DLP Planning Ltd
on behalf of
Strategic Land Planning Trust

Response to the East of England Regional Plan Partial review Options Consultation

Overall level of provision of housing distribution

Prepared by
DLP Planning Ltd

November 2009

Prepared by:	Roland Bolton	Roland Bolton
Approved by:		Neil Osborn
Date:	November 2009	

DLP Planning Ltd
11 Paradise Square
Sheffield
S1 2DE

Tel: 0114 228 9190
Fax: 0114 272 1947

Contents — Page

1.Executive summary

Do you think we have chosen the right growth scenarios? If not what other scenarios should we consider and why?

1.1 It is of concern that the Assembly appears to be considering the options against their own (much lower) projections rather than placing appropriate weight upon the most recent CLG projections and the advice form the NHPAU.

1.2 According to the most recent CLG projections and the advice issued by NHPAU there is a requirement of between 31,600 and 39,200 dwellings a year for the plan period.

1.3 The NHPAU figure of 39,200 is considered the most appropriate level to plan for because:

a. It takes into account the backlog of need which is a common policy approach for all LPA's

b. It provides in the long term for affordability to return to 2007 levels

c. This figure is the result of "damping down" the most recent projections

d. This figure is still reliant upon unprecedented (and unapproved) levels of house building in London and the South East.

1.4 In contrast all of the scenarios would appear to be simply too low to considered to be sound. The assumptions regarding the long term impact of the current recession appear to be too pessimistic to be considered sound and the ability of the house builders and developers to deliver a higher requirement of housing in the long term is untested.

Do you have comments to make on the 4 growth scenarios?

1.5 It is agreed that the urban extensions and other major developments that are being planned to meet the current RSS should continue to be supported but this does not limit this review to the total figures contained within this plan and it is considered that additional capacity can be identified and brought forward.

1.6 Both projections 3 and 4 should be utilised in producing the strategy together with the projections contained in this representation. This is because economic and demographic drivers should be addressed in the strategy.

What is your preferred growth strategy and why?

1.7 Our preferred growth strategy is that put forward in this representation as it is considered the one that will most appropriately deliver the Governments housing objectives taking into account demographic and economic drivers as well as known development opportunities. It is considered that these rates of completion can be achieved by the industry if it is supported by long term policies regarding the provision of development.

Do you agree that we have covered all the regional impacts of the four scenarios that have been identified? If not what else should be addressed?

1.8 The two major issues that have not been adequately addressed are the relationship of the region to the neighbouring regions and secondly the economic and social influence of London. This is such an important omission it devalues the credibility that can be placed on any of the four scenarios.

1.9 The impact of the scale of under provision proposed in all the strategies will mean that there will be no changes in the level of affordability i.e. housing will still be out of the reach of many households in the region. This will mean there will be a large backlog of households unable to enter into either the housing market or access social housing.

Do you agree that the vision and objectives of the current plan remain suitable for the revised plan?

1.10 Given the influence of London on the region and the interaction of this region with other regions in terms of migration it is considered that the Overall Spatial Vision stated in paragraph 2.2 is too narrowly draw and should be revised as follows:

By 2021 the East of England will be realising its economic potential and providing a high quality of life for its <u>future population</u>, including by meeting their housing needs in sustainable inclusive communities.

1.11 It is also necessary to reflect the changes in the economics of delivering housing. It is clear that if the aim is to achieve an improvement in affordability of housing then the cost of development requires to be reduced as well as supply increased. This would suggest a change to Objective (ii) as follows

To address housing shortages in the region by:

• *securing a step change in the delivery of additional housing throughout the region, particularly the key centres for development and change; and*

• *giving priority to the provision of <u>housing where it is best located to achieve improvements in affordability and increase access to all households.</u>*

1.12 The location of employment growth also needs to be considered not just to encourage employment provision close to locations which are experiencing demographic pressure but also to provide housing close to or within easy (and sustainable) access of centres of employment growth. The recasting of Objective 3 is therefore suggested as follows:

(iii): To realise the economic potential of the region and its people by:

• *facilitating the development needed to support the region's business sectors and clusters, improving skills and widening opportunities in line with the Regional Economic Strategy;*

• *<u>By improving the alignment between the locations of workplaces and homes by increasing provision in areas of economic growth and by supporting housing growth with economic opportunities;</u>*

• *maintaining and strengthening the East of England's inter-regional connections by improving access to economic opportunities in London, i<u>ncluding the provision of additional housing in locations with sustainable transport connections to the capital</u>;*

Do you have evidence that suggest that policies other than those identified need to be updated or created?

1.13 The review of the policies listed is supported as is the requirement for a review section 13 of the plan which sets out the policies for the Sub Areas and the Key Centres for Development and Change.

Do you have any comments on the sub area policies?

1.14 Our comments on the sub area policies are contained in sections 4 to 20 in this submission.

Do you have any comments on the Integrated Sustainability Appraisal? Is there any further information that should be taken into account?

1.15 It is considered that the relationship of the region with London be considered in more detail especially the relationship between the under provision of housing, the ageing households and commuting patterns.

1.16 In assessing the options for growth it is important that the ISP does not simply fall into "lazy thinking" when considering issues of sustainability. An example of this is that when considering the level and distribution of housing such assessments often make the assumption that if fewer homes and jobs are provided in a particular location then this population and their environmental impact can be excluded from any assessment. This is a fundamental mistake and if an assessment is based on these assumptions it will be unsound. Most of the population that the region is planning for in the period to 2031 has already been born and as such they will be having an environmental impact; the question then becomes what this impact is and where it will occur.

