

**Town and Country Planning Act 1990**

**Planning and Compulsory Purchase Act 2004**

**Section 78 Appeal by This Land Development Limited**

# **Land East of Rayleigh Road Thundersley**

**Housing Need Evidence**

**Proof of Evidence of James Donagh BA (Hons), MCD, MIED**

**Appeal Ref: APP/M1520/W24/3338797**

**LPA: 23/0085/OUT**

## Document Control Sheet

**Project Name:** Land East of Rayleigh Road, Thundersley  
**Project Ref:** 33313495200  
**Report Title:** Housing Need Proof of Evidence  
**Doc Ref:** 33313495200 DRAFT  
**Date:** May 2024

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# 1 QUALIFICATIONS, EXPERIENCE AND SCOPE

## 1.1 Background

1.1.1 My name is James Donagh, I am a Member of the Institute of Economic Development ('IED') with an honours degree and a Master of Civic Design. I am a Director at Stantec in the national Development Economics Team. I have 30 years professional experience in housing, planning and economic development and have regularly given evidence at s78 Appeals in my capacity as a housing need expert witness.

1.1.2 My Proof of Evidence has been prepared following the submission of an appeal by This Land Developments Limited ('the Appellant') against Castle Point Borough Council's decision to refuse planning permission for the following development; "Outline planning application for the development of up to 455 new homes, a new multi-use community hall, land for the provision of a health care facility, land for a standalone early years and childcare nursery, new vehicular/ pedestrian access points from Stadium Way in the north and Daws Heath Road in the south, new greenways and green links, multifunctional open space, green infrastructure, surface water attenuation, landscaping and associated infrastructure at Land East of Rayleigh Road, Thundersley, Essex, SS7 3UB. ("the Appeal Site").

## 1.2 Scope of Evidence

1.2.1 My evidence addresses Castle Point's local housing need, including affordable housing need.

1.2.2 In accordance with the Planning Inspectorate's Procedural Guidance, I hereby declare that:

**The evidence which I have prepared and provide for this appeal reference APP/M1520/W/24/3338797 in this Proof of Evidence is true and I confirm that the opinions expressed are my true and professional opinions.**

## 1.3 Structure

1.3.1 The remainder of this Proof of Evidence is structured as follows.

1.3.2 **Section 2: Housing Delivery Across South Essex** reviews the housing requirements of each South Essex authority and their record of delivery. Compared with the regional

and national average, this provides a basis for assessing the weight that should be afforded to both market and affordable housing delivery.

- 1.3.3 **Section 3: Local Housing Need** addresses whether there are exceptional circumstances in Castle Point that justify a local housing need figure lower than indicated by the standard method.
- 1.3.4 **Section 4:** addresses **Affordable Housing Need** in Castle Point
- 1.3.5 **Section 5:** presents my **Key Findings and Overall Conclusions**

## 2 HOUSING DELIVERY ACROSS SOUTH ESSEX

### 2.1 Introduction

2.1.1 The South Essex Councils (SEC) is a partnership of Basildon, Brentwood, Castle Point, Rochford, Southend on Sea, Thurrock and Essex County Council.

2.1.2 The partnership began in June 2016 and signed a Memorandum of Understanding in January 2018. In October 2021 the seven councils agreed to form a Joint Committee.

2.1.3 The SEC acknowledges that housing delivery has been poor in South Essex and asserts that it wishes to support the delivery of new homes. Accordingly, one of its ambitions is to:

**Completely transform housing delivery in the region – there is a recognised need for, and commitment to, a programme of strategic and tactical interventions that would significantly increase delivery rates.<sup>1</sup>**

2.1.4 To help realise SEC's housing ambition, a partnership has been formed with Homes England that will help SEC *bring investment in infrastructure to support accelerated housing delivery to support the economy and meet existing housing needs*<sup>2</sup>. To provide strategic guidance and help enable such ambitions, SEC intends to prepare a non-statutory spatial framework for South Essex.

