Huntingdonshire
Objectively Assessed Housing Need
April 2017

A report by Cambridgeshire County Council Research Group to support Huntingdonshire District Council in objectively assessing and evidencing development needs for housing, both market and affordable.

Executive Summary

1. *"The primary objective of identifying need is to identify the future quantity of housing needed, including a breakdown by type, tenure and size."*

Source: Planning Practice Guidance Reference ID: 2a-002-20140306

2. The purpose of this report is to identify the future quantity of housing needed, from 2011 to 2036.

3. The overall housing figure that has been identified is 20,100 dwellings (804 dwellings per annum).

4. This housing figure results from converting the households from the CLG 2014 household projections to dwellings using the Census 2011 ratio of households to dwellings, and, in response to market signals, adjusting upwards the number of dwellings by 5%.

5. The purpose of this report is also to consider the total need for affordable housing in the context of the overall housing figure.

6. The total need for affordable housing that has been calculated is 7,897 houses for 2011-2036.

7. Table 1 provides a summary of the identified change in population, jobs and dwellings numbers for the period 2011 to 2036.

Table 1: Identified population, jobs and dwellings change from 2011 to 2036 for Huntingdonshire

District	Population	Jobs	Dwellings	Ratio of new jobs to new dwellings
Huntingdonshire	35,500	14,400	20,100	0.7

8. The overall housing figure that has been identified is 5% higher than the CLG 2014 estimate of 19,140 dwellings (18,590 households) and 18% higher than the CLG 2012 estimate of 16,990 dwellings (16,500 households).

Contents

9. Paragraph 159 of the National Planning Policy Framework (NPPF) sets out national planning policy requirements for assessing 'housing need'. The national planning practice guidance (PPG) supplements the NPPF requirements. The main current evidence documents that address NPPF paragraph 159 for the Cambridge housing market area (HMA), which includes Huntingdonshire, are:

• Strategic Housing Market Assessment (SHMA) (2013 version)
• Population, Housing and Employment Forecasts Technical Report (2013)
• Cambridgeshire and Peterborough Memorandum of Co-operation (2013)

10. Collectively, these three documents led to the overarching conclusion that the 'objectively assessed need' (OAN) for housing across the HMA for the period 2011 to 2031 is 93,000 new dwellings, and for Huntingdonshire, for the period 2011 to 2036, the figure is 21,000 new dwellings. Local authorities across the HMA have already adopted or are currently progressing Local Plans on the basis of this work.

11. However, the PPG was published in 2014, after the publication of the SHMA and the associated evidence documents identified above. In addition, updated versions of a number of the forecasts and projections included in the SHMA have been published since its publication.

12. To support their Local Plans, those local planning authorities (LPAs) in the Cambridge HMA who have yet to adopt a post-NPPF Local Plan (Cambridge, South Cambridgeshire, Forest Heath and St Edmundsbury) or are starting again on a new Local Plan (East Cambridgeshire) have therefore updated their housing needs evidence to take into account market signals, updated household projections and other information.

13. Those LPAs who have updated their housing needs evidence have done so separately on a district-wide geography (except for Cambridge and South Cambridgeshire who completed a joint study), on the basis that there is collective agreement across the Cambridge HMA not to prepare a full SHMA / OAN review, relying upon PPG paragraph 2a-007:

"Where Local Plans are at different stages of production, local planning authorities can build upon the existing evidence base of partner local authorities in their housing market area but should co-ordinate future housing reviews so they take place at the same time."

Source: Planning Practice Guidance Reference ID: 2a-007-20150320

14. Huntingdonshire District Council (HDC) is currently developing the Huntingdonshire Local Plan to 2036. The Local Development Scheme (March 2017) schedules the statutory consultation on the proposed submission Local Plan to 2036 for June to August 2017, with submission to the Secretary of State in December 2017.

15. By the time the Huntingdonshire Local Plan to 2036 is submitted, over four years will have passed since the publication of the SHMA (2013 version) and associated evidence documents identified above. Following the approach taken by East Cambridgeshire and other Cambridge HMA authorities, HDC needs to re-test the OAN for the district over the time period to 2036, accounting for the issues identified above, in order to subsequently determine an up-to-date housing growth target to plan for in the submission version of the Huntingdonshire Local Plan to 2036.

16. Thus, this report

(i)   provides an updated OAN for HDC 'building on the existing evidence base' (as per PPG guidance), but also

(ii)   takes the opportunity to use any updated other evidence, such as national forecasts and projections, in that process.

2 The approach to assessing need

17. To ensure that the assessment findings are transparently prepared, this report follows closely the standard methodology set out in the national planning practice guidance. Using this approach, the overall assessment of need is an objective assessment of need based on facts and unbiased evidence.

18. The assessment is thorough but proportionate, building where possible on existing information sources outlined within the guidance. The report uses existing available evidence and reports as much as possible, but also takes the opportunity to use the latest available evidence, including the latest household projections, ensuring that the assessment is informed by the latest available information.

19. The report builds upon, and feeds into, the existing evidence base of partner local authorities in the housing market area, in line with the duty to cooperate, through the Strategic Housing Market Assessment partnership, which is a partnership of all seven local planning authorities in the Cambridge housing market area. Building on the existing evidence base of partner local authorities, this report follows closely the technical advice in the Objectively Assessed Need and Housing Targets note prepared for the Planning Advisory Service (PAS) by Peter Brett Associates.

3 The scope of this assessment

Introduction

20. The objectively assessed need for housing in Huntingdonshire is assessed in relation to the Cambridge housing market area, which includes Huntingdonshire.

21. *"A housing market area is a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work. It might be the case that housing market areas overlap."*

Source: Planning Practice Guidance Reference ID: 2a-010-20140306

22. The Cambridge housing market area - defined as Cambridge, East Cambridgeshire, Fenland, Forest Heath, Huntingdonshire, South Cambridgeshire and St Edmundsbury council areas - is an established assessment area.

23. In the following sections, we provide up-to-date supporting evidence for this assessment area, using the latest migration and commuting data.

Analysis of migration flow patterns

24. Migration flows and housing search patterns reflect preferences and the trade-offs made when choosing housing with different characteristics. The following analysis of migration flow patterns helps to identify these relationships and the extent to which people move house within this area. The findings identify the areas within which a relatively high proportion of household moves (typically 70%) are contained. This excludes long distance moves outside the UK (e.g. those due to a change of lifestyle or retirement), reflecting the fact that most people move relatively short distances due to connections to families, friends, jobs, and schools.

25. Figure 1 below shows cross-boundary migration to and from Huntingdonshire in the year preceding the 2011 Census.

Figure 1: Cross-boundary migration to and from Huntingdonshire in 2010-2011 (Census 2011)

26. Figure 1 above shows the top twelve origins and destinations of people who moved into and out of Huntingdonshire between March 2010 and March 2011 (i.e. people who had a different address one year before the Census). The top twelve includes four of the six other districts in the Cambridge housing market area (South Cambridgeshire, Fenland, Cambridge and East Cambridgeshire). The top six also includes Peterborough, Central Bedfordshire, and Bedford.

27. In addition to these cross-boundary moves, 9,850 people moved house within Huntingdonshire, which represents 58% of the total 'in' moves, and 59% of the total 'out' moves. Including house

moves within Huntingdonshire, the total number of 'in' moves was 16,974, and the total number of 'out' moves was 16,753. The total number of 'in' moves from the housing market area (including Huntingdonshire) was 11,401, and the total number of 'out' moves to the housing market area (including Huntingdonshire) was 11,147. 67% of all 'in' moves and 67% of all 'out' moves were therefore contained within the housing market area, which is in the region of the PPG's 70% threshold for identifying a housing market area.
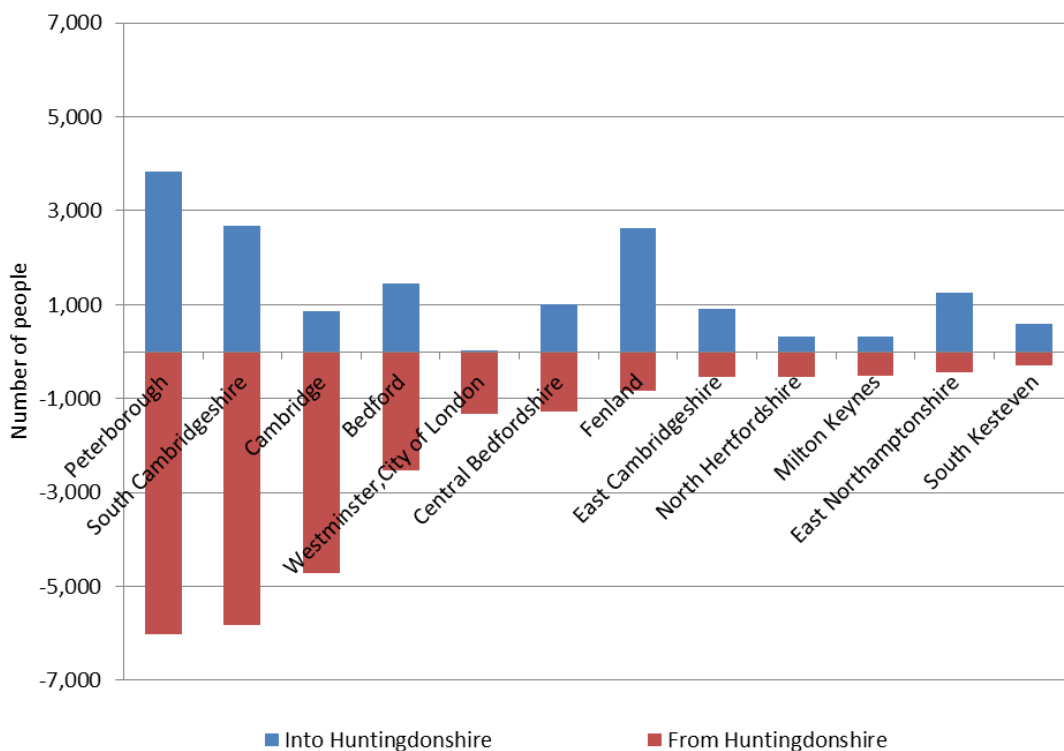
Analysis of commuting flow patterns

28. Travel to work areas can provide information about commuting flows and the spatial structure of the labour market, which will influence household price and location. They can also provide information about the areas within which people move without changing other aspects of their lives (e.g. work or service use).

29. The following analysis of commuting flow patterns helps to identify the key functional linkages between places where people in this area live and work. Maps 1 and 2 overleaf show the places where people who live in Huntingdonshire work (Map 1), and where people who work in Huntingdonshire live (Map 2).
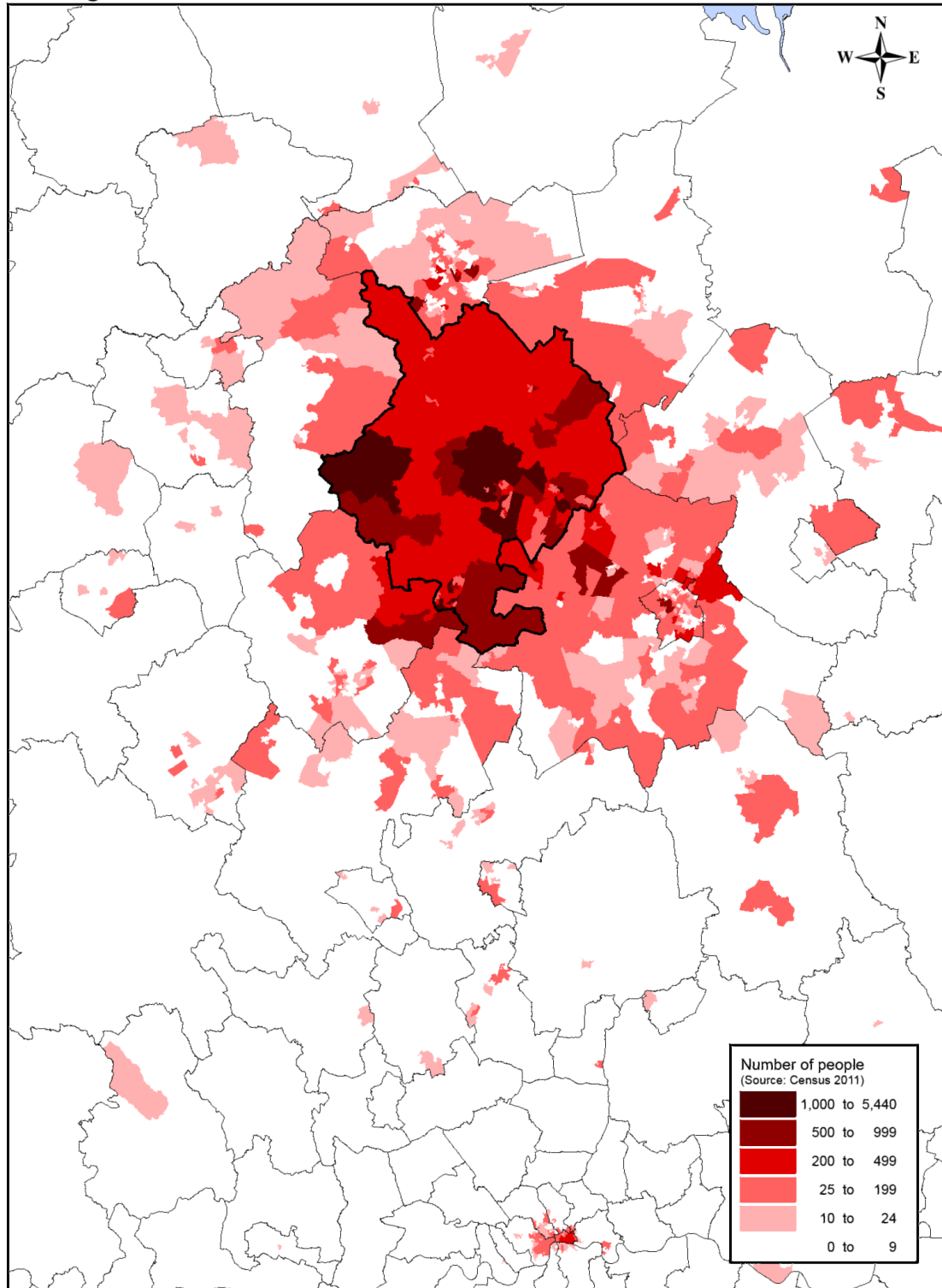
30. Figure 2 below shows cross-boundary commuting to and from Huntingdonshire at the time of the 2011 Census.