1.17 A simple example is a young household that has to move out of the region into the East Midlands so that they can enter the housing market but then the householders continue to commute to London for work and to Cambridge to see family and friends. In such a situation the impact of the house they are living in on the environment is the same and yet their environmental footprint is much larger than if they had remained within the region.

1.18 A second example is where households do not form because they cannot secure a home and yet continue to live within the region – in this example the individuals impact on the environment in terms of use of resources remains the same with the exception of the environmental impact of actually building a house.

1.19 In order to address these issues it will be necessary for any IPS to model the resulting commuting patterns that would emerge if the higher rates of household projections are correct but are provided in locations other than within the region. Secondly the IPS will need to model the commuting patterns and resource use that would result from the higher population projections if these occurred but household size increased rather than households being exported out of the region.

2.Introduction

2.1 This response to the East of England Options Consultation has been drafted by DLP Planning Ltd on behalf of SLPT who have interests in land at Colchester in the Haven Gateway sub region.

DLP Planning Ltd

2.2 The background to this objection comes from our Practice's long term experience in addressing regional and sub regional strategies throughout England. We have been present at the strategy, housing and economic debates for previous RSS and a number of the Structure Plans that cover this region. Our experience of dealing with regional and sub regional projections for housing, affordable housing and economic growth is well developed and the use of the Chelmer and TEMPRO Models to provide independent analysis of the impact of proposed policies has been useful in encouraging a wider and more informed debate at Examinations in Public of these matters. Our recent experience in participating in the Examination debates at the West Midlands, South East, South West, East Midlands, Yorkshire and Humber, and earlier at the East of England and Milton Keynes Sub Regional Strategy (MKSM SRS) provide a background to the representations made in this submission.

Background Synopsis

2.3 When the Regional Spatial Strategy for the East of England (RSS) was approved by the Secretary of State in May 2008 it was on condition that an early review of housing provision was undertaken. As the first of the new style regional strategies, much of the demographic evidence on which it had been based had already been superseded and with a horizon of 2021 it no longer provided the 20 year horizon for planning demanded by Government.

2.4 The population of the East of England is growing by about 500,000 people every ten years and there are also more people living alone rather than in a shared home. To provide a national overview of how growth across the whole of England might be managed the Government established a National Housing and Planning Advice Unit (NHPAU) to provide guidance to Regional Assemblies, the bodies responsible for preparing the RSS.

2.5 The East of England Regional Assembly (EERA) is required by Government to use the NHPAU's advice in reviewing the East of England Plan.

2.6 The NHPAU has advised that a range of between 30,600 and 39,200 new homes a year should be tested in the East of England. The current East of England Plan sets a minimum target of 25,400 new homes per annum up to 2021.

2.7 EERA requested each county and unitary council, in liaison with the district councils, to assess the implications of:

- continuing the scale of growth set out in the current Plan;
- the lower and upper end of the NHPAU housing range; and
- achieving the growth target set out in the regional economic strategy prepared by the East of England Development Agency (EEDA).

2.8 County and unitary councils have also been required to advise EERA on any changes they think are required to sub-regional policies in the Plan.

2.9 As published for Consultation the Draft review sets out four growth scenarios which are:

- Scenario 1 – continuing the current planned rate of growth
- Scenario 2 – reflection a local assessment of capacity for further development
- Scenario 3 – growth based on the potential for economic development
- Scenario 4 – growth needed to reflect past demographic trends

2.10 For Colchester the following proposals are being tested for the period 2011-2031:

Local authority	**Scenario 1**	**Scenario 2**	**Scenario 3**	**Scenario 4**
Colchester	16,800	21,000	16,800	34,000

2.11 It is not possible however to consider the capacity and delivery of housing potential in Colchester without reference to the haven gateway sub-region in which it is located and indeed to the whole of the East of England region. Our response to these scenarios is therefore expressed in regional and sub regional terms.

2.12 On a balanced consideration of all the various factors affecting the District, we conclude that an increase in 1000 dwellings would be a robust figure and would justify a further urban extension of Colchester rather than a greater scale of growth – Scenario 2 - which is likely to be met by a new settlement (to the west of Colchester).

2.13 Existing proposals for Colchester provide for development to 2021. DLP's proposal would require the identification of some 8900 additional dwellings over and above existing commitments and new developments already proposed.

3.The level of growth and the drivers for growth

3.1 In order to properly consider the approach to accommodating the future growth of the region there needs to be an understanding of both the levels of growth that may occur and the drivers for that growth.

3.2 It is perhaps unfortunate that the Consultation Options have not chosen to consider the range of the NHPAU advice which considerably weakens the plan for even if these levels are not accepted the implications of not meeting these levels in terms of impact on long term affordability and changes in commuting patterns (in particular the increased distances as a result of housing shortages) are seriously underplayed. It is considered that these implications do need to be considered in determining both the overall level of housing and its distribution.

3.3 Increased levels of housing demand and need will come from a number of sources firstly the existing population in the form of new household formation and from migration which maybe either driven by economic factors such as employment or inability to afford the accommodation desired in other regions in which households are employed (in particular London) as well as other social factors such as retirement.

3.4 The role of London and the South East is almost entirely missing in the document which gives the impression that it is unimportant in terms of the economy and housing requirements of the region. This is clearly not the case and the whole region is dominated by the presence of the world class city on its immediate boundary. This representation will highlight how the presence of London should be reflected in the policies for the region.

3.5 In this review there is also the need to consider the extent to which it is desirable for the region to address the issue of market affordability as part of the emerging plan and the role which the supply of new housing can contribute to this aim.

