
Examination Hearing Statement Matter 2: Provision for Housing (continued)

East Cambridgeshire Local Plan
Single Issue Review

Examination Hearing Statement

Matter 2: Provision for Housing (continued)



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1. Introduction

Preamble

- 1.1. This Statement has been prepared by Savills (UK) Limited on behalf of Manor Oak Homes Limited and Bellway Homes Limited.

Scope of this Statement / Previous Representations

- 1.2. This Statement seeks to expand on both our previous representations to the Single Issue Review ('SIR') in May 2021, February 2022 and June 2022, and those representations submitted by Carter Jonas also on behalf of Manor Oak Homes (ECDC refs. '13' (5 parts) and '33' (3 parts)).
- 1.3. In addition, throughout this Statement we have not reiterated, except where necessary for clarity / continuity of discussion, points made in our original October 2022 Hearing Statement on Matter 2¹. Should it prove necessary, we will refer back to that Statement at the forthcoming Hearing.
- 1.4. Where necessary during the Examination Hearings we will refer to our, or Carter Jonas', previously-submitted representations, but as per the Inspector's guidance we have not reiterated the detailed content of those in this Statement.

¹ Savills submitted separate representations to the Regulation 19 consultation on behalf of both Manor Oak Homes and Bellway Homes, and a Hearing Statement in relation to Matter 2 as discussed at the original Hearing sessions on behalf of Manor Oak Homes.

2. The Housing Requirement

Q.1 The Council suggest that the housing requirement for the Plan set out in Policy GROWTH1 would be based on the minimum local housing need calculated using the standard method, to cover the period 2022 to 2031. Would the resulting housing requirement of 600 dwellings per annum derived from the minimum local housing need be sound?

- 2.1. We addressed this matter in relation to Questions 13 to 16 of the original MIQs.
- 2.2. In relation to the calculation of the Standard Method Local Housing Need figure, we have no further comment.
- 2.3. With regard to whether using this figure as the basis for the housing requirement for 2022 to 2031, we set out in our response to Question 15 of the original MIQs that, in summary (see our para. 4.15):
- “The latest SHMA identifies a level of affordable housing need in East Cambridgeshire that equates to 42% of the proposed housing requirement for 2022-2031. Recent records suggest that actual delivery of affordable housing is approximately 20% of total delivery – i.e. half of what is required. This evidence demonstrates the need for an increase to the minimum housing requirement.”
- 2.4. However, we note that the Inspector has commented in his post hearings letter of 14th December 2022 that, having considered this, he was not minded to recommend an increase to the Standard Method Local Housing Need figure in order to deliver additional affordable housing. Whilst we maintain our view as set out, we note the Inspector’s conclusions on this matter.

3. Strategic Policy

Q.2 It is suggested that Policy GROWTH1, in respect of the delivery of housing, should be amended so that it would cover the period 2022 to 2031. Would the amended Policy be justified, positively prepared, effective and consistent with national policy? If not, how should the proposed Policy be amended to make it sound?

Re-basing: The Plan Period

3.1. Question 13 of the original MIQs asked: “*Why has the plan period not been rebased to the base date used in the standard method calculation?*” In relation to Question 13, we noted that, in response to the Inspector’s initial questions (EX.LA03(A)) (ref. 11. Q6), the Council had stated (emphasis added):

“Re-basing ... to, say 2022 ... would be incredibly confusing, and would require widescale changes elsewhere in the Plan in order for the plan as a whole to ‘make sense’ and read coherently. There appears no benefit in bringing the start date of the Plan forward. For example, it would not alter the forward looking housing requirement figure.

Put another way, this option was not even considered as a reasonable alternative option, as the Council sees no benefit in doing so. Consequently, there is no evidence to demonstrate why this option was dismissed.”