Figure 2: Cross-boundary commuting to and from Huntingdonshire in 2011 (Census 2011)

Map 1: Area of workplace of the working population of Huntingdonshire (Census 2011)

Area of workplace of the working population of
Huntingdonshire

Number of people
(Source: Census 2011)

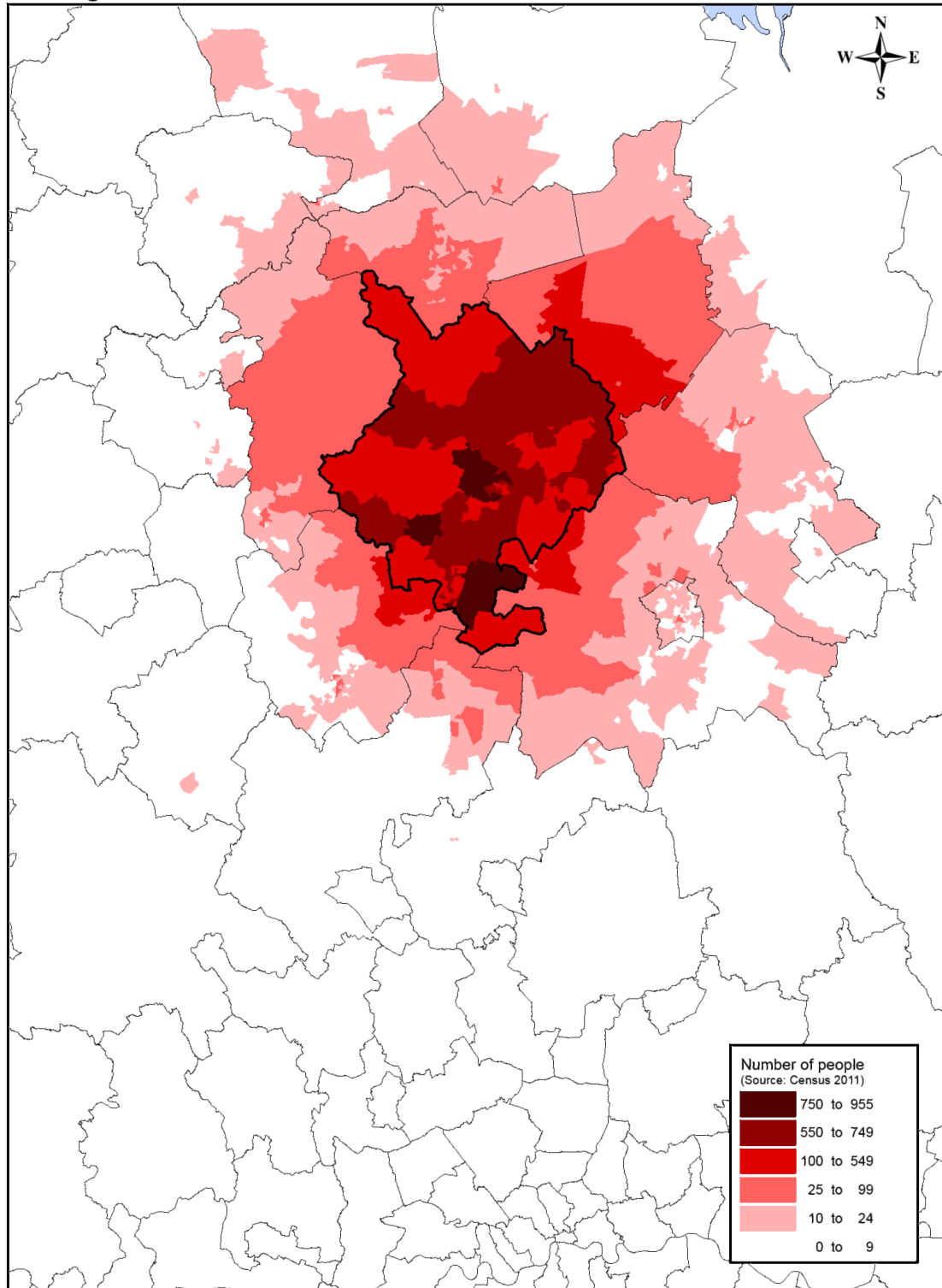|	
1,000 to 5,440
500 to 999
200 to 499
25 to 199
10 to 24
0 to 9

Scale at A4 - 1:600,000

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Map 2: Area of residence of the workplace population of Huntingdonshire (Census 2011)

Area of residence of the workplace population of Huntingdonshire

Number of people
(Source: Census 2011)

■	750 to 955
■	550 to 749
■	100 to 549
■	25 to 99
■	10 to 24
□	0 to 9

Scale at A4 - 1:600,000

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31. Figure 2 above shows the top twelve origins and destinations of people who travelled into and from Huntingdonshire to work in March 2011. The top twelve includes four of the six other districts in the Cambridge housing market area (South Cambridgeshire, Cambridge, Fenland and East Cambridgeshire), as well as Peterborough, Bedford, and Central Bedfordshire, which were also in the top six origins and destinations of people who moved house in 2010-2011. This analysis suggests the Cambridge housing market area overlaps the housing market areas of other districts within the Greater Cambridge Greater Peterborough and South East Midlands local enterprise partnership (LEP) areas.

32. In addition to these cross-boundary flows, 57,548 people live and work within Huntingdonshire, including 10,346 people who work at or from home, and 6,341 people with no fixed place of work. 74% of people who work in Huntingdonshire live in Huntingdonshire (Map 2), while 64% of people who live in Huntingdonshire work in Huntingdonshire (Map 1), with 14% of Huntingdonshire's employed residents working elsewhere in the Cambridge housing market area (Figure 2). Overall, 83% of people who work in Huntingdonshire live in the housing market area, and 78% of people who live in Huntingdonshire work in the housing market area.

Other contextual data

33. Huntingdonshire covers approximately 91,000 hectares of the north-western part of Cambridgeshire County. It is the County's largest district by land area and population. Huntingdonshire lies south of Peterborough Unitary Authority, and shares boundaries with Fenland, East Cambridgeshire and South Cambridgeshire districts in the east, and East Northamptonshire, Bedford and Central Bedfordshire council areas in the west. The predominantly rural district has four main market towns: Huntingdon, St Ives, St Neots and Ramsey.

34. The Strategic Housing Market Assessment (2013 version) provides further contextual information, including area profiles for all seven districts in the Cambridge housing market area.

Conclusion

35. Analysis of the latest migration and commuting data provides up-to-date supporting evidence for the established definition of the Cambridge housing market area.

4 Assessing housing need

4.1 The starting point for establishing the need for housing

Introduction

36. In this report, household projections published by the Department for Communities and Local Government (CLG) provide the starting point estimate of overall housing need.

37. The 2014-2039 Household Projections were published on 12 July 2016, and are the most up-to-date estimate of future household growth. The 2012-2037 Household Projections were published on 27 February 2015.

38. The household projections are produced by applying projected household representative rates to the population projections published by the Office for National Statistics (ONS). Projected household representative rates are based on trends observed in Census and Labour Force Survey data.

39. The 2014-based household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends.

40. Table 2 below shows the 2012-based and 2014-based household projection-based estimates of housing need for the period 2011 to 2036.

Table 2: Household projection-based estimates of housing need

Source of estimated/projected population	Population 2011	Population 2014	Population 2036	Population 2011-2036	Households 2011-2036	Dwellings 2011-2036
ONS 2012	170,040	173,320*	198,810*	28,770	16,500	16,990
ONS 2014	170,040	173,610**	203,820***	33,780	18,590	19,140

*The population figures for 2014 and 2036 are the projected population figures published by ONS on 29 May 2014.

**The population figure for 2014 is the estimated population figure published by ONS on 25 June 2015.

***The population figure for 2036 is the projected population figure published by ONS on 25 May 2016.

41. Table 2 above shows the 2012-based and 2014-based (CLG 2012 and CLG 2014) starting point estimates of 16,500 households (16,990 dwellings) and 18,590 households (19,140 dwellings) for the period 2011 to 2036. The CLG 2014 estimate of 18,590 households is 13% higher than the CLG 2012 estimate of 16,500 households.

42. The starting point estimates result from applying the household representative rates from the household projections published by CLG to the sub-national population projections published by ONS. We convert the households to dwellings using the Census 2011 ratio of households to dwellings from Census 2011 Table KS401EW. This ratio is 69,333 households to 71,399 dwellings for Huntingdonshire, which means the required number of dwellings is 2.98% higher than the projected increase in households.
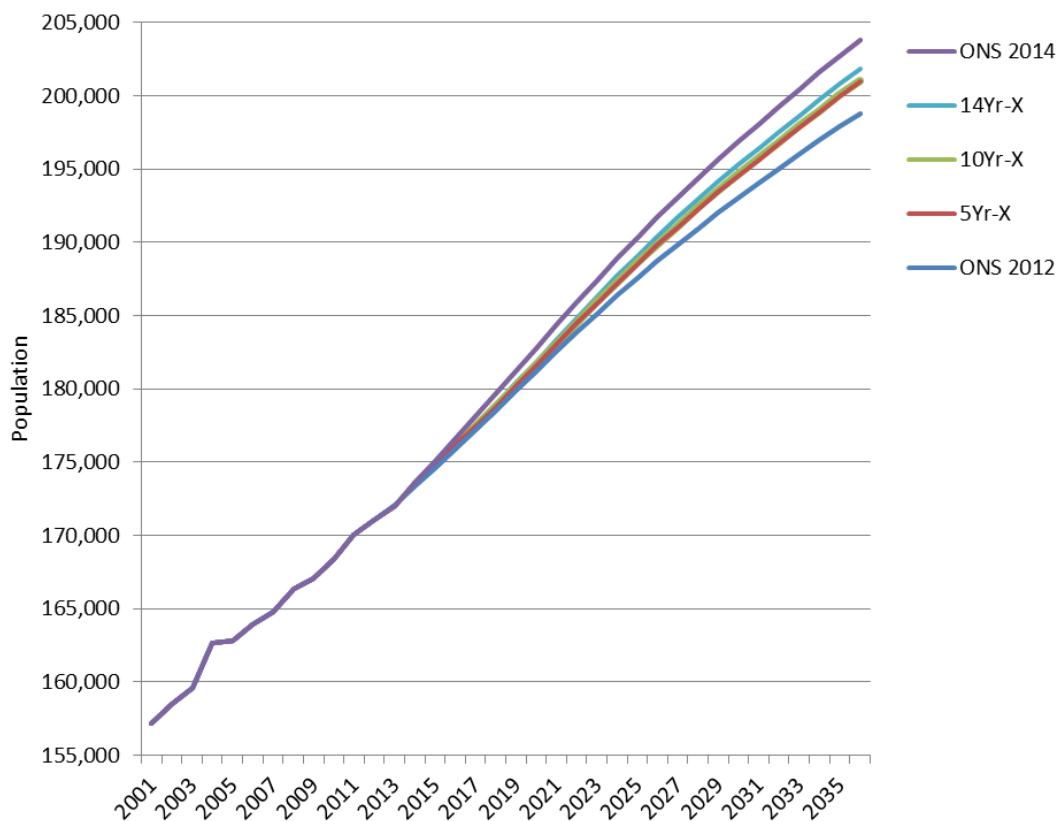
43. To assess what adjustment, if any, the 2014-based household projection-based estimate of housing need requires, the following sections provide sensitivity testing based on alternative assumptions in relation to the underlying demographic projections and household formation rates.

Underlying demographic projections

44. To test the sensitivity of the underlying demographic projections to alternative migration assumptions, we provide alternative demographic projections based on 5-year, 10-year and 14-year population trends.

45. Figure 3 below shows the official population projections for Huntingdonshire (ONS 2012 and ONS 2014), and three alternative population projections based on 5-year, 10-year and 14-year migration trends (5Yr-X, 10Yr-X and 14Yr-X).

Figure 3: Official and alternative demographic projections (ONS and CRG)

We acknowledge the support of Edge Analytics and the use of POPGROUP technology in the production of the alternative demographic projections.