3.6 Paragraph 33 of PPS3 requires that a number of factors be taken into account including both the most recent household projections published by the Government (the Department for Communities and Local Government - CLG) and the advice from the National Housing and Planning Advisory Unit (NHPAU).

3.7 This information is set out in table 1 below together with the most recent projections from TEMPRO and the Chelmer model. These two other projections have been included as they both contain additional information at the sub regional level that is useful in determining the distribution of housing growth within the region.

Table 1Comparison of projections of annualised level of housing requirement for the East Midlands

Projection	Low	High
CLG (housing statistical release March 2009) Allowing 3% vacancy at 2031	34,600	
NHPAU (Advice to Ministers on housing levels to be considered in Regional Plans)	30,600	40,000
Chelmer (2006 to 2031)	36,336	38,209
TEMPRO (2008 to 2031)	36,749	

3.8 It is of concern that the approach is to present the lowest projection of NHPAU as one of the highest options for growth especially as the consultation does not highlight the serious implications of the lower levels of provision being consulted upon in terms of affordability, access to decent housing, reduced ability to access market housing and the emergence of the "property underclass".

3.9 It is very important to note that the NHPAU have taken into account not only the 2006 based populations projections as well as the later CLG household projections but also the impact of the recession on long term household formation trends (paragraph 25 of their advice), international migration (paragraphs 26 to 31) and internal migration (paragraph 32). The advice also takes into account the economic factors including mortgage rationing and house building rates (paragraph 37).

3.10 The differences between the lower and higher rates are that the lower range of the NHPAU advice is based upon the following assumptions (see paragraph 40).

a. No provision is made for meeting the backlog of demand. This is important as all local planning authorities in their local housing needs assessments and/or strategic housing market assessments have committed themselves to meeting the backlog of housing demand (it is an integral part of the CLG methodology). If future levels of housing are to reflect this policy then it will be required to be higher than the NHPAU projections.

b. The projections allow for no improvement in the housing conditions of the population or the impact of increasing wealth over the period to 2031.

c. The projections are dependant upon London and the South East to meet their own projections. The NHPAU state that it would be unwise for other regions to plan on the basis that housing rates in the South East and London will be delivered.

3.11 The higher range of the NHPAU advice is based upon different assumptions these being:

a. Meets NHPAU's estimate of backlog

b. Brings affordability back to 2007 levels by 2026.

3.12 Paragraph 41 of the latest guidance from the NHPAU states that the most recent requirements have been damped with the end of the projection range only moved half the amount indicated by the evidence. This is important for this region as the evidence suggested that there would be significant increase in the housing requirement. In considering what level of housing provision to make therefore it should be noted that the NHPAU approach has already reduced the level as part of this damping exercise.

3.13 The advice therefore is for the region to provide a minimum of 32,714 dwgs/yr over the period to 2026 although the higher requirement which increases the rate of provision in the later years to 2031 is clearly the more robust figure taking into account the policy aspirations of the councils, the "damping" of the most recent projections and the likely level of provision in London and the South East.

Impact of present recession on future housing requirements

3.14 The advice from the NHPAU has taken into account the impact of the recession on future housing requirements and it is also pertinent to note that in her Proposed Further Changes to the East Midlands RSS the Secretary of State's response to the current downturn was:

However, the current downturn in the housing market has its origins in financial and economic problems rather than demographic reasons and the underlying trends of population and household growth are still largely unchanged. The Government's view is that the Housing Green Paper ambitions are still very valid and that as house building across the region over the past decade has been significantly lower than household formation the current downturn will in fact further increase the problem by cutting back on house building at a time when delivery needs to be increased both to provide for families and individuals currently in need of separate accommodation and for future needs caused by increases in household formation. It is necessary therefore to continue to plan for future growth to ensure that the planning process can react quickly when the housing market recovers.

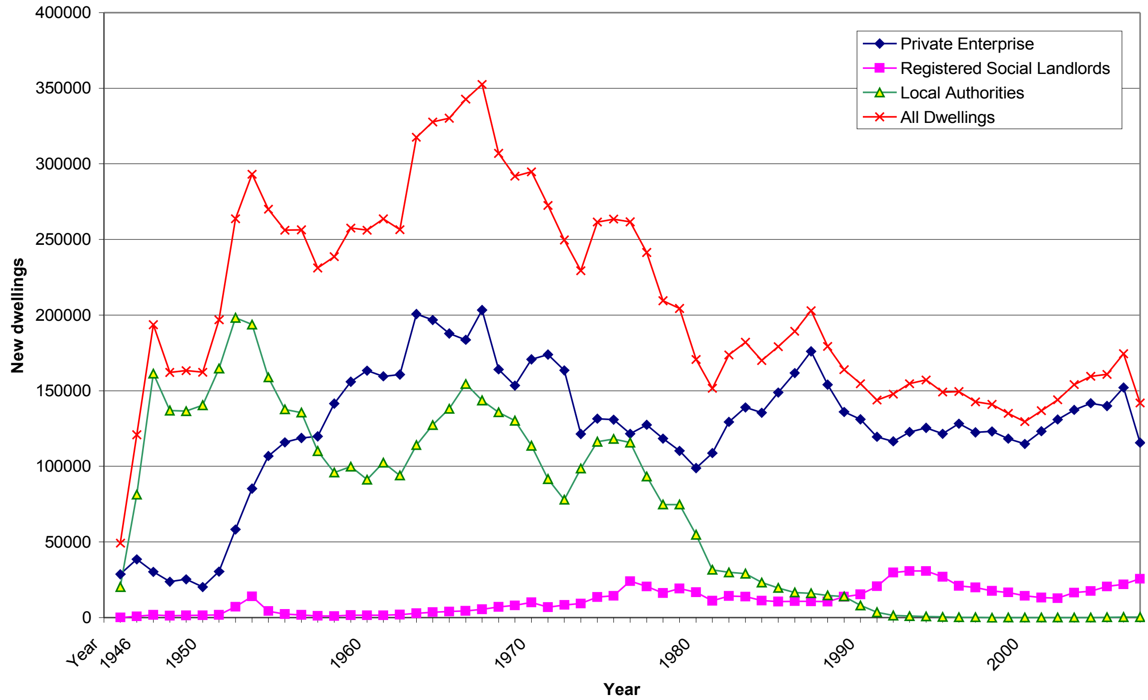
3.15 In their advice to the Minister the NHPAU's response to the existing economic situation is as follows:

We recognise the difficult short-term outlook for the economy in general and the housing market in particular – we have given this proper weight, but will not be distracted by it. Fundamentally our advice is based on available evidence about medium and long-term affordability, demographic and economic trends.

3.16 In paragraph 24 the report states that while there may be a short-term downturn, prices will not permanently stagnate and that any easing in prices in the next year or two will do little to help the affordability problem because falls are effectively being driven by mortgage rationing for first-time buyers.

3.17 The report goes on to suggest (paragraph 25) that price volatility in England's housing market has in part been caused by the under-supply of new homes over decades and in paragraph 26 the report stresses that it is vital that planning authorities and decision makers take a medium and long-term view.

Table 2Housing Completions in England



3.18 In terms of the past levels of completions in England there has been considerable fluctuation in the provision of new housing as is reflected in the chart above. It is pertinent to note that the levels of new private dwelling completions were already at a low level. In fact in 2000 there was the lowest level of completions since 1982. It is also important to note that market sector housing is the primary delivery system for new and replacement housing.

3.19 Detailed evidence from previous recessions the table below suggest that market dwelling completions dropped for three consecutive years between 1979 and 1981 but they quickly recovered in 1982 and 1983. By 1988 the rate of completions had increased by 78%.

3.20 The downturn in market dwelling completions at the end of the 1980's started with a decrease of 13% in 1989 followed by further decreases in the levels of production for the next five years. The increases in completions however were small compared to the 1980's.

3.21 In this recession it would appear that the house building industry has reacted much quicker to this recession than the one in the early 1990's with an immediate drop in completions of 24% in 2008. The response to the recession has included mothballing sites on which development has already commenced. Sites such as these could come back on line quickly. This could allow for substantial changes in the rate of delivery as has occurred in the past.

3.22 The difference in the rate of recovery could be the impact of differing policy scenarios between the mid 1980's and the 1990's. Our experience was that obtaining consents particularly via appeal utilising the 5 year land supply argument was far easier and more successful in the 1980's than negotiating consents in the 1990's plan led policy regime.

3.23 The demographic pressures for housing still exist and will reassert itself in the demand for new homes when the national and regional economy improves.

Table 3England Completions Table 244 House building: permanent dwellings completed, by tenure, England, historical calendar year series

Year	Private Enterprise	% Change	Registered Social landlords	Local Authorities	All Dwellings
1946	28,760		100	20,400	**49,250**
1947	38,630	34	860	81,370	**120,860**
1948	30,370	-21	1,820	161,400	**193,590**
1949	23,800	-22	1,330	136,980	**162,110**
1950	25,310	6	1,500	136,530	**163,340**
1951	20,170	-20	1,610	140,510	**162,290**
1952	30,500	51	1,800	164,620	**196,930**
1953	58,270	91	7,200	198,210	**263,680**
1954	85,380	47	14,020	193,710	**293,110**
1955	106,800	25	4,350	158,860	**270,010**
1956	115,940	9	2,400	137,750	**256,100**
1957	118,820	2	1,880	135,660	**256,360**
1958	119,910	1	1,120	110,120	**231,150**
1959	141,510	18	1,100	95,990	**238,600**
1960	156,020	10	1,650	99,950	**257,620**
1961	163,350	5	1,560	91,250	**256,160**
Year	Private Enterprise	% Change	Registered Social	Local Authorities	All Dwellings

			landlords		
1962	159,520	-2	1,550	102,490	**263,560**
1963	160,630	1	1,930	94,020	**256,580**
1964	200,670	25	2,850	114,020	**317,540**
1965	196,750	-2	3,620	127,290	**327,660**
1966	187,890	-5	4,100	138,140	**330,120**
1967	183,720	-2	4,520	154,500	**342,740**
1968	203,320	11	5,540	143,680	**352,540**
1969	164,070	-19	7,100	135,700	**306,860**
1970	153,440	-6	8,180	130,180	**291,790**
1971	170,820	11	10,170	113,680	**294,680**
1972	173,990	2	6,900	91,630	**272,520**
1973	163,460	-6	8,340	77,920	**249,710**
1974	121,490	-26	9,260	98,610	**229,360**
1975	131,480	8	13,650	116,330	**261,460**
1976	130,900	-0	14,440	118,090	**263,430**
1977	121,570	-7	24,190	115,840	**261,600**
1978	127,490	5	20,570	93,300	**241,360**
1979	118,390	-7	16,280	74,790	**209,460**
1980	110,230	-7	19,300	74,840	**204,370**
1981	98,900	-10	16,820	54,880	**170,600**
1982	108,790	10	11,180	31,660	**151,630**
1983	129,490	19	14,340	29,900	**173,720**
1984	138,970	7	13,920	29,190	**182,080**
1985	135,460	-3	11,300	23,280	**170,040**
1986	148,890	10	10,620	19,630	**179,140**
1987	161,740	9	10,940	16,620	**189,300**
1988	176,020	9	10,780	16,130	**202,930**
1989	154,000	-13	10,650	14,700	**179,360**
1990	136,060	-12	13,820	14,020	**163,900**
1991	131,170	-4	15,300	8,130	**154,600**
1992	119,530	-9	20,790	3,510	**143,830**
1993	116,630	-2	29,780	1,420	**147,840**
1994	122,700	5	30,850	1,090	**154,640**
1995	125,470	2	30,890	790	**157,140**
1996	121,550	-3	27,030	510	**149,090**
1997	128,240	6	20,970	290	**149,490**
1998	122,510	-4	19,900	240	**142,650**
1999	123,180	1	17,780	50	**141,010**
2000	118,330	-4	16,680	90	**135,100**
2001	114,850	-3	14,500	160	**129,510**
2002	123,320	7	13,310	180	**136,800**
2003	131,060	6	12,820	180	**144,060**
2004	137,330	5	16,600	130	**154,070**
2005	141,740	3	17,540	180	**159,450**
2006	139,910	-1	20,660	280	**160,850**
2007	152,090	9	22,090	340	**174,530**
2008	115,720	-24	25,740	450	**141,910**