2.1.5 To the best of my knowledge, such cooperation between the South Essex authorities is ongoing and I note that SEC have recently commissioned experts to prepare a mid-term (2025+) South Essex Economic Growth Action Plan.<sup>3</sup> Appointment to progress this joint plan was approved at the 24 February 2024 Joint Committee Meeting.

2.1.6 This section of my proof reviews the housing requirements of each South Essex authority and their record of delivery. Compared with the regional and national average, this provides a basis for assessing the weight that should be afforded to both market and affordable housing delivery.

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<sup>1</sup> CD 6.7

<sup>2</sup> CD 6.8

<sup>3</sup> CD 6.9

## 2.2 Basildon

- 2.2.1 A new Local Plan is emerging, for which the housing evidence comprises South Essex Housing Needs Assessment, June 2022 (HNA 2022). Submission of the new plan is currently scheduled for Summer 2025.<sup>4</sup>
- 2.2.2 Standard Method need is currently 1,039 (measurement period 2024 to 2034, applying the most recently published (year end 2023) affordability ratios).
- 2.2.3 This is slightly lower than the standard method figure used in Basildon’s latest 5 Year Housing Land Supply Report (1,043, based on the 2023 to 2033 measurement period and 2022 affordability ratios) in which Basildon reports 1.85 years of housing land supply, reflecting the fact that that supply over the five-year period is 37% of minimum local housing need. This speaks to a considerable forecast housing shortfall and a significant quantum of unmet housing need that is ideally met by neighbouring authorities in South Essex.

**Table 2.1: Housing Requirement versus Net Completions, Basildon<sup>5 6</sup>**

	Requirement	Net Completions	Shortfall
2013 - 2014	-	-	-
2014 - 2015	660	678	18
2015 - 2016	660	816	156
2016 - 2017	657	412	-245
2017 - 2018	773	341	-432
2018 - 2019	1076	340	-736
2019 - 2020	1,064	460	-604
2020 - 2021	1,008	317	-691
2021 - 2022	1,043	317	-726
2022 - 2023	1,043	-	-
SHORTFALL (2014 to 2022)			-3,260

Source: Basildon Council (see footnote 4)

## 2.3 Brentwood

- 2.3.1 Brentwood’s Local Plan was adopted 2022, the housing requirement set at 456 dwellings per annum, a total of 7,752 dwellings over the 17-year plan period, 2016/17

<sup>4</sup> CD 6.10

<sup>5</sup> CD 6.11

<sup>6</sup> CD 6.12



to 2032/32. This is a stepped requirement, the first 8 years target 300 dpa, the following 6 years 400 dpa and the final 3 years 984 dpa.<sup>7</sup>

2.3.2 Local housing need calculated using the standard method stands above the annual average requirement, at 511 dpa, but this has bearing at present. Brentwood reports a shortfall of 416 dwellings over the period 2016/17 to 2021/2022 and looking ahead, 6.9 years land supply over the five-year period, 2022/23 to 2026/27.

2.3.3 The Local Plan trajectory implies that the shortfall to 2022 is greater, and stands at 668 dwellings, but consistent with Brentwood’s latest monitoring report, anticipates closing out this shortfall over the five years. Whether the shortfall is 416 or 668, to date, Brentwood has underdelivered and local housing needs are not being met.

**Table 2.2: Housing Requirement versus Net Completions, Brentwood**

	Requirement	Net Completions	Shortfall
2013 - 2014	-	-	-
2014 - 2015	-	-	-
2015 - 2016	-	-	-
2016 - 2017	300	150	- 150
2017 - 2018	300	213	- 87
2018 - 2019	300	246	- 54
2019 - 2020	300	200	- 100
2020 - 2021	300	168	- 132
2021 - 2022	300	155	- 145
2022 - 2023	300	-	-
SHORTFALL (2016 to 2022)			- 668

Source: Brentwood Council (see footnote 5)

## 2.4 Rochford

2.4.1 Rochford Council is in the process of preparing a new local plan the previous Core Strategy having been adopted in 2011, covering the period 2006 to 2025. Submission of the new local plan is currently anticipated in Q2 2025.