46. *"A five year historical period is a typical time-frame from which migration 'trend' assumptions are derived (this is consistent with the ONS official methodology). However, given the unprecedented economic change that has occurred since 2008, it is important to give due consideration to an extended historical time period for assumption derivation."*

Source: Greater Essex Demographic Forecasts 2013-2037 Phase 7 Main Report May 2015 (Edge Analytics) (www.uttlesford.gov.uk/article/2417/Essex-Guidance-Documents)

47. ONS projections are trend-based, which means assumptions for future levels of births, deaths and migration are based on observed levels. The 2009 to 2014 period is used as the basis for the ONS 2014 projections. Hence, any underlying trends evident in this period, such as low or high rates of annual house-building, will influence the future projections up to 2036. The 2007 to 2012 period is used as the basis for the ONS 2012 projections.

48. Figure 3 above shows three of six alternative demographic projections based upon the latest demographic evidence. (We omit the 5Yr, 10Yr and 14Yr projections from Figure 3 due to the similarity of these projections to the 5Yr-X, 10Yr-X and 14Yr-X projections.) We take the opportunity to incorporate the latest available information, which includes the 2015 mid-year population estimate and its accompanying components of change (births, deaths and migration) for the 2014 to 2015 period.

- For all six alternative projections, the fertility and mortality rates from 2015 onwards are taken from the ONS 2014 official projection for Huntingdonshire.

- For the 5Yr and 5Yr-X projections, the migration assumptions from 2015 onwards are based on a 5-year historical time frame (2010 to 2015).

- For the 10Yr and 10Yr-X projections, the migration assumptions from 2015 onwards are based on a 10-year historical time frame (2005 to 2015).

- For the 14Yr and 14Yr-X projections, the migration assumptions from 2015 onwards are based on a 14-year historical time frame (2001 to 2015), which extends over the entire period from mid-2001 to mid-2015 using a consistent time series of population estimates.

- For the 5Yr, 10Yr and 14Yr projections, we assume that the 'unattributable population change' (UPC) for the 2001 to 2011 historical period is associated with the mis-estimation of international migration (as this is the component with the greatest uncertainty associated with its estimation).

- For the 5Yr-X, 10Yr-X and 14Yr-X projections, we exclude the UPC from the international migration assumptions (this is consistent with the ONS official methodology).

49. As Figure 3 shows, the 5Yr-X, 10Yr-X and 14Yr-X projections - which exclude UPC - suggest population growth rates that are similar to the ONS 2012 and ONS 2014 official projections for Huntingdonshire, reflecting the similarity of recent historical net migration levels to longer-term net migration trends.

50. Table 3 below shows the most recent demographic evidence.

Table 3: Official projected population figures and more recent mid-year population estimates

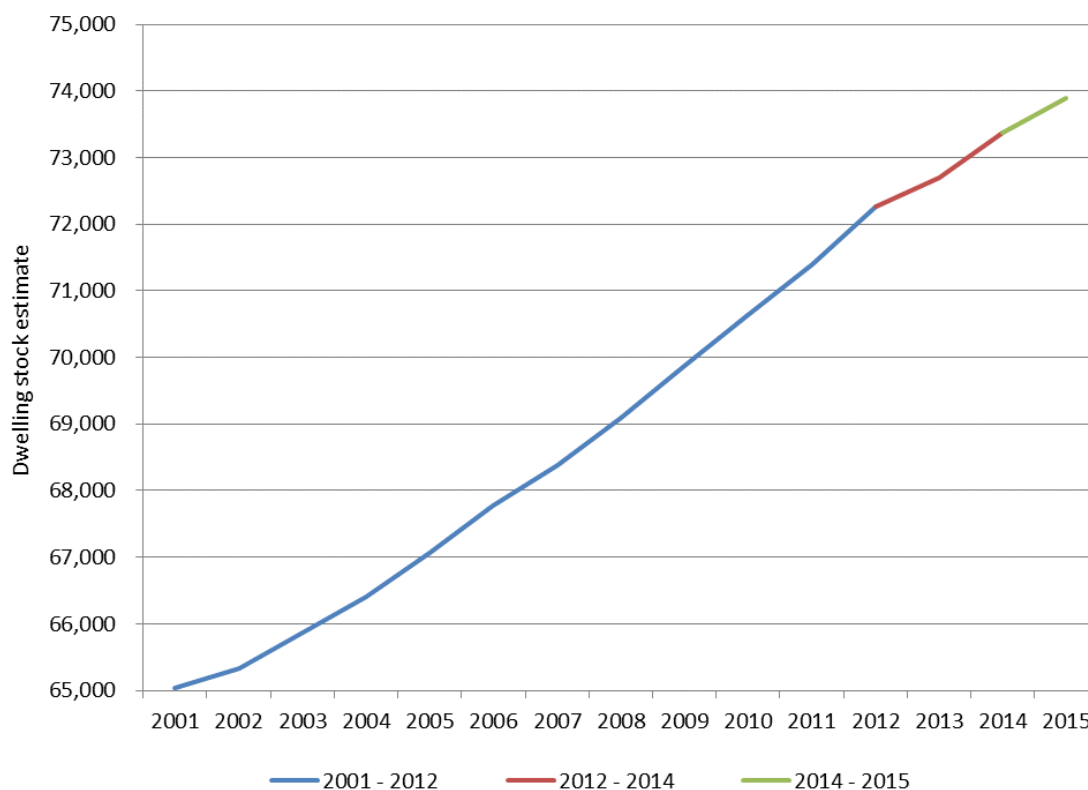| Source of estimated/projected population	Population 2011	Population 2012	Population 2013	Population 2014	Population 2015
ONS 2012	170,040	171,020	172,110	173,320	174,560
ONS 2014	170,040	171,020	171,990	173,610	175,080
Mid-year estimates	170,040	171,020	171,990	173,610	174,970

51. As Table 3 above shows, recent historical population levels have been similar to projected levels. The ONS 2014 projection suggests a population growth rate that is slightly higher than the ONS 2012 projection, reflecting a population level in 2014 that is slightly higher than the 2012-based projected level, while the population level in 2015 is slightly lower than the 2014-based projected level.

52. Net migration over the last five years (2010 to 2015) has been slightly lower than over the 2009 to 2014 period. The 5Yr-X projection (which is consistent with the ONS 2014 methodology) therefore projects a slightly lower population growth rate than the ONS 2014 projection. The 10Yr-X and 14Yr-X projections (which use extended historical time periods) also project slightly lower rates of growth than the ONS 2014 projection.

53. The alternative projections provide sensitivity testing in relation to the ONS 2012 and ONS 2014 projections. Any underlying trends evident in the 2012 to 2015 period, such as any under delivery of housing, will influence the alternative future projections up to 2036.

54. Figure 4 below shows the most recent dwelling stock estimates.

Figure 4: Dwelling stock estimates for Huntingdonshire (CLG)

55. As Figure 4 above shows, recent annual increases in housing numbers have been similar to previous housing growth rates, with a slightly lower rate of growth in 2014/15. The lower than projected population growth rate in 2014/15 reflects the lower housing growth rate, and influences the alternative future projections.

56. If low rates of annual house-building were evident in the 2009 to 2014 period, the ONS 2014 projection would require adjustment. Only one year of lower growth is evident in this period - in

2012/13 - which is followed by a year of higher growth. The lower than projected population growth rate in 2012/13 (Table 3) reflects the lower housing growth rate in this year. Such is the recovery in the housing growth rate in the following year, however, that the population level in 2014 is higher than the 2012-based projected level. Low rates of annual house-building are therefore not evident, on average, in the 2009 to 2014 period. (As Figure 14 in Section 4.3 shows, the lower growth in 2014/15 is not followed by a similar recovery, and is the start of a trend of lower annual house-building rates.) As the 5Yr-X, 10Yr-X and 14Yr-X projections suggest population growth rates that are similar to the ONS 2014 projection, and low rates of annual house-building are not evident, on average, in the 2009 to 2014 period, the 5Yr-X, 10Yr-X and 14Yr-X projections do not provide any evidence for an adjustment to the ONS 2014 projection.

Unattributable population change

57. UPC has been identified by ONS in each local authority district in England and Wales to close the gap between the population estimated for 2011 after the census of that year and estimates of the 2001 population, and of births, deaths and migration each year between 2001 and 2011. ONS believes its estimates are the best possible, but acknowledges that extra change did occur (or less change, in the case of Huntingdonshire) which it is unable to attribute to a specific cause. ONS provides the amount of this extra change in its population accounts for 2001 to 2011.

58. The total UPC amount in Huntingdonshire for 2001 to 2011 is minus 381. The amount is negative to correct for the over-estimates of the population by ONS each year between 2001 and 2011.

59. In some local authorities, it is assumed that UPC is most likely associated with the mis-estimation of international migration, and so UPC is included in the derivation of future migration assumptions. In Huntingdonshire, the total UPC amount of minus 381 is so small - less than 3% of the total population change - that the 5Yr-X, 10Yr-X and 14Yr-X projections imply almost exactly the same rates of population growth as the equivalent projections that include UPC in the historical data, and so, like the 5Yr-X, 10Yr-X and 14Yr-X projections, the 5Yr, 10Yr and 14Yr projections do not provide any evidence for an adjustment to the ONS 2014 projection.

60. All six alternative demographic projections therefore provide no evidence for an adjustment to the ONS 2014 underlying demographic projections.
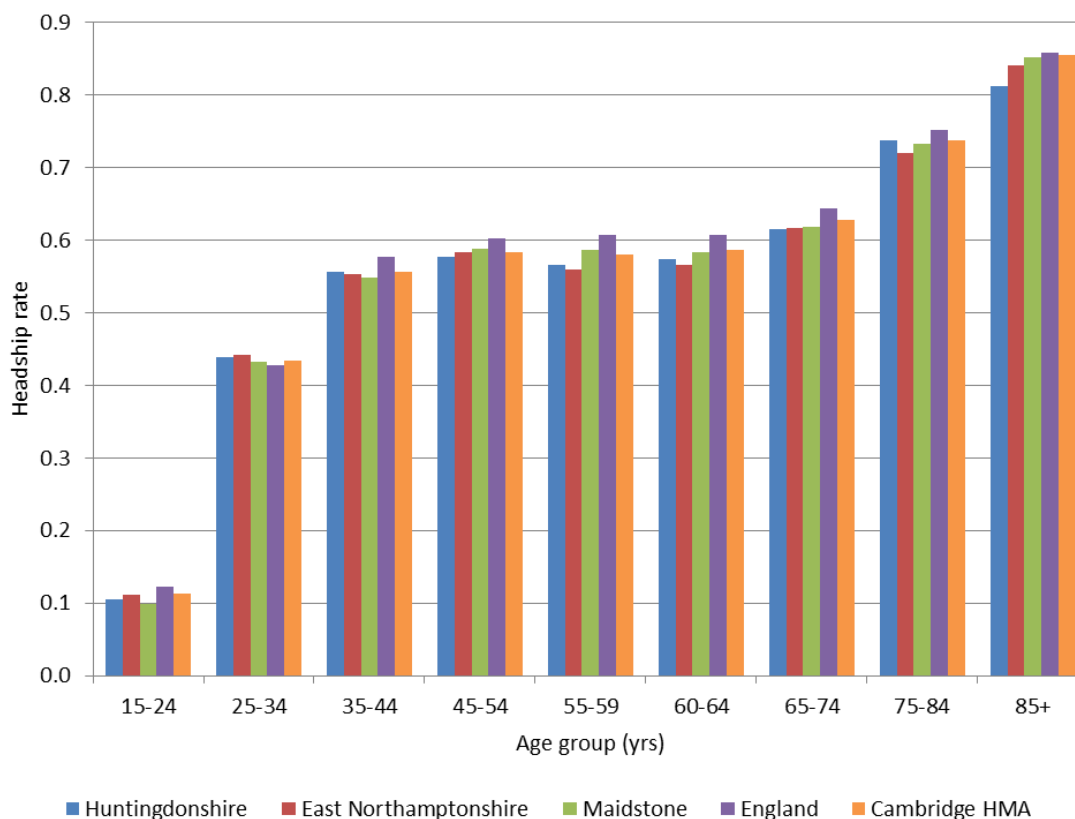
Household formation rates

61. To test the extent to which household formation rates are or have been constrained by supply, we consider alternative household formation rates based on 2014-based and 2008-based official household projections. The 2014-based official household projections (CLG 2014) are the most up-to-date estimate of future household growth. The 2008-based projections (CLG 2008) in general assume higher rates of household formation than the CLG 2014 projections.

62. In this section, we compare the CLG 2014 household formation rates for Huntingdonshire to the national rates, the HMA rates, and the rates for Huntingdonshire's 'most similar' areas. We propose to consider alternative, 2008-based, household formation rates for any age groups, especially any younger age groups, where the local rates are generally lower, and therefore constrained, relative to the England and other rates, in 2014.

63. Figure 5 below compares the CLG 2014 household formation rates for Huntingdonshire to the England, HMA and 'similar area' rates. We use CIPFA's 'nearest neighbours' model to identify East Northamptonshire and Maidstone as the 'most similar' areas to Huntingdonshire.