3.2. The Council reiterated this position in its October 2022 Matter 2 Hearing Statement.

3.3. However, in the short period between receiving the Inspector’s post hearings letter on 4th January (see EX.INS08) and its detailed response to that (EX.LA09) dated 17th January 2023 the Council changed tack, seemingly accepted the Inspector’s conclusion that the SIR as submitted is unsound, and has proposed a new ‘simple solution’, whereby the plan period for the purposes of the housing requirement as set out in Policy GROWTH1 is changed from 2011-2031 to 2022-2031 – i.e. in less than a fortnight the Council went from seeing “*no benefit*” to re-basing, to proposing this as the entire basis for the SIR.

3.4. As an aside, in his letter of 14th December 2022, the Inspector notes (para. 6):

“... If the Plan were to be adopted, amended Policy GROWTH1 would look ahead no more than 9 years from adoption. ...”

To be clear, assuming the SIR were to be adopted later in 2023, amended Policy GROWTH1 would in fact look ahead less than 8 years from adoption; if adopted on 1st October 2023 it would look ahead just 7.5 years from adoption.

Re-basing: A Significant Change

3.5. With the Inspector having concluded that the Council’s proposed approach, as set out in the submitted SIR (i.e. adopting housing completions as a proxy for a Local Plan housing requirement for the period 1st April 2011 to 31st March 2022) is unsound (see EX.INS08), the Council has now changed tack mid-Examination

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and is proposing that the housing requirement in GROWTH1 be re-based to 1st April 2022. This represents a significant change to the submitted SIR, as noted by the Inspector in his letter of 31st January 2023 (EX.INS09).

3.6. In its Topic Paper (EX.LA11) the Council seeks to counter this suggestion that it is proposing a significant change to the submitted Plan (see paras. 3.1 to 3.4).

3.7. In doing so the Council makes a fundamental mistake; it states (para. 3.2):

“... As the purpose of the Plan is primarily for the subsequent users of the Plan making decisions on planning applications, the fact that the Council’s suggested change would have no material effect on how those decision makers should react is, by definition, therefore not a significant change to the Plan.”

3.8. However, the PPG explains (ID: 61-001-20190315):

“... Plans set out a vision and a framework for the future development of the area, addressing needs and opportunities in relation to housing, the economy, community facilities and infrastructure – as well as a basis for conserving and enhancing the natural and historic environment, mitigating and adapting to climate change, and achieving well designed places.”

3.9. The Council is correct in that applications for planning permission fall to be determined against the Development Plan, including the Local Plan, but simply because the operation of the SIR (if adopted) would not be impacted upon by a proposed revision to the SIR does not result in that proposed revision automatically not being a ‘significant change’.

3.10. However, the above is somewhat of a moot point as the SIR as submitted is evidently unsound, and so is the Council’s proposed revised SIR.

Housing Need / Requirement

3.11. In his letter of 14th December 2022 (EX.INS08, para. 15) the Inspector concluded on that the Council’s proposal to consider completions between 2011/12 and 2021/22 as a proxy for the Local Plan housing requirement for that period:

“... I find that the application of past completions to determine part of the housing requirement to be unsound as it is not justified nor consistent with national policy. ...”

3.12. In relation to this, the Council has since commented (EX.LA09):

“... the Council is minded to accept the finding that past completions is a less than perfect way to determine the housing requirement for the same period ...”

3.13. This appears to be a begrudging acceptance by the Council that its original proposal was unsound.

3.14. The Inspector concludes, on the overall housing requirement (EX.INS08, para. 28):

“In order to make the Plan sound, I would recommend that the overall dwelling requirement for the plan period should be 11,725. This would be made up of the adopted requirement for the period to 2022 (6,325 dwellings) and a requirement based on the minimum local housing need for 2022 to 2031 (5,400 dwellings).”