Relationship between housing participants and jobs

3.24 The relationship between housing, participants and new jobs maybe complex but a simple analysis taking into account the number of dwellings to be provided under each projection does give an indication as to the future balance of workers and jobs. In this respect considering total jobs and workers produced by each projection shows that by 2031 there would be an additional 522,820 jobs available to participants in the region by 2031 (including those based in London). This suggests there will be shortfall of workers to fill these posts in all of the proposed scenarios.

Table 4Balance of jobs and workers

	ZNM participants	LTM participants	STM participants	TEMPRO New jobs (including allowance for Demand from London)	Scenario 3 New jobs (including allowance for Demand from London)
East of England	33,374	450,143	511,385	422,078	522,820

Conclusion on overall level of housing requirement to inform selection of preferred option

3.25 Taking all of the above into consideration the future pattern of housing distribution should be flexible enough to be able to make provision for the NHPAU projection of 40,000 dwellings a year. The justification of this approach is as follows:

a. It is unlikely that London and the South East will deliver the levels of housing required to meet their projected figure and the implication is that it will increase pressure on neighbouring regions especially the East Midlands.

b. The NHPAU projections have been dampened and so are not as high as they would have otherwise been.

c. The higher figures make an allowance to meet the backlog of demand that many councils' already have as a policy commitment to in terms of their affordable housing strategies.

d. This figure also attempts to restore levels of affordability to the 2007 ratio.

4.Distribution of housing

4.1 This evidence would suggest that additional dwelling provision is required to meet both issues with regard to affordability and demographic pressures. As demographic pressures are related both to the population growth and migration (as influenced by employment opportunities) then the distribution in the RSS will need to reflect this together with responding to obvious issues regarding affordability.

a. As a simple approach the distribution of new housing will need to be influenced by the following factors:

b. Pattern of employment growth (relating new housing to new employment opportunities)

c. Pattern of affordability (making higher provision for new housing in areas of high demand).

d. Pattern of household growth.

4.2 It is likely that the resulting pattern of provision might need to be amended to respond to other environmental and political factors such as:

a. Regeneration objectives

b. Flood Risk

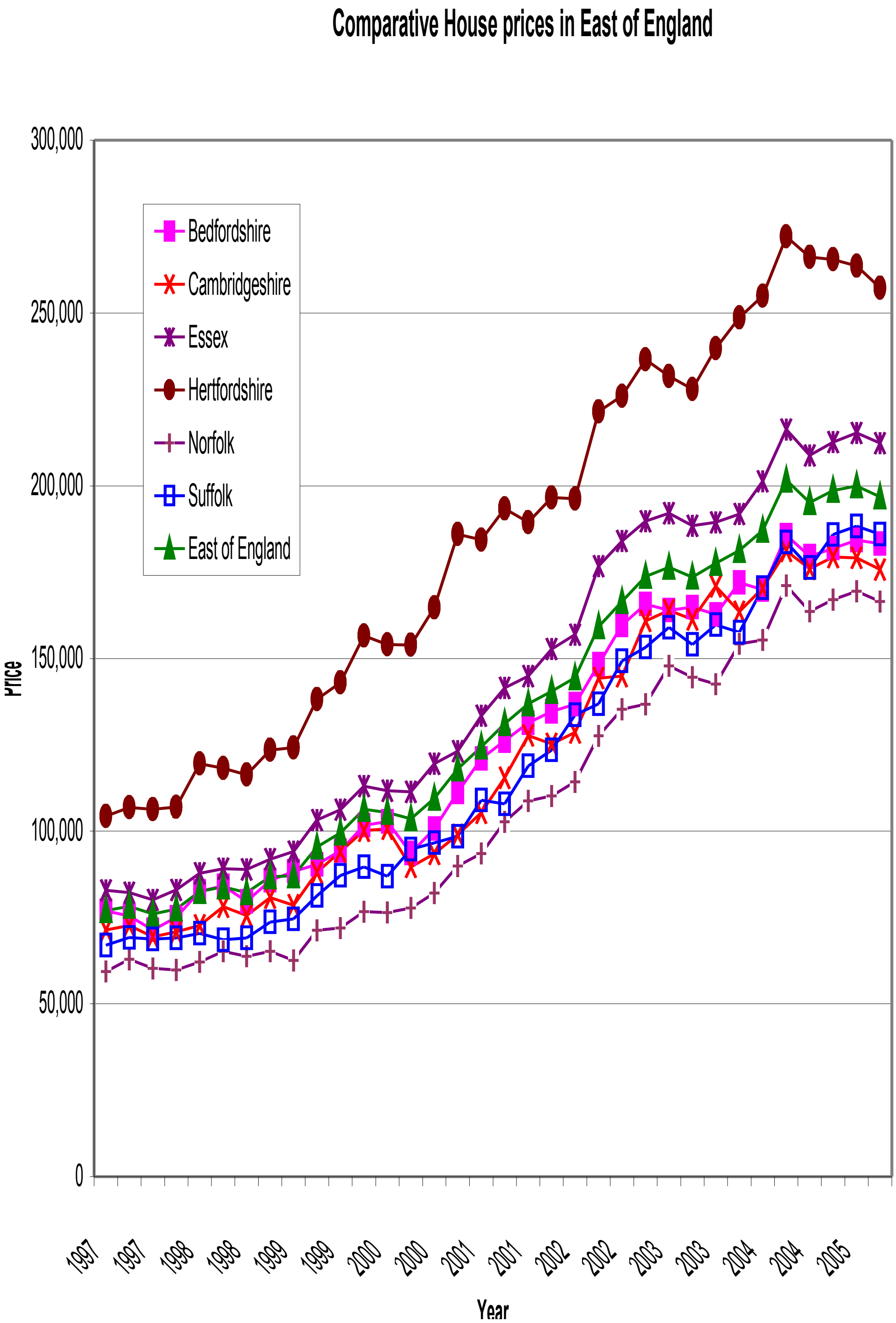
c. Environmental constraints.