Figure 5: Household formation rates in 2014 (CLG)

64. As Figure 5 above shows, the CLG 2014 household formation rates for Huntingdonshire are generally similar to the national and other rates for all age groups, including the younger age groups, in 2014, providing no evidence for an adjustment to the CLG 2014 household formation rates.

65. Taking account of sensitivity testing and the most recent demographic evidence including the latest (mid-2015) ONS population estimates, we therefore find no evidence for an adjustment to the ONS 2014 underlying demographic projections, or the CLG 2014 household formation rates.

66. Table 4 below shows the official household projection-based estimate of housing need for the period 2011 to 2036. This housing figure results from applying the CLG 2014 household representative rates to the ONS 2014 population projection, and converting the households to dwellings using the Census 2011 ratio of households to dwellings. As Table 4 shows, the 2014-based household projection-based estimate of housing need, which requires no adjustment, is 19,140 dwellings.

Table 4: Official (unadjusted) household projection-based estimate of housing need

Source of estimated/projected population	Population 2011	Population 2036	Population 2011-2036	Households 2011-2036	Dwellings 2011-2036
ONS 2014	170,040	203,820	33,780	18,590	19,140

Conclusion: What adjustment, if any, does the household projection-based estimate of housing need require?

67. Taking account of sensitivity testing and the latest demographic estimates, the CLG 2014 starting point estimate of 19,140 dwellings (18,590 households) requires no adjustment for the period 2011 to 2036.

4.2 Taking employment trends into account

Introduction

68. If the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns and could reduce the resilience of local businesses.

69. The housing need number suggested by household projections (the starting point) may require adjustment to provide a labour force supply in the housing market area that is not less than the projected jobs growth.

70. Having regard to the growth of the working age population in the housing market area, we make an assessment of the likely change in job numbers based on past trends and economic forecasts. We take account of the most recent economic evidence including the latest East of England Forecasting Model (EEFM) employment forecasts.

71. A labour force supply that is less than the projected jobs growth will require upward adjustment to planned housing numbers compared to ones based solely on household projections.

72. If an upward adjustment is required, we will set this adjustment at a level that provides an increase in the labour force in the housing market area that is not less than the projected jobs growth. We will use the EEFM 2016 forecasts to tell us the growth of the working age population in Huntingdonshire that aligns with the housing market area's projected jobs growth.

73. The East of England Forecasting Model (www.cambridgeshireinsight.org.uk/EEFM) provides economic-based forecasts for population, employment and housing over the next thirty years across the LEP areas which are either wholly or partly in the East of England, including the Greater Cambridge Greater Peterborough LEP area. It was set up and is owned by the East of England Local Government Association and is a vital tool for local authorities, LEPs and other organisations who are planning for the delivery of public services, infrastructure, housing and economic development in their area.
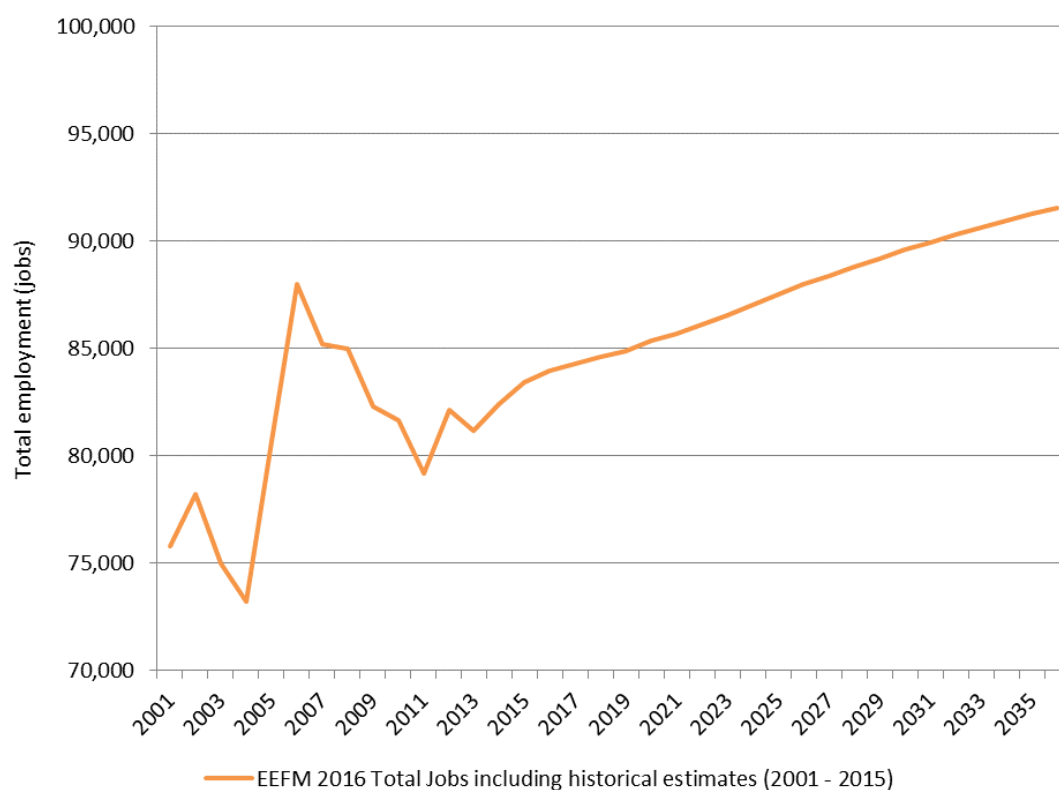
74. While we take the opportunity to use the latest available information, we build on the existing evidence base of the local authorities in the housing market area, and overlapping housing market areas, by using the same source of economic forecasts as the local enterprise partnership, and the Strategic Housing Market Assessment (2013 version).

Latest economic forecasts

75. Figure 6 below shows the latest baseline employment forecast for Huntingdonshire (EEFM 2016), and also shows the past trends of the 2001 to 2015 period. The projected increase in employment for the 2011 to 2036 period is 12,370 jobs, with a projected increase in 'full-time equivalent' (FTE) employment of 10,750 jobs.

76. The projected increase in employment reflects the past trends, and therefore includes changes relating to the enterprise zone at Alconbury, as an increase in jobs at the enterprise zone is evident in the historical data, but excludes changes relating to the planned closures of the RAF airbases at Alconbury and Molesworth.
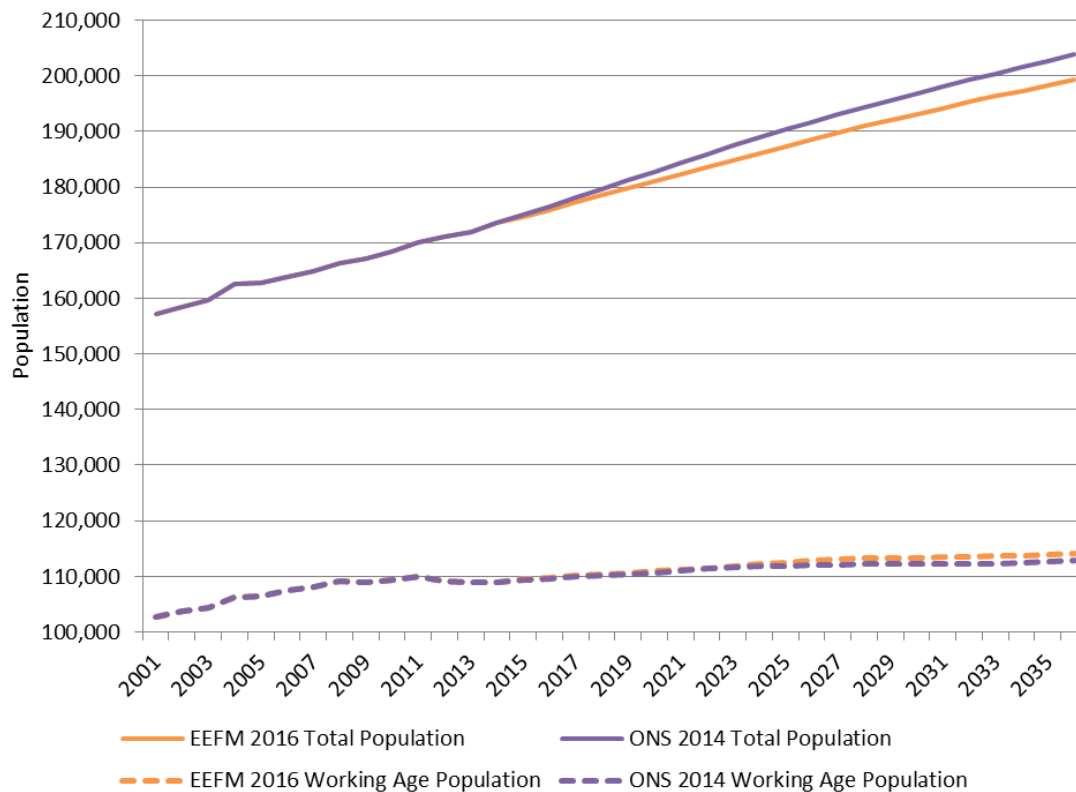
Figure 6: Total employment (jobs) forecast for Huntingdonshire (EEFM)

77. The forecasts generated by the EEFM provide a particularly robust evidence base because they are integrated, consistent with wider economic trends and are up to date, being revised every year. Particularly important is the integration of economic and demographic circumstances, and the consistency between all LA areas within the region and in neighbouring regions. Within the EEFM, migration (and hence population and housing) depends on the path of employment. At the same time employment in certain industries simultaneously depends on population, as is the case in the real world.

78. Figure 7 overleaf shows the EEFM 2016 total and working age population forecasts for Huntingdonshire, and compares the economic-based forecasts to the official demographic projections (ONS 2014).

Figure 7: Official and economic-based total and working age population forecasts (ONS and EEFM)

79. As Figure 7 shows, the economic-based forecasts suggest population growth rates that are broadly similar to the ONS 2014 official projections for Huntingdonshire, reflecting the area's trend-based economic prospects, but while the EEFM 2016 working age population forecast is slightly higher than the ONS 2014 projection, the forecast for the population aged 16 to 74 is 100 people fewer than the ONS 2014 projection. The economic-based projected population increase for the 2011 to 2036 period is 29,270 people, with a working age population increase of 4,130 people.

80. Having regard to the growth of the total and working age population in the housing market area, the latest employment trends therefore provide some evidence for an upward adjustment to the housing need number suggested by the 2014-based household projections. In the following section, we provide an adjusted household projection for Huntingdonshire that is fully consistent with the EEFM's population and employment forecasts.

Economic-based household projection

81. The two consistent approaches for projecting housing demand that take into account the EEFM's employment forecasts are:
 (a)   To use the EEFM's own "demand for dwellings" forecast for Huntingdonshire;
 (b)   To derive a variant household projection using the EEFM's population forecast - and population structure - using a system such as POPGROUP.

82. Some systems (including POPGROUP) allow users to derive alternative population projections, and then household projections, using the EEFM's employment forecasts, but, because the employment and population forecasts are inter-linked in the EEFM forecasts, it is not consistent to

use the EEFM employment forecasts with alternative population assumptions. The employment and population forecasts are calculated simultaneously within the EEFM. Alternative population assumptions would lead to different employment forecasts and vice versa.

83. In this section, using POPGROUP's Derived Forecast model, we derive an economic-based household projection for Huntingdonshire that is fully consistent with the EEFM's population and employment forecasts.

84. Jobs growth is linked to population growth in the EEFM, and vice versa, so our household projection for Huntingdonshire is consistent with the EEFM's employment forecasts, so long as our household formation rate assumptions are applied to the EEFM's own population forecast.

85. As the national planning practice guidance endorses CLG's latest household projections as the most up-to-date estimate of future household growth, and as we find no evidence for an adjustment to these rates in Section 4.1 above, we apply the CLG 2014 household representative rates to the EEFM's latest (EEFM 2016) population forecast for Huntingdonshire.

86. The EEFM's only available age groups are: total population (people of all ages); working age population (people aged 16 to 64); young population (people aged 0 to 15); and elderly population (people aged 65 and over). Therefore, we first apply the population structure from the ONS 2014 population projection for Huntingdonshire to the EEFM's population forecast, as follows: the structure of the younger population is applied to the EEFM's younger population forecast (i.e. the proportion of the younger population in each of the younger age groups in the ONS 2014 projection is calculated and multiplied by the EEFM's younger population figure); the structure of the working age population is applied to the EEFM's working age population forecast; and the structure of the older population is applied to the EEFM's older population forecast. The total, working age, young, and elderly population figures are therefore all constrained to the EEFM's population figures. We then use POPGROUP's Derived Forecast model to apply the projected household representative rates to the EEFM's population forecast by five-year age groups. As Table 5 below shows, the EEFM 2016 projected population change from 2011 to 2036 is 4,510 lower than the ONS 2014 projected population change.