- 3.15. Savills considers that the Inspector has drawn the correct conclusions based on context created by the SIR proposal. The position that the Council has put itself in has resulted in the housing requirement for the period 2021/22 to 2030/31 being 8,088 dwellings – an average of just under 900 dpa. Had the Council undertaken a full review of the Plan with a base date of 2021/22, or even 2022/23, it would likely be looking at a sound housing requirement of c. 600 dpa.
- 3.16. In summary, the Inspector is clear and Manor Oak Homes and Bellway Homes agree – if the SIR is progressed, the amended Local Plan housing requirement for the plan period should be set at 11,725 homes.
- 3.17. Given this significant change to the SIR (see also below) it is worth considering the reason for the Council’s change in tack.

The Solution? For Whom?

- 3.18. In its letter of 31st January 2023 the Council moves on to propose *“a simple solution”*.
- 3.19. However, in considering whether what it proposes is indeed a solution, it is appropriate to understand the issue that the Council is attempting to solve. In essence this is that the Council has proposed a SIR, that proposed the ‘writing off’ of under-delivery to date, which the Inspector has concluded is unsound.
- 3.20. The consequence is that the Council is faced with a Local Plan housing requirement that is effectively the same as that which it adopted in 2015.
- 3.21. Yet for various reasons the Council has failed to facilitate the delivery of a substantial proportion of that housing requirement.
- 3.22. It is worth noting that the Second Review (April 2020) (REF) concluded that:
- “... Policy GROWTH1 needs to be revised, because it has an out of date housing requirement. ...”*
- 3.23. Manor Oak Homes and Bellway Homes remain of the view that the primary reason for the SIR is an attempt to reduce the housing requirement and enable the Council to demonstrate a 5YHLS, without addressing the historic under-supply of housing. The Council’s contention that it is due to a change in the extent of housing need simply does not make sense – the adopted requirement was 575 dpa, the Standard Method figure was approximately 595 dpa when the Council undertook its’ two reviews of the Plan, and it is now 600 dpa – still less than a 1% change.
- 3.24. Indeed, it should be noted that the that the Council did attempt a full review of the 2015 Local Plan, which subject to modifications was found sound, but which was then abandoned by the Council.

Housing Supply

3.25. Throughout the Topic Paper there are repeated comments to the Inspector's conclusions in respect to the Local Plan housing requirement being, in the Council's view, undeliverable.

3.26. However, from the outset, the Council has itself sought to constrain the scope of the SIR to just the housing requirement. In his post hearings letter the Inspector expressly notes (EX.INS08, para. 21):

"The question of whether there would be a five-year supply of deliverable housing sites on the adoption of the [SIR] is not one for me in this examination. It is not the purpose of the [SIR] to provide a supply of housing land to meet its housing requirement. This has been confirmed by the Council. ..."

3.27. In his post hearings letter (EX.INS08) the Inspector discusses the possible reasons for potentially concluding that the minimum housing need established by the Standard Method should be increased. In discussing these matters he notes that

"There is no convincing evidence that seeking to provide for housing over the minimum level of identified need is a realistic proposition, nor that it could reasonably be delivered."

3.28. For this, and other reasons, he concludes that the housing requirement for the plan period 2011-2031 should comprise the adopted requirement for 2011-2022 and the Standard Method figure for 2022-2031, and does not propose any increase to this.

3.29. Unfortunately the Council appears to have misunderstood the Inspector's conclusions, possibly due to a reconceived view as to what is the correct approach. In its detailed response (EX.LA09) to the Inspector's post hearings letter, specifically in relation to the Inspector's conclusions in paras. 25 and 26, the Council appears to interpret the Inspector's reference to 'minimum level of identified need' as a reference to the Council's proposal housing requirement, as set out in the SIR, for the period 2011-2031, i.e. 9,037² homes, whereas the Inspector was in fact referring to the figure of 11,725³ homes.

3.30. As noted, the scope of the SIR, as set by the Council, does not permit the Inspector to consider how the housing requirement will be met.