4.3 This approach will result in different parts of the region requiring different levels of housing provision in different ways and as such an analysis of the present level of opportunities and constraints needs to be considered in any decisions regarding the future distribution of housing.

The pattern of house price inflation in the Counties of Eastern England

4.4 The graph overleaf demonstrates that the average house price in the counties of the East of England more than doubled in less than a 10 year period between 1997 and 2005. Much of the increase occurring 2001 onwards were the difference between the level of provision of new houses and the demand from new households became increasingly wider. While it is accepted that there are other drivers impacting on house prices during this period this basic mismatch between demand and supply at the very least enhanced these other factors creating a situation where affordability became increasingly difficult for all households.

4.5 The impact of this is that access to property has become an important defining feature of a household’s access to services including financial and social services. A household who owns or has a mortgaged property is able to move more easily within the housing market to access facilities such as good schools, transport networks and environmental assets. Such households also have easy access to financial and other services, as such they are able to pass on the benefits of homeownership to household members and assist those members to form new households and compete in the housing market (for example though equity release). Conversely households who do not own their own property find it more difficult to access services and facilities including access to good schools good environments and particularly to financial services. As such children of households excluded from home ownership will continue to be excluded from ownership in the future and will form what may reasonably be named the “property underclass”.


Comparative House prices in East of England
300,000
250,000
200,000
150,000
100,000
50,000
0
Price
Bedfordshire
Cambridgeshire
Essex
Hertfordshire
Norfolk
Suffolk
East of England
1997
1997
1998
1998
1999
1999
2000
2000
2001
2001
2002
2002
2003
2003
2004
2004
2005
Year

4.6 Failure to address the issues of adequate market housing and the need to reduce the real cost of market housing will add to the "property underclass" and if large scale under provision is planned as is suggested by scenarios 1 2 and 3 then there will need to be policies directly drafted to deal with the long term issue of this section of society.

4.7 The fact that the current issue of affordability has arisen during a period in which housing was restrained by policy to below that which the projections suggested was required cannot be ignored.

The demographic distribution of housing requirement

4.8 DLP have commissioned their own projections utilising both long term, short term and Zero Net Migration led projections. The demographic distribution of new housing produced for each of the sub regions is set out in the table below. This is a summary of a district by district analysis which is given in our commentary on the Sub Areas.

4.9 It is noted that while all the published Housing Market Assessments in the region take backlog into account in estimating affordable housing needs the future housing requirement suggests that no such allowance should be made for these households.

4.10 While we have very serious concerns regarding the methodology of many of the SHMA we would also be very concerned if the obvious undersupply that is clearly occurring at the bottom of the recession is not taken into account when considering the need for future housing. In this respect we consider that there is a strong case for the future needs to be calculated using a base date of 2006 rather than 2011. This will effectively include in any future housing plans the demands of households forming (or wishing to form) at the present time who are unable to access market or social housing. While our projections run from 2006 we have converted them to an annual rate of provision in order to allow for an ease of comparison.

Table 5Comparison of dwelling projections

	1	2	3	4	ZNM	LTM	STM
Bedford	970	970	970	1,100	741	1,320	1,150
Luton & Central Bedfordshire	2,260	3,010	2,260	2,450	2,537	2,745	2,868
Greater Cambridge	3,610	4,560	4,570	4,350	2,640	4,845	5,292
Peterborough	1,430	1,560	1,430	850	856	709	1,016
Heart of Essex	1,440	2,510	1,770	2,500	1,683	2,712	2,928
Thames Gateway/ South Essex	2,330	2,330	2,590	2,950	2,599	3,157	3,046
London Arc East	2,520	3,170	2,930	1,950	2,002	2,513	2,012
London Arc West	2,850	2,850	4,250	3,900	3,533	4,163	3,974
North	1,700	1,700	1,700	2,700	957	3,087	3,072
Greater Norwich	2,160	2,160	2,310	2,400	1,411	2,742	3,072
Great Yarmouth and Lowestoft	570	570	570	1,400	496	1,325	1,383
Haven Gateway	**3,330**	**3,730**	**3,720**	**6,000**	**2,733**	**6,049**	**6,838**
West Suffolk	880	980	930	1,100	824	969	1,558
East of England	26,050	30,100	30,000	33,650	23,014	36,336	38,209

4.11 These projections suggest that all of the proposed scenarios are below that required to meet future demand. The continuation of the present RSS strategy is likely to achieve little more than meet a ZNM projection which means many households (and especially locally generated households will be excluded from both market and social housing for the duration of the plan period.