2.4.2 As is the case in Basildon, the evidence base to the new local plan includes the SEHNA, 2022. The most recent Authority Monitoring Report (2022-2023)<sup>8</sup> refers to the SEHNA in its enclosed Housing Land Supply Position Statement, noting that:

<sup>7</sup> CD 6.13

<sup>8</sup> CD 6.14

**The six South Essex authorities (which, in addition to Rochford District, include Basildon, Brentwood, Castle Point, Southend and Thurrock Borough Councils) appointed consultants, Turley, to undertake an assessment of housing need across the South Essex housing market area.**

**The purpose of a housing needs assessment is to assess the need for different types of housing across the area. This assessment is “policy off”. In practical terms, this means it looks at how much housing is needed in an area to meet demand but does not take into account whether those homes can or should actually be built. The assessment is informed by a detailed assessment of demographic and economic projections based on the most up-to-date data to 2040.**

**The South Essex Housing Needs Assessment (SEHNA) was published in June 2022 and superseded the previous iteration of the document, the South Essex SHMA 2016, and subsequent SHMA Addendum 2017.<sup>9</sup>**

- 2.4.3 It goes on to set out the local housing need calculation for Rochford using the standard method (as per HNA 2022) over the measurement period 2023 to 2033 and the then latest affordability ratio. This returns a need for 359 dwellings per annum and the following commentary on local housing need:

**Using the standard methodology set out in national planning guidance, Rochford District’s local housing need equates to 359 houses a year up to 2033. It should also be noted that unmet housing need from neighbouring areas may also need to be taken into account when determining Rochford’s housing needs.<sup>10</sup>**

- 2.4.4 Against standard method local housing need, a supply of 5.1 years housing land is reported for the period 2023/24 to 2027/28, and completions of 495 recorded for the year 2022/23.<sup>11</sup>
- 2.4.5 Separately, accumulated past completions are recorded and set against the Core Strategy requirement of 3,750, 2010 to 2025. In addition, 3,063 completions to March 2023 are recorded, leaving a remaining requirement of 682.

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<sup>9</sup> CD 6.14, Page 36, paragraph 4.18 to 4.10

<sup>10</sup> CD 6.14, Page 36, paragraph 4.22

<sup>11</sup> CD 6.14, Appendix B – Housing Delivery Trajectory, 2023-2033

2.4.6 We can observe that delivery against the Core Strategy annual average net requirement for 250 dwellings per annum was, until March 2022, running at about 215 dwelling per annum, a shortfall of c35 per annum and 427 in total. This shortfall has no bearing on standard method and 5 year supply but speaks to a situation where the supply of homes has, in the past, fallen behind the number of homes needed.

## 2.5 Southend-on-Sea

2.5.1 Southend's new local plan is emerging, with submission currently scheduled for 2025. The latest stage (Refining the Plan Options, August to October 2021) makes the following point about housing need (calculated using the standard method) and past delivery:

**Housing is an important issue, particularly its affordability, not just for Southend but nationally. The Government Standard Method for calculating the number of homes required over a 20-year period for Southend indicates the need for approximately 23,600 new homes (1,181 homes per annum). Only about a third of this rate was built each year between 2001-2020, the majority of this development taking place on previously developed land within the existing built-up area of Southend. Sufficient levels of new family and affordable housing have not been delivered over the last 20 years.<sup>12</sup>**

2.5.2 Evidently, housing supply in Southend has fallen significantly short of the number of homes needed over the long term. Monitoring information is not available on the Council's website, so it not possible to provide further insight into Southend's housing shortfall.

