

**Tuesday 14 January
2020**

**Late afternoon
session**

3.45pm – 5.30pm

Matter 3

Housing need

AGENDA

The numbered questions in italics below are the original questions from the Inspector's matters, issues and questions document [IED/020]. For any original question that is not shown below, the Inspector has sufficient information from the hearing statements and responses, and is not inviting further discussion on it.

The commentary in normal typeface is from the Inspector.

*The lettered questions in **bold typeface** are the further questions on which the Inspector will be inviting discussion at the hearing session. He is not inviting written responses to these questions.*

1. *Is there evidence to demonstrate that there has been a meaningful change since June 2018 in the situation regarding housing need in North Essex, particularly in respect of:*
 - b) *the impact of UPC on population and household projections, especially in Tendring District?*

The Objectively Assessed Housing Need Study November 2016 update [OAHNS, EB/018], on which the Plan's housing requirement figures are based, decided that the official projections should not be used as the demographic starting-point for assessing housing need in TDC, due to the distorting effects of Unattributable Population Change [UPC]. In IED/012 I found that this departure from the official projections was justified by robust evidence of the continuing effect of the factors that gave rise to UPC.

Strutt & Parker refer to the ONS 2018 mid-year population estimates [MYEs] (with their associated Quality Indicators), and the ONS 2016-based sub-national population projections [SNPP]. They point to the very small discrepancy between the two in respect of their estimates of TDC's 2018 population.

PBA & NMSS say that, because the MYEs and SNPP are based on the same estimates of past migration, they are subject to the same errors. As a result, the MYEs cannot serve as a reality check on the SNPP.

- A. Do the 2018 MYEs make it necessary to reconsider the decision made in the OAHNS not to use the official population and household projections as the**

demographic starting-point for assessing housing need in Tendring District?

a) published population and household projections?

Strutt & Parker point out that the 2016-based household projections [HP] show higher 2013-37 household growth for CBC and TDC than the 2014-based HP, despite "recognised concerns" that the 2016-based HP may have utilised "suppressed household formation rates" due to a change in the trend period used to derive HRRs. They also refer to ONS data showing the projected increase in the over-65 population and households in North Essex 2019-35.

In the NEAs' response, PBA & NMSS say that the 2016-based HP for TDC, like the 2014-based HP, are unreliable owing to the distorting effects of the errors which caused UPC. The overall difference between 2016-based and 2014-based forecast household growth for BDC and CBC is very small, and the distributional difference between the two authorities is not a meaningful change since they are part of the same housing market area. The higher share of older people in total household growth is not an additional factor bearing on household growth, but is already built into the projections.

B. Having regard to all the evidence, do the 2016-based population and household projections indicate that there has been a meaningful change in the situation regarding housing need in North Essex?

c) market signals and affordability?

Strutt & Parker refer to data on affordability ratios, mean house prices, average monthly rents and housing delivery published since 2015. In their response they point out that the OAHNS referred to data from 2015 and 2016 when deciding what market signals uplift to apply to the 2014-based HP. They say there is nothing in the PPG to suggest that market signals data other than the most up-to-date available should be used.

PBA & NMSS say that the latest market signals cannot be used to adjust projections based on earlier years. This is because demographic projections carry forward past demographic trends and can only be corrected on the basis of market signals relevant to the same period. Projections cannot be distorted by anything that happened after the period on which they are based.

C. Does the market signals evidence to which Strutt & Parker refer make it necessary to reconsider the decisions made in the OAHNS on market signals uplifts for each of the North Essex Authorities?

Lightwood refer to the EEFM 2017 forecasting model, which shows lower forecast jobs growth but a higher dwelling requirement for CBC than were shown by EEFM 2016, which was used in the OAHNS. For BDC the 2017 EEFM shows a much lower dwelling than EEFM 2016, and in TDC there is no effective change between the two forecasts.

PBA & NMSS say that the housing demand for CBC in EEFM 2017 has changed too abruptly from EEFM 2016, and is too different from Experian 2016, to be credible.

D. Does the EEFM 2017 forecasting model provide evidence of a meaningful change in the situation regarding housing need in North Essex?

E. Are there any other points, not already covered, which need to be discussed at this hearing session?