The Actual Solution

3.31. In the Second Review of the Local Plan, the Council concluded:

"... if, during the course of reviewing GROWTH1 it becomes apparent that the scale of allocations in the 2015 Local Plan, combined with allocations in Neighbourhood Plans and permissions on non-allocated sites, would be insufficient to meet the requirement of an updated GROWTH1, then it may be necessary for additional allocations (or broad locations) to also be brought forward alongside the updating of GROWTH1. However, preliminary research indicates this is unlikely to be necessary."

² 3,637 + 5,400 = 9,037

³ 6,325 + 5,400 = 11,725

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- 3.32. The clear and obvious conclusions to the examination of the SIR are that:
- a) The overall housing requirement remains very similar to that originally adopted by the Council in 2015; and
 - b) The Council has insufficient deliverable housing sites to deliver that requirement.

Hence, as concluded in the Second Review, it is necessary for additional sites to be brought forward.

- 3.33. This is the solution; but the Council has established such a limited scope to the SIR that the consideration of additional sites is beyond the current Inspector's remit.

Relationship to Employment

- 3.34. Policy GROWTH1 as adopted in 2015 seeks to plan for 11,500 homes at an average of 575 dpa and 9,200 jobs at an average of 460 jobs pa.
- 3.35. If the revised approach to the SIR were to be accepted, then the number of homes delivered / planned for would be reduced by 2,688 (i.e. some 23.4%) to 8,812. A reduction of approximately one quarter in the number of new homes delivered over a 20-year period would clearly have an impact on the ability to deliver other elements of the wider Plan.
- 3.36. The Council does not seem to have taken this into account.

DtC Concerns

- 3.37. The Council also raises the prospect of having to re-open DtC conversations to address the "... highly inflated housing requirement ...".
- 3.38. One can only imagine the reaction of neighbouring authorities when asked if they are open to accommodating housing that the Council has failed to facilitate the delivery of over the past decade, and then proposed to 'write off' as no longer required, only to discover that such a proposal is unsound. Savills would suggest that there is no realistic prospect of neighbouring authorities agreeing to accommodate some of this need.
- 3.39. The Council's reference to a "*highly inflated housing requirement*" is, in fact, incorrect and misleading and possibly disingenuous – the Inspector is only proposing that the housing requirement set out in Policy GROWTH1 be increased by a mere 225 homes, from 11,500 to 11,725 homes, over the plan period, it is the Council that is proposing that it be reduced by almost a quarter.

Summary

- 3.40. In summary:
- a) The basis for the Second Review was flawed; the First Review was correct – there was no need to review Policy GROWTH1.

- b) The Council appears disappointed to learn that its proposal to use completions as a proxy for the Local Plan housing requirement for the period 2011-2022 is unsound.
 - c) The Council similarly appears disappointed to learn that the Inspector considers that the correct GROWTH1 housing requirement is essentially the same as that set out in the adopted Local Plan – some 225 homes more.
 - d) The Council's proposed change to the SIR proposals:
 - i) Would be significant;
 - ii) Is predicated on a flawed basis – that of seeking to limit the housing that should be delivered over the period to 2031, rather than on identifying and providing for the full need.
 - iii) Has not been consulted upon;
 - iv) Is counter to national policy and guidance; and
 - v) Would (in the Council's own words) be incredibly confusing, not 'make sense' and result in an incoherent Plan.
 - e) The solution is clear and as noted by the Council in the Second Review – additional allocations are required to deliver the identified housing need / requirement.
 - f) But due to the very limited scope of the SIR, as set by the Council, the Inspector is prevented from considering housing supply, and thus whether the wider plan would be deliverable, or whether there would be a 5YHLS on adoption of the revised Plan.
- 3.41. Overall, the correct conclusion, as already reached by the Inspector, is that the housing requirement for the period 2011-2031 – the period over which the SIR is seeking to review the requirement, is 11,725 homes.