Table 5: Official and economic-based total and working age population and household forecasts

Source of estimated/projected population	Population 2011-2036		Households 2011-2036		Dwellings 2011-2036	
	Total	Working Age	Total	Working Age	Total	Working Age
ONS 2014	33,780	2,820	18,590	2,090	19,140	2,150
EEFM 2016	29,270	4,130	16,820	2,700	17,320	2,780

87. Table 5 above shows the official household projection-based estimate of housing need for the period 2011 to 2036, and the economic-based estimate based on the EEFM 2016 forecast. The economic-based housing figure results from applying the CLG 2014 household representative rates to the EEFM 2016 population forecast, and converting the households to dwellings using the Census 2011 ratio of households to dwellings. As Table 5 shows, the EEFM 2016 projected change in working age dwellings is 630 dwellings higher. Having regard to the growth of the working age population in the housing market area, we therefore adjust upwards the housing need number suggested by the 2014-based household projections by 4%, to increase the number of dwellings by more than 630.

88. Table 6 below shows the official household projection-based estimate of housing need for the period 2011 to 2036, and an adjusted estimate based on a 4% uplift. The adjusted housing figure results from applying an upward adjustment to the housing need number suggested by the 2014-based household projections, to bring the population and households in 2036 to 4% above the levels suggested by the official 2014-based projections. As Table 6 shows, the adjusted estimate of housing need is 770 dwellings higher than the 2014-based household projection-based estimate for 2011-2036, and 2,590 dwellings higher than the EEFM 2016 estimate.

Table 6: Official and adjusted household projection-based estimates of housing need

Source of estimated/projected population	Population 2011	Population 2036	Population 2011-2036	Households 2011-2036	Dwellings 2011-2036	Jobs 2011-2036
ONS 2014	170,040	203,820	33,780	18,590	19,140	-
EEFM 2016	170,040	199,310	29,270	16,820	17,320	12,370
ONS 2014 + 4% uplift	170,040	205,170	35,130	19,330	19,910	-

Conclusion: What adjustment, if any, does the household projection-based estimate of housing need require?

89. Having regard to the growth of the working age population in the housing market area, the latest employment trends provide some evidence for an upward adjustment to the housing need number suggested by the 2014-based household projections. Taking account of the latest (EEFM 2016) employment forecasts, the demographic projection is therefore adjusted to 19,910 dwellings.

4.3 Taking market signals into account

Introduction

90. The housing need number suggested by household projections (the starting point) may require adjustment to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings.

91. In the following sections, we take account both of indicators relating to price (such as house prices, rents, affordability ratios) and quantity (such as overcrowding and rates of development).

92. We make appropriate comparisons of indicators. This includes comparison with longer term trends (both in absolute levels and rates of change) in the: housing market area; similar demographic and economic areas; and nationally.
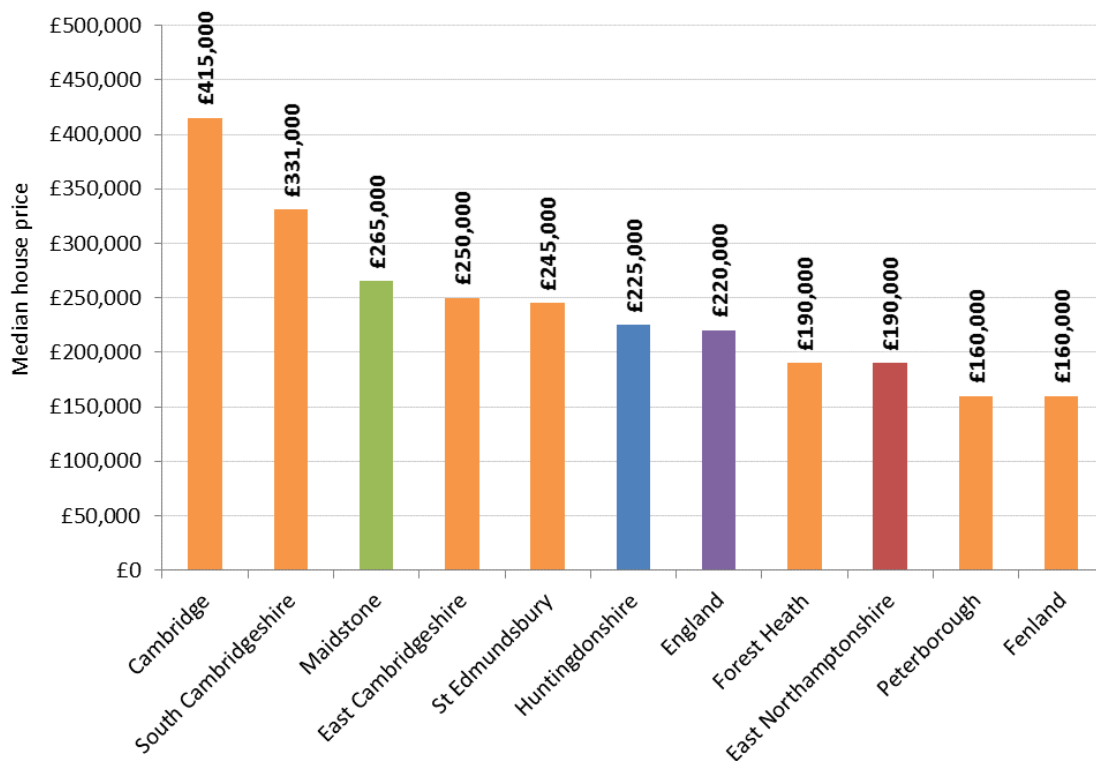
93. A worsening trend in any of these indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections.

94. If an upward adjustment is required, we will set this adjustment at a level that is reasonable, taking account of the outcomes of other local plan examinations.

Indicators relating to price

95. Figure 8 below shows the average (median) house price in Huntingdonshire, in the other districts across the housing market area, in East Northamptonshire and Maidstone, in Peterborough, and across England.

Figure 8: Average house prices in 2016 (ONS)

96. As Figure 8 shows, Huntingdonshire has the third lowest average house price of the seven districts in the housing market area, above Fenland and Forest Heath.

97. East Northamptonshire and Maidstone have average house prices lower and higher than Huntingdonshire respectively. We use CIPFA's 'nearest neighbours' model (www.cipfastats.net/resources/nearestneighbours/) with all its demographic and economic indicators to identify East Northamptonshire and Maidstone as the 'most similar' areas to Huntingdonshire. Huntingdonshire's average house price is lower than one of these 'most similar' areas, but is above the national average.

98. Longer term changes in house prices may indicate an imbalance between the demand for and the supply of housing. Figures 9 and 10 show the longer term trends in absolute levels (Figure 9) and rates of change (Figure 10). Figures 9 and 10 show a steady increase in Huntingdonshire's average house price since 2014, which rises above the national average in 2016, while Figure 11 shows the district's recent growth in house sales, which closely follows the national trend since 2001.

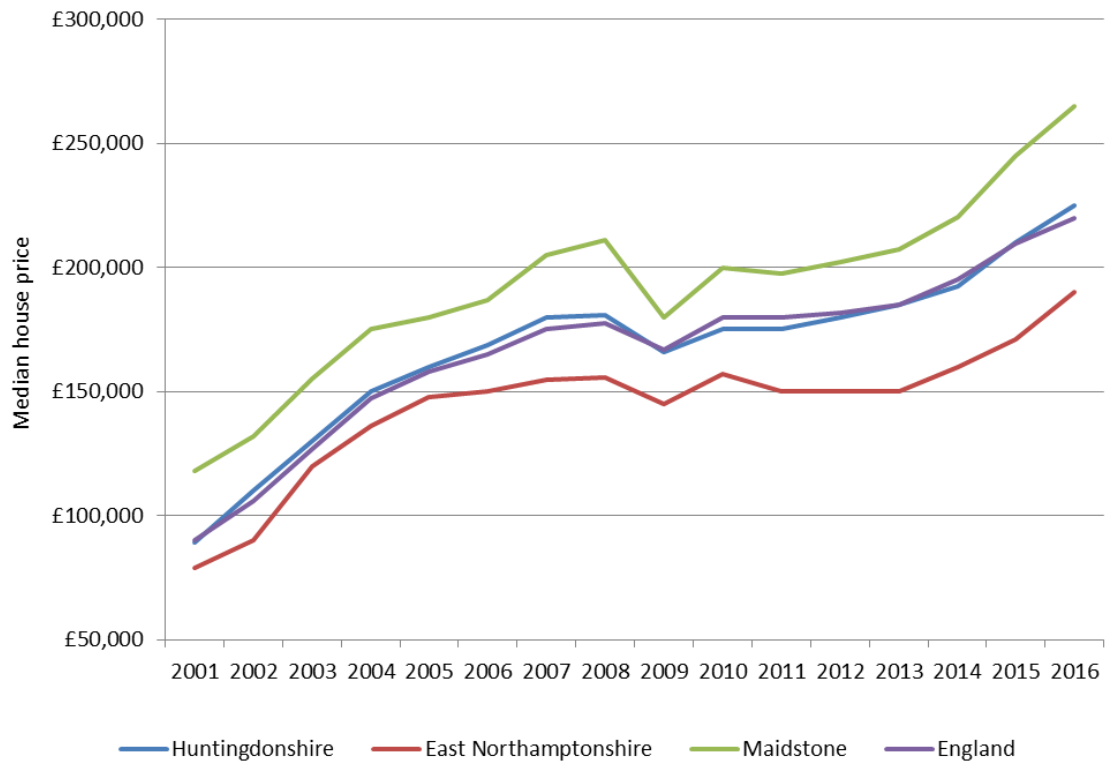**Figure 9: Average house prices by year (ONS)**

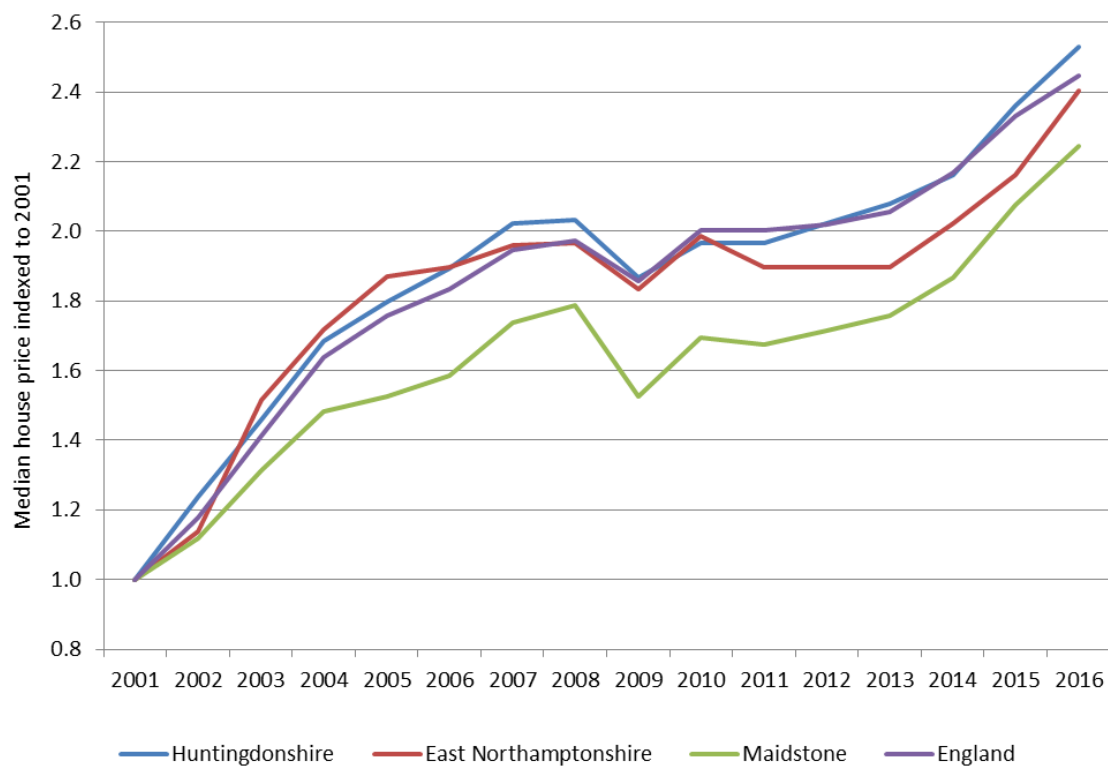**Figure 10: Average house price indexed to 2001 (ONS)**

Figure 11: House sale counts indexed to 2001 (ONS)