## 2.6 Thurrock

2.6.1 Thurrock has recently consulted (18 December 2023 to 19 February 2024) on its Local Plan Initial Proposals document, their Core Strategy Local Plan (focused review) having been adopted in 2015. The new Local Plan is currently timetabled for submission in 2025. The Initial Proposals document sets out what Thurrock Council think a new local plan should look like. The evidence base that accompanies it includes the South Essex Housing Needs Assessment, June 2022. The document comments on the local housing needs assessment, calculated by SEHNA 2022 using the standard method, stating that it may need to be increased to accommodate

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<sup>12</sup> CD 6.15

employment growth associated with Thames Freeport, an employment generating project of significant scale, adjacent Castle Point:

**The Thurrock Economic Development Needs Assessment (EDNA) (March 2023) recommends that there is a need to plan for approximately 27,000 new jobs under a higher growth scenario primarily associated with the Thames Freeport designation and that we try to identify a sufficient supply of employment land to meet these needs.**

**The South Essex Housing Needs Assessment (June 2022) indicates that there is a need for 23,320 new homes. The previous 2016 South Essex Strategic Housing Market Assessment and 2017 Addendum used a localised economic uplift assumption to calculate the overall housing need for Thurrock.**

**The 2022 South Essex Housing Needs Assessment (HNA) was prepared in advance of the Thurrock EDNA. We feel that further work is needed to check whether the job forecast in the EDNA is likely to materially affect our housing need requirements going forward. This work hasn't been completed yet so the 23,320 figure should be treated as a conservative need figure.<sup>13</sup>**

2.6.2 Housing need in Thurrock of 1,181 dwellings per annum (HNA 2022) is significantly greater than delivery achieved in the recent past.

**Table 2.3: Housing Requirement versus Net Completions, Thurrock<sup>14 15 16</sup>**

	Requirement (range where applicable)		Net Completions	Shortfall (range where applicable)	
2013 - 2014	950		323	- 627	
2014 - 2015	919 to	973	309	- 610	- 664
2015 - 2016	919 to	973	634	- 285	- 339
2016 - 2017	919 to	973	603	- 316	- 370
2017 - 2018	919 to	973	855	- 64	- 118
2018 - 2019	919 to	973	409	- 510	- 564
2019 - 2020	919 to	973	558	- 361	- 415
2020 - 2021	919 to	973	493	- 426	- 480
2021 - 2022	1,166		319	- 847	

<sup>13</sup> CD 6.16

<sup>14</sup> CD 6.17

<sup>15</sup> CD 6.18

<sup>16</sup> CD 6.19

	Requirement (range where applicable)	Net Completions	Shortfall (range where applicable)	
2022 - 2023	1,166	173	- 993	
SHORTFALL (2016 to 2022)			- 5,039	- 5,417

Source: Thurrock Council (see footnote 12)

## 2.7 Castle Point

2.7.1 Finally, turning to Castle Point. New Castle Point Local Plan, covering the period 2018 to 2033, was submitted on 2nd October 2020, found sound on 3rd March 2022 and withdrawn 15th June 2022, prior to adoption. A new plan is now being prepared and submission is scheduled for April 2025. The withdrawn Plan addressed housing need as follows:

**The Addendum to the South Essex Strategic Housing Market Assessment (SHMA Addendum) (2017) predicts that there will be an increase in the population in the Borough of 9,723 people between 2014 and 2037. However, population increase alone does not attribute to the OAN. Adjustments need to be made to ensure the housing meets the specific needs of new households, market signals, especially in relation to affordable housing, and an uplift to support job growth.**

**Since September 2018 the standard methodology has been used as a method to calculate objectively assessed needs. The standard methodology, as set out in national Planning Practice Guidance uses the 2014-based Subnational Household Projections and an adjustment capped at 40% arising from the median house price to workplace-based earnings ratio published by ONS. Due to affordability issues in Castle Point the full 40% applies to the standard methodology calculation, and consequently the need for housing in the borough derived using the Standard Method sits at 355 homes per year. The SHMA Addendum was produced using the same Subnational Household Projections but tested different scenarios having been prepared prior to the introduction of the standard methodology. Nonetheless, that evidence also indicates that the need in Castle Point is of the order arising from the standard methodology calculation and the Council does not dispute this target and has used it for this plan. Therefore,**

