does not reference the points of critique made by ourselves and other consultees, it is acknowledged that a number of the concerns previously raised have been positively addressed. However, this is fundamentally undermined by its authors' decision to depart from a number of the conclusions established and supported in the previous evidence, without justification or precedent.
- 5.3 The Council has not revised its planned level of housing provision, with the recently published Submission Version of the Local Plan continuing to propose a requirement for at least 11,400 homes over the plan period (2011 – 2033). This is demonstrably not sufficient to meet housing needs in the district, not least because the Council's latest evidence is considered to significantly underestimate the full need for housing in Epping Forest.
- 5.4 Furthermore, housing needs will not be met in full through the spatial option agreed between the Council and its neighbours in the housing market area (HMA), where a total need for 51,710 homes has been evidenced but provision agreed only for 51,100 homes. When considered that the OAN is likely to underestimate housing needs within this area, the scale of unmet need inherently increases, and indeed it is concerning that the unjustified changes in the methodology employed within the latest evidence have produced an OAN that closely aligns with this supply figure agreed some months earlier.
- 5.5 This updated critique report focuses on the issues which continue to have the most significant impact on the calculation of the OAN, namely:
- **The robustness of the alternative projection developed through the Councils' evidence.** It is acknowledged that a number of Local Plan Inspectors have attributed weight to projections based on longer-term trends, in preference to the shorter-term trends which inform the '*starting point*' of the latest official projections. However, robust demographic projections now produced by the Greater London Authority (GLA) similarly draw upon such longer-term trends and do not suggest that such an alignment necessitates the significant and negative adjustment applied to the '*starting point*' for Epping Forest or the wider HMA. In this regard, the weight later attributed to the GLA projection within the latest OAN evidence is welcomed, but the argument that this higher projection forms the basis for an appropriate "uplift" to respond to other stages of the PPG methodology is flawed, misrepresentative and strongly challenged;
  - **The continued failure to interrogate the historic factors which may have influenced longer-term population trends.** The OAN for Epping Forest is uncritically based on a long-term period in which demographic trends have been

shaped by the historic supply of housing in particular. Housing growth in the district has been historically constrained through now-abolished regional policy, and little more than a third of the housing needed since 2011 has been delivered. Any trend-based projection risks extrapolating the consequences of this consistent undersupply. This may include the '*starting point*', but the decision to negatively adjust this projection merely exacerbates – rather than positively addresses – this issue; and

- **The failure to provide a reasonable response to market signals.** The Council's evidence has consistently acknowledged the scale of imbalance between housing supply and demand in both Epping Forest and the wider HMA, with earlier iterations of the OAN evidence incorporating an uplift of 20% in response to the PPG methodology. This was supported within the previous critique report, and is considered to remain justified by the continued worsening in market signals since they were last reviewed within the SHMA. The decision to adopt a deviant approach within the latest OAN evidence is therefore strongly challenged and entirely unfounded, and as a consequence fails to provide an appropriate and reasonable response to worsening market signals in the area. The latest OAN evidence appears to uplift the GLA long-term trend-based projection by only 5% to address the historic worsening in household formation caused by worsening affordability, and – while the principle of such an adjustment is welcomed – it is considered that a cumulatively larger uplift from the '*starting point*' is necessary and justified by the scale of imbalance exhibited in the area. There is considered to be no justification for deviating from the 20% uplift previously concluded as necessary in this regard.

- 5.6 The above points of critique strongly indicate that the Council's latest OAN evidence underestimates the full need for housing in Epping Forest over the plan period.
- 5.7 The likely extent of the underestimation of the housing needs in the district is further illustrated when considering the Government's proposals to introduce a new standard methodology aimed at providing an '*honest assessment of the need for new homes*'. This confirms the Government's view that there are '*very limited grounds*' for negatively adjusting the latest household projections, and its expectation that those areas where house prices and earnings are most imbalanced should plan for progressively more homes than suggested by this '*starting point*'. The proposed method significantly indicates a need for some 61% more homes than the OAN presented in the Council's evidence base. The higher level of calculated housing need implied in the Government's methodology has formed a critical factor in the Council's decision to expediently submit its Local Plan. Indeed the Submission Version confirms that these timescales are driven by this deadline, to enable the continued use of the '*extensively researched housing requirement*' and avoid the risk of having to plan for a higher housing figure<sup>53</sup>.
- 5.8 On the basis of the above, this updated critique continues to identify that the Submission Version of the Local Plan is unsound and fails to meet housing needs in Epping Forest. This recognises that it is based on evidence which underestimates the full scale of housing needs in the district and the wider HMA. There is therefore a clear need to provide for a higher level of housing growth through the Local Plan.

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<sup>53</sup> Epping Forest District Council (2017) Epping Forest District Local Plan – Submission Version, foreword