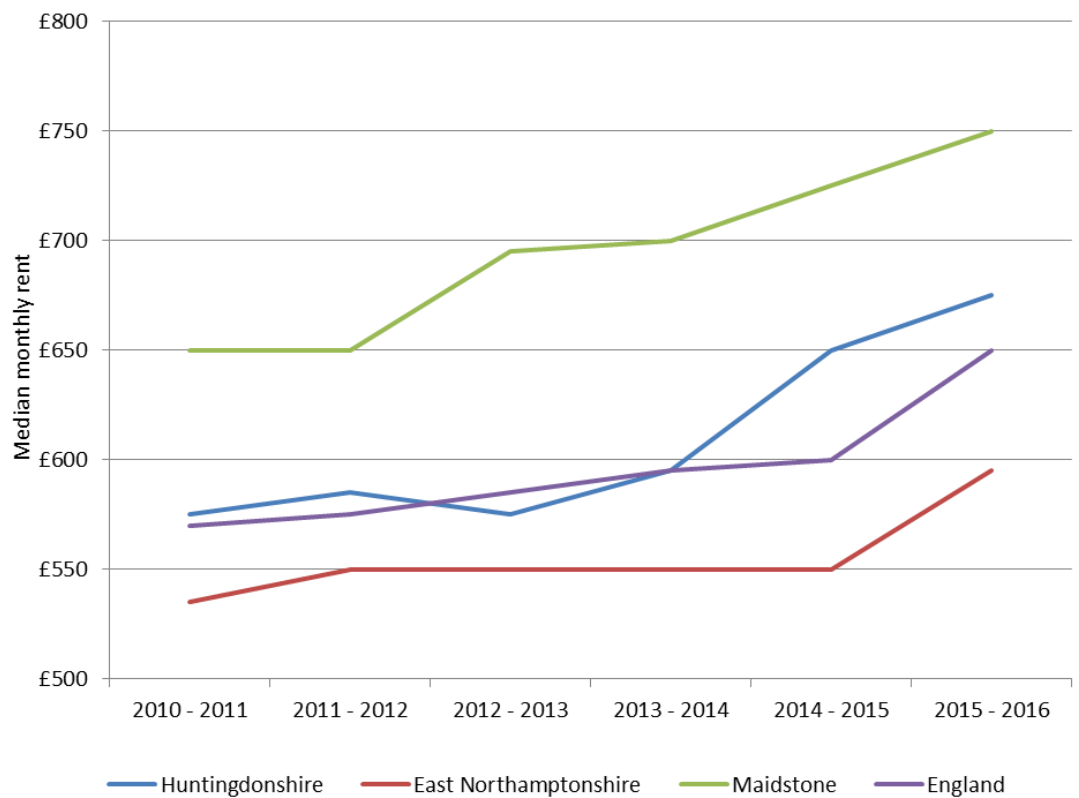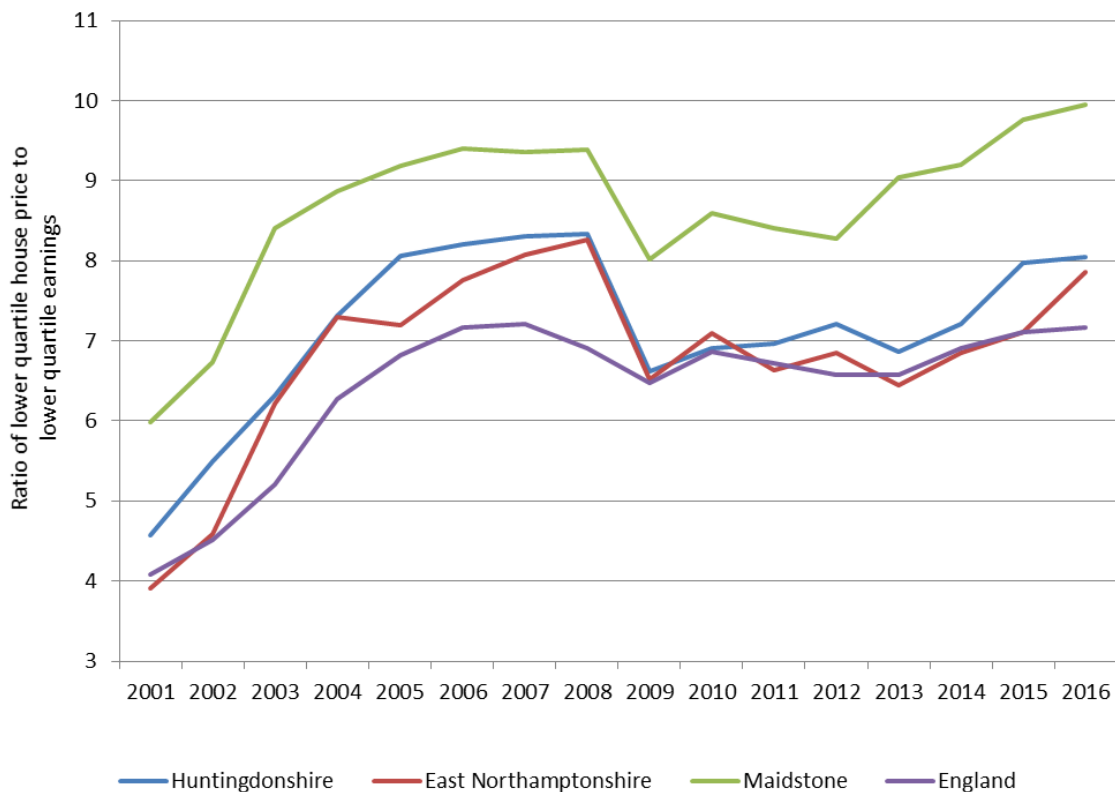**Figure 12: Average monthly rents by year (VOA)**

Figure 13: Affordability ratios by year (CLG)

99. Longer term changes in rents may also indicate an imbalance between demand for and supply of housing. Figure 12 shows an increase in Huntingdonshire's average monthly rent in 2014/15, which rises above the England average, although Huntingdonshire remains below Maidstone.
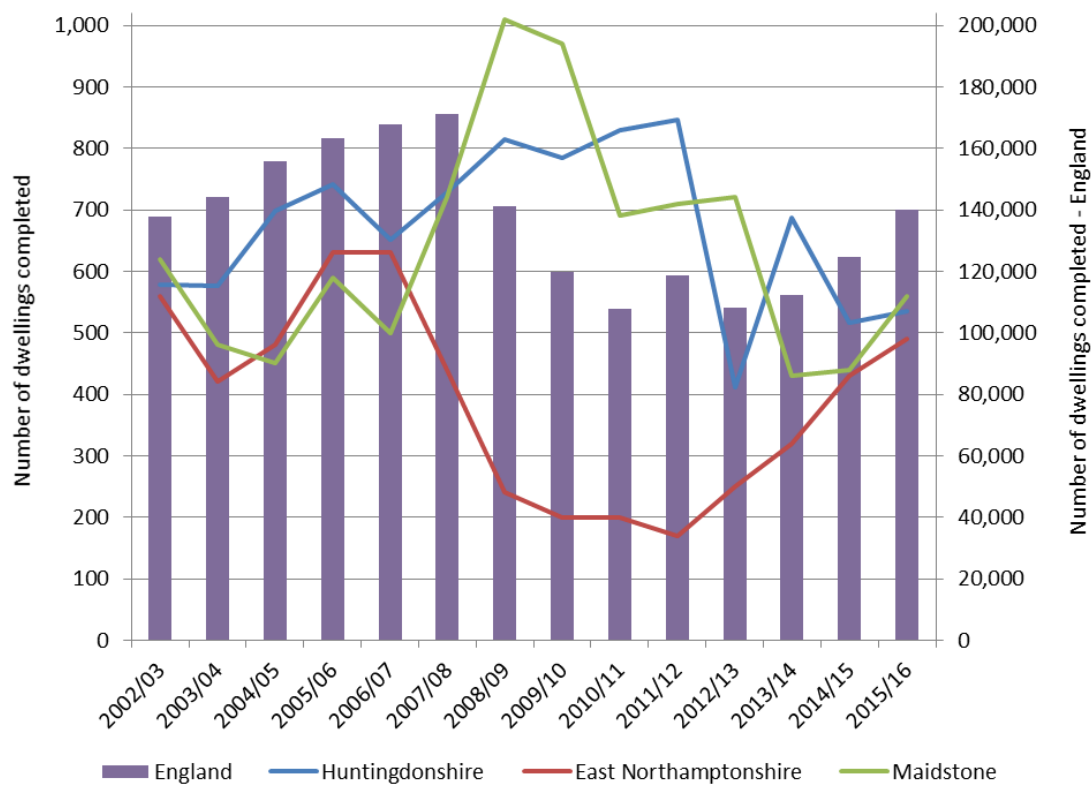
100. Figure 13 shows the ratio of lower quartile house price to lower quartile earnings, which indicates the relative affordability of housing, and suggests a worsening trend in Huntingdonshire since 2014 and housing that is relatively less affordable than in East Northamptonshire.

101. Overall, while average prices and rents are lower in Huntingdonshire than in the comparator area of Maidstone, increases in prices in recent years indicate some imbalance between the demand for and supply of dwellings. The indicators relating to price therefore provide some evidence for an adjustment to the housing need number suggested by household projections.
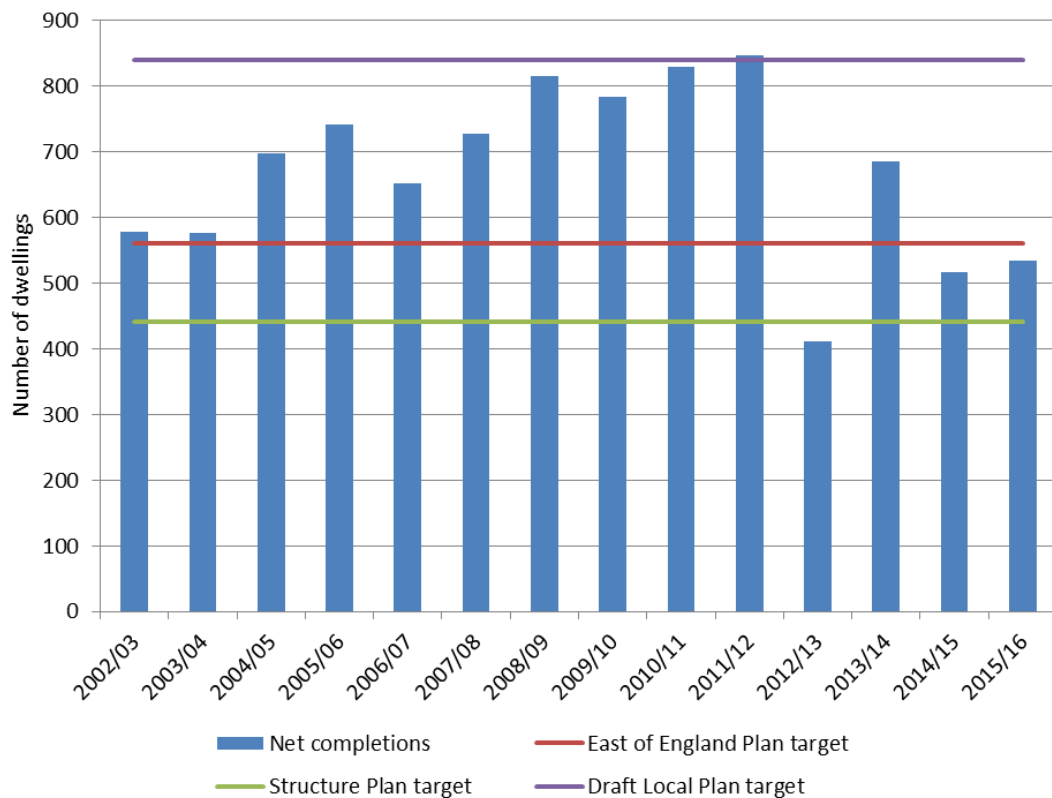
Indicators relating to quantity

102. Figure 14 below shows the rate of development in Huntingdonshire, in East Northamptonshire and Maidstone, and across England, for the period since 2002/03. In broad terms, the historic rate of development in Huntingdonshire follows the national trend over the years until 2007/08. The number of dwellings completed in Huntingdonshire increases before the economic downturn, then, while nationally, the number of dwelling completions falls sharply, in Huntingdonshire, the rate of development remains steadily high. The number of dwellings completed in Huntingdonshire falls in 2012/13, but from a very high level, and the rate of development returns to a relatively high level in 2013/14. However, while nationally, and in the comparator areas, dwelling completions have begun to increase since 2013/14, in Huntingdonshire, the rate of development has fallen in 2014/15 - as is also evident in Figure 4 in Section 4.1 - and has continued to remain at this level in 2015/16.

Figure 14: Dwellings completed by year (HDC and CLG)

103. Figure 15 overleaf compares the rate of development in Huntingdonshire to various plan targets, and the Memorandum of Co-operation target, which reflects the SHMA (2013 version) OAN figure of 840 dwellings per annum. While nationally the number of dwellings completed fell sharply after the economic downturn, the number of dwellings completed in Huntingdonshire remained at a high level until 2013/14, with just one year of lower growth in 2012/13. Before 2012/13 Huntingdonshire had high levels of house-building including two very large sites in St Neots and Little Paxton. By 2012/13 these sites were nearing completion and house-building rates slowed down. In 2013/14 work started on new large sites in Sawtry and Huntingdon which increased the housing completion rates in the local authority area. Across Huntingdonshire, however, the rate of development has fallen over the 2014 to 2016 period.

Figure 15: Dwelling completions compared to targets (HDC)

104. Figures 16 to 19 show various indicators relating to overcrowding. Indicators on overcrowding, concealed and sharing households, homelessness and the numbers in temporary accommodation demonstrate un-met need for housing. Longer term increases in the numbers of such households may be a signal to consider increasing planned housing numbers.

105. Figure 16 shows the proportion of households in Huntingdonshire with a negative occupancy rating in 2011. A negative occupancy rating implies that a household has fewer bedrooms than it requires. Although higher than in East Northamptonshire, the proportion of overcrowded households in Huntingdonshire is well below the England average.

106. Figure 17 shows the proportion of families in Huntingdonshire classed as concealed in 2011. The proportion of concealed families in Huntingdonshire is lower than in the comparator area of Maidstone, and is well below the England average.