4. Delivery shortfall in the adopted plan period to date

Q.3 There is a shortfall in the delivery of housing in the current plan period to April 2022 of 2,688 dwellings against the adopted requirement. The Planning Practice Guidance is clear that the standard method (for calculating minimum local housing need) identifies the minimum uplift that will be required and therefore it is not a requirement to specifically address under-delivery separately, as the affordability adjustment is applied to take account of past under-delivery. The Council's suggestion to rebase housing need to 2022 and for the housing requirement in Policy GROWTH1 to be amended so that it covers the period 2022 to 2031, rather than commencing in 2011, would address the existing shortfall to April 2022. Would this be sound?

- 4.1. The Standard Method for calculating Local Housing Need specifically includes an 'affordability' uplift to address the effects of historic undersupply, and therefore the Method does not require any other account of undersupply to be taken in calculating a Local Housing Need figure.
- 4.2. Were the Council proposing to use the Standard Method to calculate the minimum housing need for an entirely new Local Plan over a 15 or 20-year period then it would be procedurally correct in not taking any other account of historic undersupply. However, it is not doing so – the SIR as submitted proposes a hybrid approach that the Inspector has concluded is unsound, and the Council's proposed approach also proposes a hybrid approach of re-basing the calculated housing need / requirement to a point over halfway through the plan period.
- 4.3. Whilst the Standard Method does not require any other account of historic undersupply, this aspect of the Method is practically flawed, as are other parts of the Method (as the Government has accepted). The expectation built into the Method is that historic undersupply would result in a worsening of affordability that would then be reflected in an increase in the affordability ratio and consequently the affordability uplift part of the Method. However, experience has now proven that this does not always occur as expected.
- 4.4. To demonstrate this, Savills has analysed the delivery performance of East Cambridgeshire against other Cambridgeshire Districts, versus the increase in the affordability ratio. Given the significant undersupply in East Cambridgeshire compared to these other Districts, one would expect that the affordability ratio in the District would have increased significantly more than in the other Districts; but it has not. Savills considers it more likely that the undersupply is having an effect on affordability ratios across the wider area.

Table 2: Housing Delivery v. Increase in Affordability Ratio

District	Applicable Period	Housing Delivery v. Requirement	Latest (2021) Affordability Ratio	Increase in Affordability Ratio
Cambridge City	14/15-20/21	159 %	12.61	142 %
South Cambridgeshire	14/15-20/21	97 %	10.55	135 %
East Cambridgeshire	13/14-20/21	57 %	10.66	135 %
Huntingdonshire	11/12-20/21	97 %	9.62	144 %
Fenland	11/12-20/21	94 %	8.91	157 %

5. Main Modifications

Q.4 The Council has suggested an updated schedule of Main Modifications (EX.LA11). Are the suggested Main Modifications necessary for soundness?

- 5.1. For the reasons set out in response to other Questions, Manor Oak Homes and Bellway Homes do not agree with proposed Main Modification 4A.
- 5.2. Proposed Main Modification 5A no longer makes sense. As proposed, Policy GROWTH 1 as amended would read:

Policy GROWTH 1: Levels of housing, employment and retail growth

In the period 2011 to 2031, the District Council will:

- Make provision for the delivery of 5,380 dwellings between 2022-2031 in East Cambridgeshire.*
- Maximise opportunities for jobs growth in the district, with the aim of achieving a minimum of 9,200 additional jobs in East Cambridgeshire. Part of this strategy will involve making provision for a deliverable supply of at least 179 ha of employment land for B1/B2/B8 uses, and providing for home working ...*

This begs the question: what about the provision for housing during the period 2011 to 2022? The policy would appear to be silent in that regard.

- 5.3. Proposed Main Modifications 6A and 7A lend further confusion. The commentary and proposed replacement for Table 3.2 appear designed to demonstrate that there will be a 5 year housing land supply (5YHLS) on adoption of the SIR, and yet the five-year period set out appears to be 2022/23 to 2027/28, over 20% of which will have passed by the date of the Hearing.

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