Migration

4.12 The impact of migration is an important consideration in the proper planning of the region. Often English regions are planned in isolation or at best on the basis that the surrounding regions will adopt and deliver a compliant policy which will reduce cross boundary migration. Unfortunately such assumptions are rarely supported by reality. In the case of the East of England the importance of London as a source of migration and as a social and economic destination cannot be over emphasised. While the influence of London may differ throughout the region it nevertheless is influential across the whole of the region. As such it is surprising that its influence is not addressed in the consultation document.

4.13 A further consideration is the impact of international migration this is driven not by the economic situation in England but by the comparative economic opportunities between nations. As such the recession may have much less of an impact over the period of the whole plan than some commentators suggest. The table below illustrates the number of migrants (not households) that underlie our projections.

4.14 This table suggest that for some areas higher levels of international migration are offset by high levels of out migration to other areas in England.

Table 6National and international migration

	LTM Annual Migration	LTM Annual international migration	LTM National Migration	STM Annual Migration	STM Annual international migration	STM National Migration
Bedford	240	190	50	168	143	25
Luton & Central Bedfordshire	96	445	-349	148	552	-404
Greater Cambridge	932	416	516	1,124	550	574
Peterborough	-52	83	-135	64	202	-138
Heart of Essex	444	-44	488	528	-5	533
Thames Gateway/ South Essex	244	-5	249	204	-53	257
London Arc East	224	137	87	12	-8	20
London Arc West	272	255	17	188	103	85
North	840	158	682	832	128	704
Greater Norwich	556	186	370	660	248	412
Great Yarmouth and Lowestoft	340	22	318	484	28	456
Haven Gateway	**1,360**	**379**	**981**	**1,672**	**556**	**1,116**
West Suffolk	56	-42	98	292	155	137
East of England	5,552	2,180	3,372	6,376	2,600	3,776

Employment and changes to the workforce

4.15 The table below illustrates that with a build rate of 23,000 dwellings a year (ZNM projection) the result will be that the number of participants capable of entering the workforce will decrease in 6 of the sub region's while overall the number for the region will just be 33,000 higher in 2031 than at present.

4.16 The employment forecast used here is from the TEMPRO model and suggests that employment growth could be of the order of 375,000 additional jobs within the region by 2031.

4.17 This suggests that scenario 1 is unlikely to support the region's economy the impact of this mismatch might be increased commuting distances as access to suitable housing makes people locate further from their place of work. Increased labour costs or staff shortages may prevent some sectors of the economy from growing or encourage them to relocate out of the region and hence reduce economic activity in the region.

4.18 Both the LTM and STM projections exceed the number of dwellings suggested by the CLG projections (scenario 4) and would result in there being a greater increase in participants than jobs in the region by 2031. In economic terms there is a strong argument that the workforce is required to grow faster than employment in the region as the additional workers are required to support the London economy which is unable to source its workforce from within its own boundaries.

4.19 The economic projections developed for the plan are suggesting a higher level of employment growth than the TEMPRO projections in most sub areas. These higher levels of projected employment growth would support a higher level of housing at regional level in terms of matching employment growth with future participants. This would suggest that there is a strong argument to test a higher level of housing growth beyond the CLG projections of 33,000 dwellings a year and a level of at least 36,000 should be seriously considered.

Table 7Projections of participants and jobs

	ZNM additional participants	LTM additional participants	STM additional participants	TEMPRO jobs 2011-2031	Scenario 3 Jobs
Bedford	4,828	24,447	18,415	5,269	10,600
Luton & Central Bedfordshire	33,235	41,663	47,132	20,224	25,800
Greater Cambridge	15,303	90,171	105,710	51,770	104,100
Peterborough	9,656	5,076	14,743	21,964	10,900
Heart of Essex	-3,383	30,620	38,476	30,783	31,700
Thames Gateway/South Essex	-2,396	16,614	12,665	38,450	37,700
London Arc East	8,436	27,252	8,778	29,401	34,000
London Arc West	36,911	59,303	51,474	76,937	97,700
North	-34,627	25,279	24,601	20,532	13,800
Greater Norwich	-4,069	38,801	48,372	28,040	36,600
Great Yarmouth and Lowestoft	-16,727	6,027	7,673	6,488	5,200
Haven Gateway	**-17,965**	**77,227**	**104,275**	**36,830**	**50,900**
West Suffolk	4,172	7,663	29,071	8,270	16,700
East of England	33,374	450,143	511,385	374,958	475,700

4.20 While scenario 3 purports to address the economic growth within the region the plan should pay equal attention to the future economy of London as this will have a significant effect on both the economy of the region and its workforce. It is important that the future housing provision for the region makes appropriate accommodation available for London workers whose aspirations cannot be met within greater London.

4.21 The importance of London as a location for employment differs between sub areas although the table below demonstrates that it is important for all sub regions. In order to fully consider the future needs of the economy it is necessary not only to consider the growth of the regions economy but also the growth of the London economy.