107. Figures 18 and 19 show the numbers of homeless households in priority need (Figure 18) and in temporary accommodation (Figure 19). Figure 18 shows an increase in homeless households in priority need in Huntingdonshire in 2014/15, and both indicators show increasing longer term trends since the national recession.

108. Overall, a recent increase above the England trend is evident in one of the indicators relating to overcrowding (Figure 18), and a worsening trend is evident - over the 2014 to 2016 period - in the rates of development indicator (Figures 14 and 15). The indicators relating to quantity therefore provide some evidence for an adjustment to the housing need number suggested by household projections.

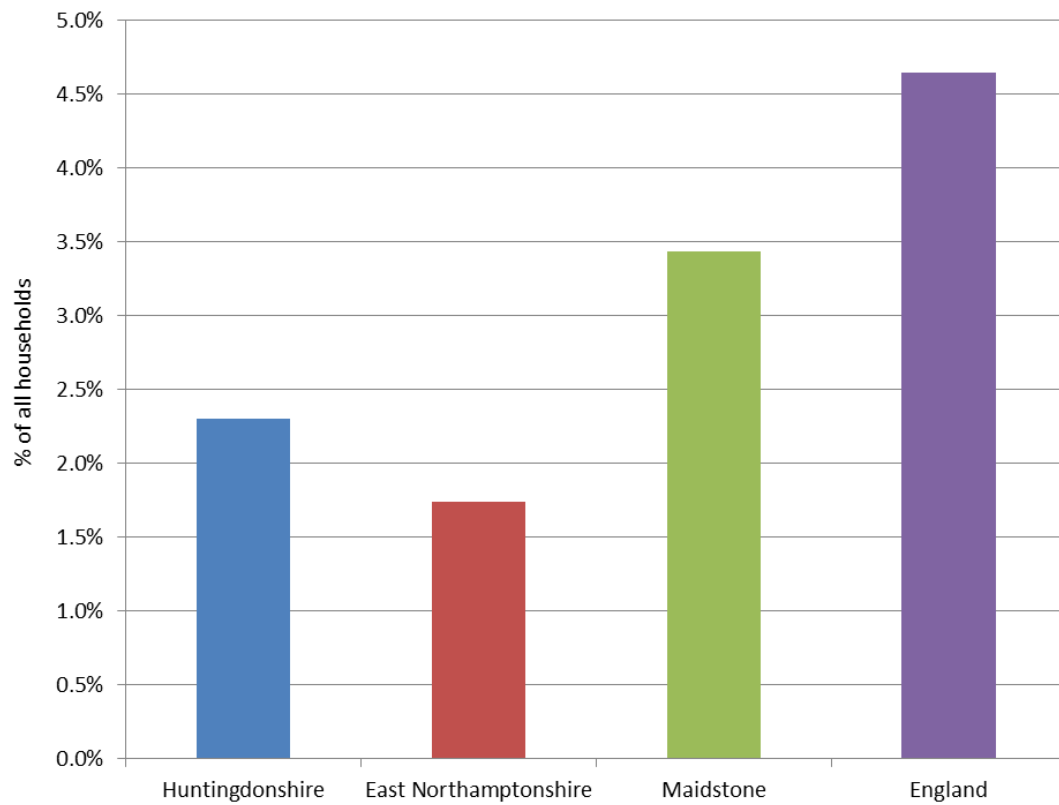**Figure 16: Overcrowded households in 2011 (Census 2011)**
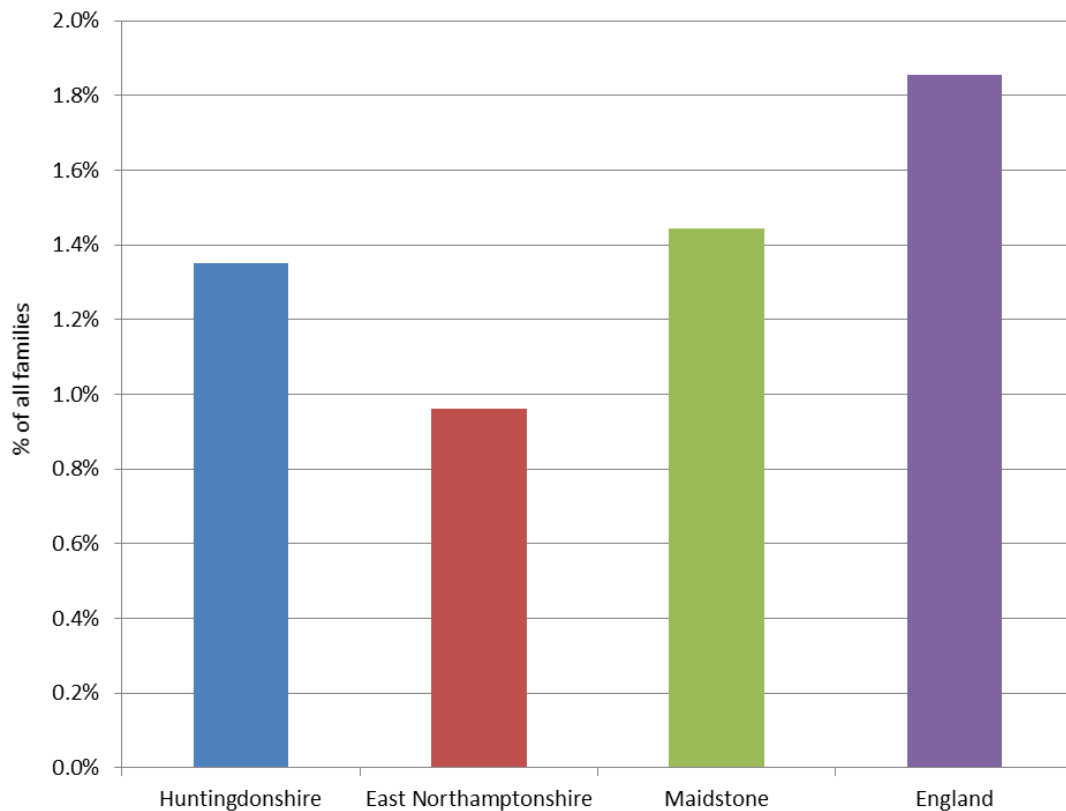

Figure 17: Concealed families in 2011 (Census 2011)

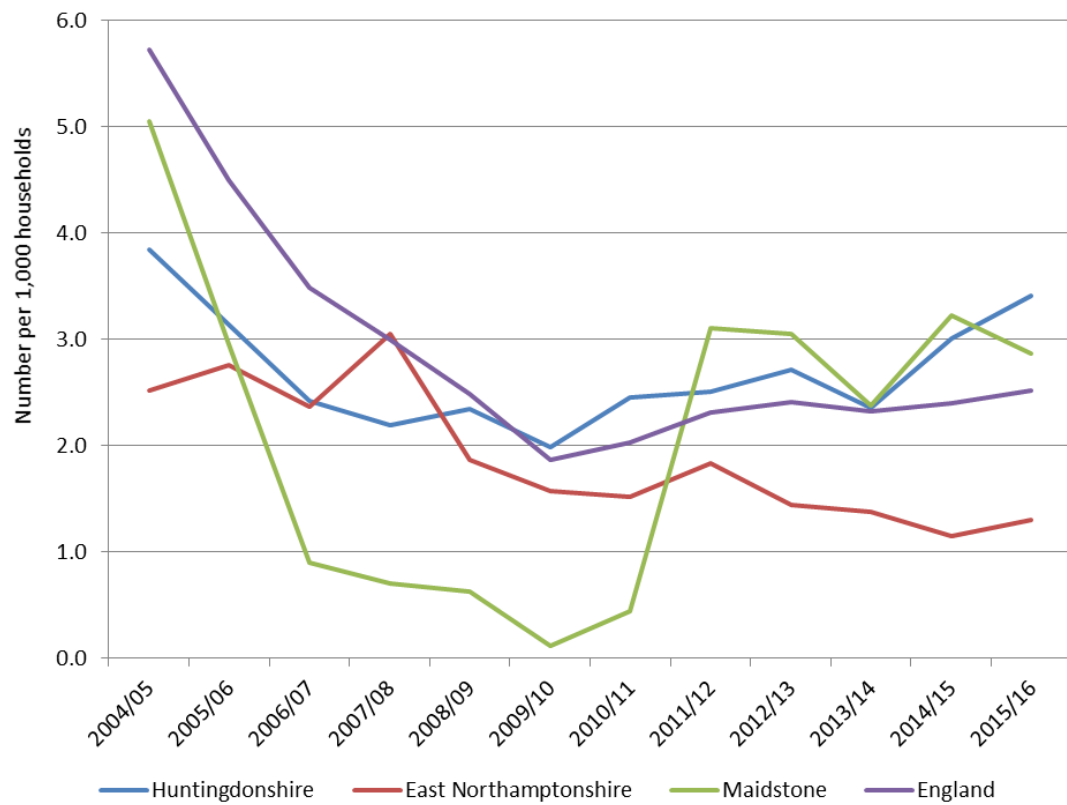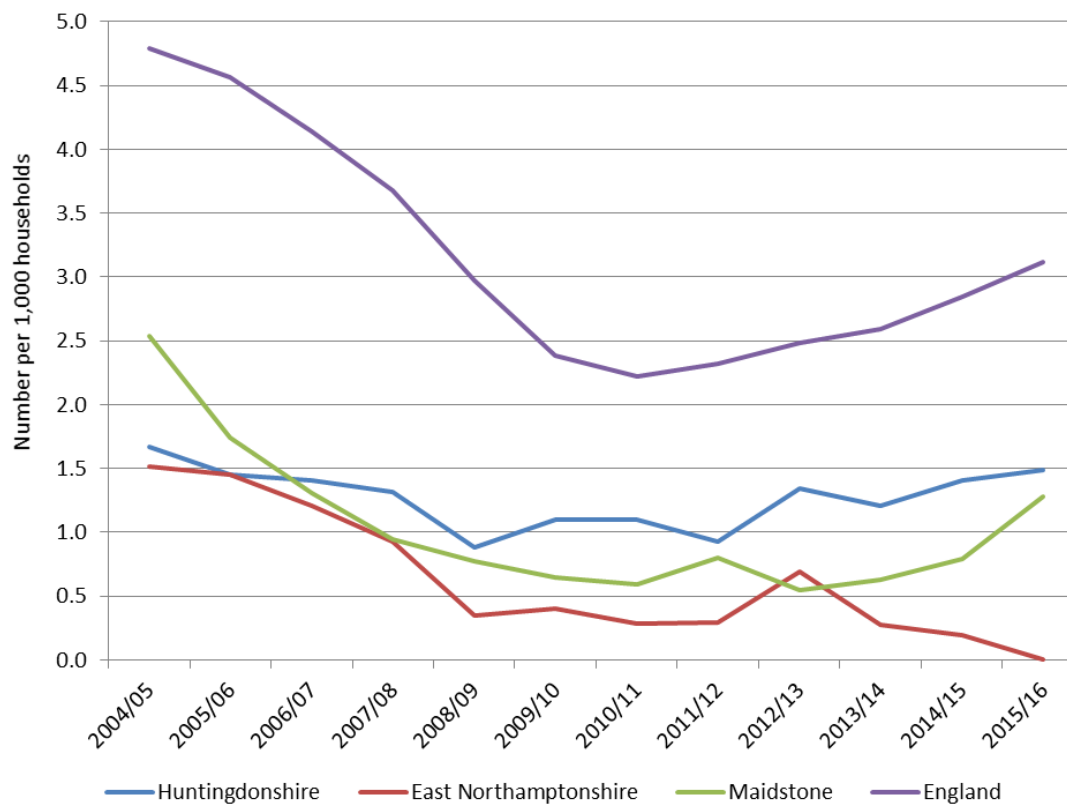**Figure 18: Homeless households in priority need (CLG)**

Figure 19: Households in temporary accommodation (CLG)

Market signals uplift

109. In the preceding sections, we find worsening trends in some of the indicators relating to price and quantity. Taking account of the latest market signals, we therefore find some evidence for an upward adjustment to the housing need number suggested by household projections. In this section, we set this adjustment at a level that is reasonable, taking account of the outcomes of other local plan examinations.

110. *"Some Local Plan Inspectors have used a rule of thumb, suggesting that in places where the evidence suggests moderate under-provision, or the signals are mixed the projected housing need might be increased by 10%. A possible alternative approach is to try and estimate what household growth would have been if land supply had not been especially constrained."*

Source: Planning Advisory Service Objectively Assessed Need and Housing Targets Technical Advice Note Second Edition July 2015 (Peter Brett Associates) (www.local.gov.uk/sites/default/files/documents/objectively-assessed-need-9fb.pdf)

111. Figures 14 and 15 above show a worsening trend in the rates of development indicator in the 2014 to 2016 period. 2014 is the base year for the 2014-based official projections. The 2014-based projections therefore suggest what household growth would have been if rates of development had not been lower in the 2014 to 2016 period.

112. The 2009 to 2014 period is used as the basis for the 2014-based official projections. Figures 8 to 13 above show average prices and rents rising above the England average over the 2014 to 2016 period; over the 2009 to 2014 period, however, Huntingdonshire's average prices and rents follow the England trend very closely. We therefore adjust upwards the number of dwellings by 5%, as the market signals over the relevant period (2009 to 2014) are very modest, and suggest a less than moderate level of under-provision, relative to need.

113. Table 7 below shows the official household projection-based estimate of housing need for the period 2011 to 2036, and an adjusted estimate based on a 5% uplift. The adjusted housing figure results from applying an upward adjustment to planned housing numbers over the 2011 to 2036 period (compared to the ONS 2014 ones), to bring the population and households in 2036 to 5% above the levels suggested by the official 2014-based projections (i.e. 5% above the CLG 2014 starting point estimate of 19,140 dwellings). As Table 7 shows, the adjusted estimate of housing need is 960 dwellings higher than the 2014-based household projection-based estimate for 2011-2036. As Table 7 also shows, the adjusted estimate is 190 dwellings higher than the adjusted estimate based on a 4% uplift. Therefore, the level of the 5% uplift adjustment takes account both of the latest market signals, and the latest employment trends.

Table 7: Official and adjusted household projection-based estimates of housing need

Source of estimated/projected population	Population 2011	Population 2036	Population 2011-2036	Households 2011-2036	Dwellings 2011-2036	Jobs 2011-2036
ONS 2014	170,040	203,820	33,780	18,590	19,140	-
ONS 2014 + 4% uplift	170,040	205,170	35,130	19,330	19,910	-
ONS 2014 + 5% uplift	170,040	205,510	35,470	19,520	20,100	14,350

Conclusion: What adjustment, if any, does the household projection-based estimate of housing need require? <u>What is the objectively assessed need?</u>

114. <u>Taking account of the latest market signals (but not employment trends), the demographic projection is adjusted to 20,100 dwellings.</u>

115. We take account of employment trends in Section 4.2. Taking account of the latest (EEFM 2016) employment forecasts, the demographic projection is adjusted to 19,910 dwellings.

116. <u>The highest of these housing figures, which is the objectively assessed need, is 20,100 dwellings.</u>

117. <u>This housing figure is 5% higher than the CLG 2014 starting point estimate of 19,140 dwellings (18,590 households).</u>

Household and communal establishment population change

118. Table 8 below shows the projected household and communal establishment population change for a population growth figure of 35,470, which is 5% higher than 33,780 (ONS 2014).

Table 8: Official and adjusted household and communal establishment population figures

Source of estimated/projected population	Population 2011-2036	Household Population 2011-2036	Communal Establishment Population 2011-2036	Households 2011-2036	Dwellings 2011-2036
ONS 2014	33,780	32,590	1,190	18,590	19,140
ONS 2014 + 5% uplift	35,470	34,220	1,250	19,520	20,100

119. In addition to a household population increase of 34,220 people, a population growth figure of 35,470 aligns with a communal establishment population increase of 1,250 people.

4.4 Addressing the needs for all types of housing

120. Once an overall housing figure has been identified, a future Strategic Housing Market Assessment will break this down by tenure, household type (singles, couples and families) and household size.

121. The purpose of this report is only to identify the future quantity of housing needed.

4.5 Calculating affordable housing need

Introduction

122. In the following section, we estimate the number of households and projected households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market.

123. This calculation involves adding together the current unmet housing need ('A') and the projected future housing need ('B') and then subtracting from this the current supply of affordable housing stock ('C').

124. Building on the existing evidence base of partner local authorities in the Cambridge housing market area, we present an updated calculation which follows the same methodology as the existing Strategic Housing Market Assessment (2013 version).

125. *"As well as the OAN, which covers all tenures of housing, the Cambridgeshire SHMA calculated the need for affordable housing, through a method based on the 2007 Planning Practice Guidance (that guidance has since been revoked, but is replaced by a similar method set out in paragraphs 022-029 of the PPG)."*

Source: Cambridge and South Cambridgeshire Local Plan Examination Objectively Assessed Housing Need Further Evidence November 2015 (Peter Brett Associates)

126. We then consider the total affordable housing need in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments, based on past delivery rates.

Affordable housing need

127. Table 9 below presents a 2014 update of the Strategic Housing Market Assessment (2013 version) affordable housing need calculation. Chapter 13 of the SHMA provides a description of this calculation (www.cambridgeshireinsight.org.uk/housing/shma/shma-current-version).

Table 9: Affordable housing need in Huntingdonshire

CLG 2007 Guidance reference		2014
5.1.1	Homeless households	79
5.1.2	Overcrowded	382
	Concealed	688
5.1.3	HNR Band A	216
	HNR Band B	513
	HNR Band C	516
	HNR Band D	765
	Revised Band D (not including intermediate overlap)	765
	Intermediate Register	88
	Register overlap	0
5.1	Current total housing need (A)	3,168
5.2.1	From existing households - number	440
	In migrant owner occupiers - number	269
	In migrant private tenants - number	124
	In migrant social tenants - number	26
	In migrant other (LCHO) - number	1

5.2.2	From existing households - multiplier	24%
	In migrant owner occupiers - multiplier	0%
	In migrant private tenants - multiplier	8%
	In migrant social tenants - multiplier	100%
	In migrant other (LCHO) - multiplier	100%
	Newly forming households unable to afford	143
5.2.3	Households who enter the register and are housed within the year	193
5.2	Total newly arising need (yearly)	336
5.3.1	Affordable dwellings occupied by households in need	-209
5.3.2	Surplus stock (If less than 3% = 0%)	0
5.3.3	Committed supply of new affordable units	240
5.3.4	Units to be taken out of management	0
5.3.5	Total stock available	31
5.3.6	Annual supply of social re-lets	321
5.3.7	Annual supply of intermediate affordable housing available for re-let or re-sale at sub-market levels	36
5.3.8	Total annual supply of affordable housing	356
	Total supply	387
	Total supply not including committed supply (yearly)	147
	Plan period newly arising need (25 years) (B)	8,412
	Plan period newly arising need AND current need (A + B)	11,580
	Plan period supply not including new build (25 years) (C)	3,683
	Plan period newly arising need AND current need MINUS plan period supply not including new build (A + B − C)	7,897

128. As Table 9 above shows, the current unmet (gross) need for affordable housing ('A') is 3,168 households. The number of newly arising households likely to be in affordable housing need (gross annual estimate) is 336.49 households. The 25-year newly arising (gross) need for affordable housing ('B') is therefore 8,412 households. The total gross need for affordable housing ('A' + 'B') is therefore 11,580 households.
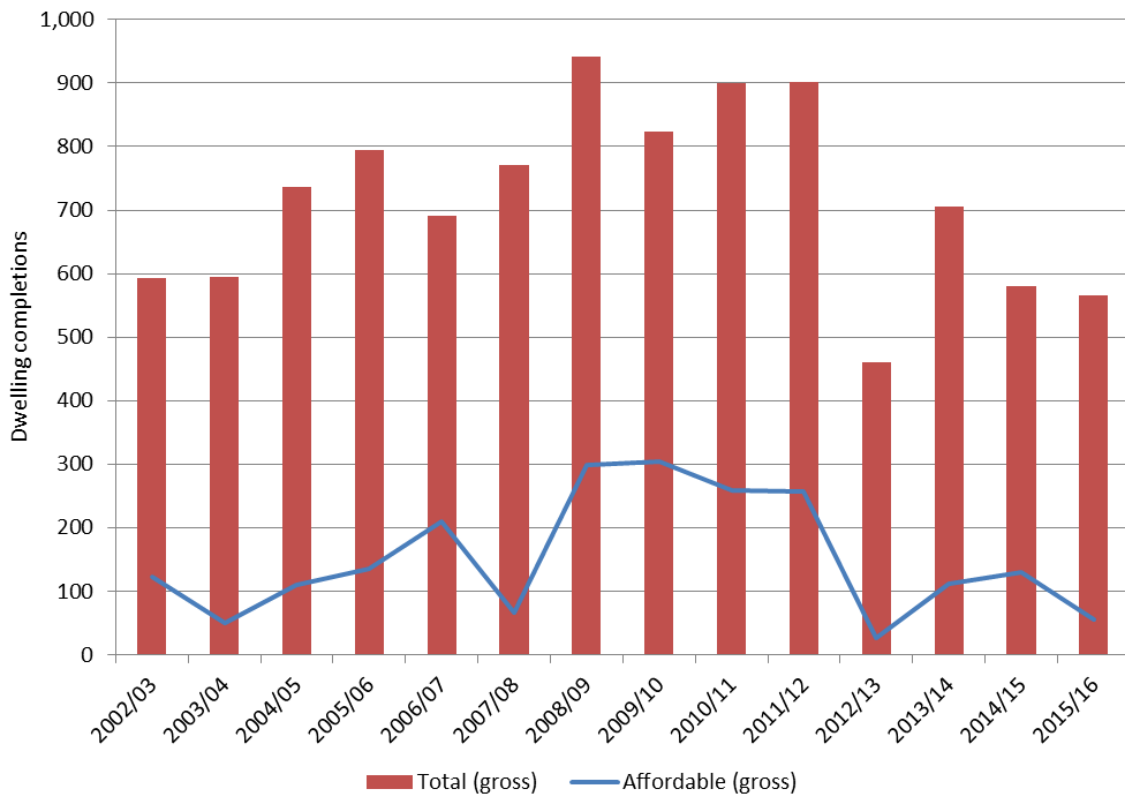
129. As Table 9 also shows, the current total affordable housing supply available is 31 homes. The likely level of future housing supply of social re-lets (net) and intermediate affordable housing (excluding transfers) is 356.33 homes per year. In 2014, the total available supply of affordable housing stock including committed supply is therefore 387 homes. (A future Strategic Housing Market Assessment will consider the relationship between the house size in the current housing stock and current and future needs.)

130. Excluding new build, the annual affordable housing supply is an estimated 147.33 homes. The 25-year supply of affordable housing stock excluding new build is therefore 3,683 homes, which is the total available stock of affordable housing ('C').

131. Subtracting total available stock from total gross need ('A' + 'B' – 'C'), the total net need for affordable housing is therefore 7,897 homes over 25 years, which converts into an annual flow of 316 houses per year.

132. The total need for affordable housing over the plan period is therefore 7,897 new homes.

Figure 20: Total and affordable dwelling completions in Huntingdonshire (HDC)

133. Figure 20 above shows the number of affordable dwelling completions in Huntingdonshire for the period since 2002/03. The percentage of affordable dwelling completions ranges from 37% of all completions in 2009/10, to 6% in 2012/13, and averages at 21% over the period 2002 to 2016.

134. The overall housing figure that has been identified is 20,100. The total need for affordable housing that has been calculated is 7,897. The required number of affordable homes is therefore 39% of the overall housing figure.

135. This proportion is above the average percentage of affordable dwelling completions over the period of available data. If it could help deliver the required number of affordable homes, HDC should consider an increase in the total housing figures included in the local plan.

Conclusion

136. The total need for affordable housing is 7,897 houses for 2011-2036, which represents 39% of the overall housing figure.

5 Conclusion

137. The purpose of this report is to identify the future quantity of housing needed.

138. To ensure that the assessment findings are transparently prepared, this report follows closely the standard methodology set out in the national planning practice guidance.

139. Analysis of the latest migration and commuting data provides up-to-date supporting evidence for the established definition of the Cambridge housing market area.

140. Table 10 below provides a summary of our assessment.

Table 10: Establishing future need for housing

Source of estimated/projected population	Population 2011	Population 2036	Population 2011-2036	Households 2011-2036	Dwellings 2011-2036	Jobs 2011-2036
ONS 2014	170,040	203,820	33,780	18,590	19,140	-
ONS 2014 + 4% uplift	170,040	205,170	35,130	19,330	19,910	-
ONS 2014 + 5% uplift	170,040	205,510	35,470	19,520	20,100	14,350

141. Taking account of sensitivity testing and the latest demographic estimates, the CLG 2014 starting point estimate of 18,590 households (19,140 dwellings) is not adjusted from 19,140 dwellings for the period 2011 to 2036. Taking account of the latest employment trends, the demographic projection is adjusted to 19,910 dwellings. Taking account of the latest market signals, the demographic projection is adjusted to 20,100 dwellings. The highest of these housing figures, which is the objectively assessed need, is 20,100 dwellings.

142. This housing figure results from applying the household representative rates from the CLG 2014 household projections to the population forecast from the ONS 2014 population projections, converting the households to dwellings using the Census 2011 ratio of households to dwellings, and adjusting upwards the number of dwellings by 5%. This housing figure results in an above-trend increase in the workplace population (jobs growth) in Huntingdonshire, as follows: The housing figure of 20,100 dwellings aligns with a projected population increase for the 2011 to 2036 period of 35,470 people. For a population growth figure of 35,470, which is 5% higher than 33,780 (ONS 2014), the EEFM forecasts a jobs growth figure of 14,350 jobs, which is 1,980 jobs higher than the EEFM 2016 estimate.

143. We consider the future quantity of housing needed is therefore 20,100 dwellings.

144. Based on an updated calculation, the total 25-year need for affordable housing is 7,897 houses.

145. If it could help deliver the required number of affordable homes, HDC should consider an increase in the total housing figures included in the local plan.

146. In addition to a household population increase of 34,220 people, a population growth figure of 35,470 aligns with a communal establishment population increase of 1,250 people.

147. The SHMA will provide a breakdown of the overall housing figure by type, tenure and size, and will monitor housing conditions for any meaningful change in the housing situation.

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