4.22 In the evidence base the Greater London Authority Economics (October 2009) states that the recent difficulties in the financial services sector will impact other sectors of London's economy However severe the downturn, growth is expected to rebound and longer term employment levels in London are projected to surpass the levels seen before the recession. Table 4.2 projects employment growth rising from 4,676,000 to 5,452,000 - 16.6%. It would be prudent to plan for increased commuting of at least this percentage.

Table 8London commuters and impact of the long term growth of the London economy on employment demand.

	Total in employment (2001 census)	London Commuters	Percentage of workforce working in London	Growth in Jobs (TEMPRO based plus allowance for 18% in London commuters)	Growth in jobs Scenario 3 based including 18% growth in London Commuters
Bedford	70,507	2,997	4	5,767	11,098
Luton & Central Bedfordshire	203,854	14,544	7	22,638	28,214
Greater Cambridge	275,498	7,734	3	53,054	105,384
Peterborough	73,337	1,625	2	22,234	11,170
Heart of Essex	208,065	35,375	17	36,655	37,572
Thames Gateway/South Essex	296,279	62,994	21	48,907	48,157
London Arc East	242,729	62,417	26	39,762	44,361
London Arc West	407,659	79,583	20	90,148	110,911
North	157,218	1,368	1	20,759	14,027
Greater Norwich	164,172	1,370	1	28,267	36,827
Great Yarmouth and Lowestoft	83,578	554	1	6,580	5,292
Haven Gateway	**318,192**	**12,237**	**4**	**38,861**	**52,931**
West Suffolk	78,492	1,060	1	8,446	16,876
East of England	2,579,580	283,858	11	422,078	522,820

4.23 It is important in determining the location of future housing provision that both the economic and demographic drivers of household change are given sufficient weight. It is recognised that these have to be moderated at more local levels in order to achieve sustainable patterns of development. For this reason the next sections considers these matters on a sub regional basis.

5.Haven Gateway

1.1 The present RSS settled on a figure of 855 dwellings per annum. Only the CLG projection comes close the housing requirement produced by the STM and LTM projections. The lower scenarios are just above ZNM projection which suggests a large scale reduction in the number of participants.

1.2 It is noted that the employment growth projections for this sub area are low for some but not all locations. The highest levels of growth are at Ipswich and Colchester. Colchester also has the highest projections although at its highest level there would be an imbalance of employment and participants in this town.

1.3 Colchester has been attracting a number of migrants and has a good potential for employment growth therefore there would appear to be little reason why these higher levels of growth should not be accommodated.

1.4 The proposals for Ipswich are higher than the projections but as Ipswich is the focus for development this is considered an appropriate level as it is combined with making an under provision in some of the other districts. Overall however, it is considered that this sub area should at least meet its household projections.

Table 9Comparison of Household projections

	1	2	3	4	ZNM	LTM	STM
Babergh outside IPA	340	340	360	550	203	511	494
Colchester	**840**	**1,050**	**840**	**1,700**	**1,082**	**1,805**	**2,389**
Ipswich Policy Area	850	960	850	800	641	788	789
Mid Suffolk outside IPA	430	430	430	650	310	786	760
Suffolk Coastal outside IPA	440	440	590	1,100	350	891	1,217
Tendring	430	510	650	1,200	147	1,268	1,190
Haven Gateway	**3,330**	**3,730**	**3,720**	**6,000**	**2,733**	**6,049**	**6,838**

16.1 In terms of the pattern of employment for Colchester, some 53,000 of the 75,000 resident workers work within Colchester district and 5,000 travel into Greater London. This suggests a level of self containment of 70% while only 7% commute to London. Again this would suggest that there is little risk of increased out commuting especially if one takes on board the potential for job growth in Colchester.

Table 10Participants and jobs

	ZNM additional participants	LTM additional participants	STM additional participants	TEMPRO jobs 2011-2031	% of workforce working in London	Growth in Jobs (TEMPRO based plus allowance for 16.6% in London commuters)	Growth in jobs Scenario 3 based including 16.6% growth in London Commuters
Babergh outside IPA	-8,731	1,042	425	591	4	830	-
Colchester	**15,880**	**38,707**	**58,979**	**12,238**	**7**	**13,129**	**-**
Ipswich Policy Area	10,877	15,513	15,527	9,197	2	9,349	-
Mid Suffolk outside IPA	-7,917	7,654	6,707	3,880	2	4,012	-
Suffolk Coastal outside IPA	-12,368	1,972	12,339	4,556	2	4,716	-
Tendring	-15,706	12,339	10,298	6,368	5	6,825	-
Haven Gateway	**-17,965**	**77,227**	**104,275**	**36,830**	**4**	**38,861**	**52,931**

Table 11Migration Patterns

	LTM Annual Migration	LTM Annual international migration	LTM National Migration	STM Annual Migration	STM Annual international migration	STM National Migration
Babergh outside IPA	132	42	90	124	7	117
Colchester	**292**	**187**	**105**	**520**	**340**	**180**
Ipswich Policy Area	56	124	-68	56	125	-69
Mid Suffolk outside IPA	208	31	177	196	20	176
Suffolk Coastal outside IPA	212	-16	228	348	60	288
Tendring	460	10	450	428	3	425
Haven Gateway	**1,360**	**379**	**981**	**1,672**	**556**	**1,116**

16.2 The identification of Colchester as a location for additional growth over and above that suggested by scenarios 1, 2, and 3 is strongly supported.

16.3 In terms of supporting growth at Ipswich it is considered that Babergh could provide an additional 1,500 as an urban extension to Ipswich

16.4 Colchester could also accommodate a further additional 1,000 dwellings as an urban extension to the north of the town but would not in our view support a new settlement as has been proposed by others.