**this Plan will provide a minimum of 5,325 new homes over the Plan period.<sup>17</sup>**

- 2.7.2 The Adoption Report presented to Council of 23rd March 2022 and recommending adoption, notes that whilst the Local Inspector concluded that there was no evidence demonstrating that need was higher than standard method indicates, an acute need for affordable housing provision in Castle Point was noted by the Inspector.<sup>18</sup>
- 2.7.3 The Addendum to the South Essex Strategic Housing Market Assessment (SHMA Addendum) (2017) referred to in the Local Plan, is the predecessor to and prepared by the same authors as HNA 2022. These documents (the original SHMA produced in 2016, also by the same authors) provide a continuity of housing need evidence, commissioned by the South Essex authorities for the purpose of facilitating plan making in a consistent manner across the South Essex housing market area.
- 2.7.4 The latest published Authority Monitoring Report, covering the year 2021/22, acknowledges that the Council chose not to adopt the Local Plan and continues to use the standard method, noting that:

**The Adopted Local Plan only extended to 2001 in terms of the housing supply position, and consequently there is no current target in an adopted plan for housing delivery in Castle Point. In the absence of an up-to-date target in an adopted Local Plan, guidance set out by the Government in Housing Delivery Test Measurement Rule Book indicates that the standard methodology figure should be used for housing need calculations. The standard methodology results in a calculated housing need in Castle Point of 355 homes per annum.<sup>19</sup>**

- 2.7.5 The same report identifies that 442 net additional dwellings have been delivered in the three years up to and including 2021/22. Against an annualised target of 355 per annum (1,065 in total), this is a shortfall of 623 dwellings, since 2019/20. Over the same period, 13 affordable homes (gross) have been completed.
- 2.7.6 Since 2018 (the start date of the withdrawn Local Plan), affordable gross completions amount to 15 dwellings<sup>20</sup>. The Authority Monitoring Report identifies a need for up to

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<sup>17</sup> CD 7.2, page 25, paragraph 9.4 and 9.5

<sup>18</sup> CD 7.3, paragraph 4.32

<sup>19</sup> CD 6.20, page 10.

<sup>20</sup> CD 6.20, page 15, Figure 15

288 homes per annum to be affordable, and notes that there is a need to increase supply. The cumulative shortfall against this figure is 1,138 gross affordable homes<sup>21</sup>.

2.7.7 Based on the withdrawn Local Plan's record of completions, we can see that net additional dwellings total 639 since 2018, a shortfall of net 781 over a four-year period.<sup>22</sup>

## 2.8 Summary and Conclusions

2.8.1 A significant degree of coordination and consistency exists across South Essex, through the SEC, which has facilitated the development of a region wide housing need evidence base to inform Local Plan making, including adopted, emerging and withdrawn housing policies therein.

2.8.2 The first such evidence base was with the South Essex Strategic Housing Market Assessment in 2016, updated in 2017. The most recent is the South Essex Housing Needs Assessment, published in June 2022 (HNA 2022). All three studies were commissioned by SEC and prepared by Turley.

2.8.3 Across South Essex, there is a persistent record of under delivery. Past delivery falls significantly behind minimum local housing need calculated using the standard method, as per HNA 2022.

2.8.4 Quantifying the shortfall is problematic, because measurement and plan periods differ, nevertheless, looking back over the past 10 years it can conservatively be estimated at about 10,000 homes.

2.8.5 Looking ahead, based on past trajectory, assuming a South Essex housing requirement that matches standard method minimum local housing need and noting published 5-year housing land supply statements, this shortfall is set to worsen.

2.8.6 The fact that under delivery in Castle Point takes place in the context of under delivery across South Essex, demonstrates that unmet need is not being picked up, anywhere. Rather it is adding to the national housing emergency when national planning policy explicitly seeks to improve the situation.

2.8.7 Looked at on a consistent basis over the last 10 years (2012/2013) using stock and net additions data published by DLUC, we can see that housing growth in South Essex (6.5%) is lower than observed across England (8.8%) and that Castle Point's housing

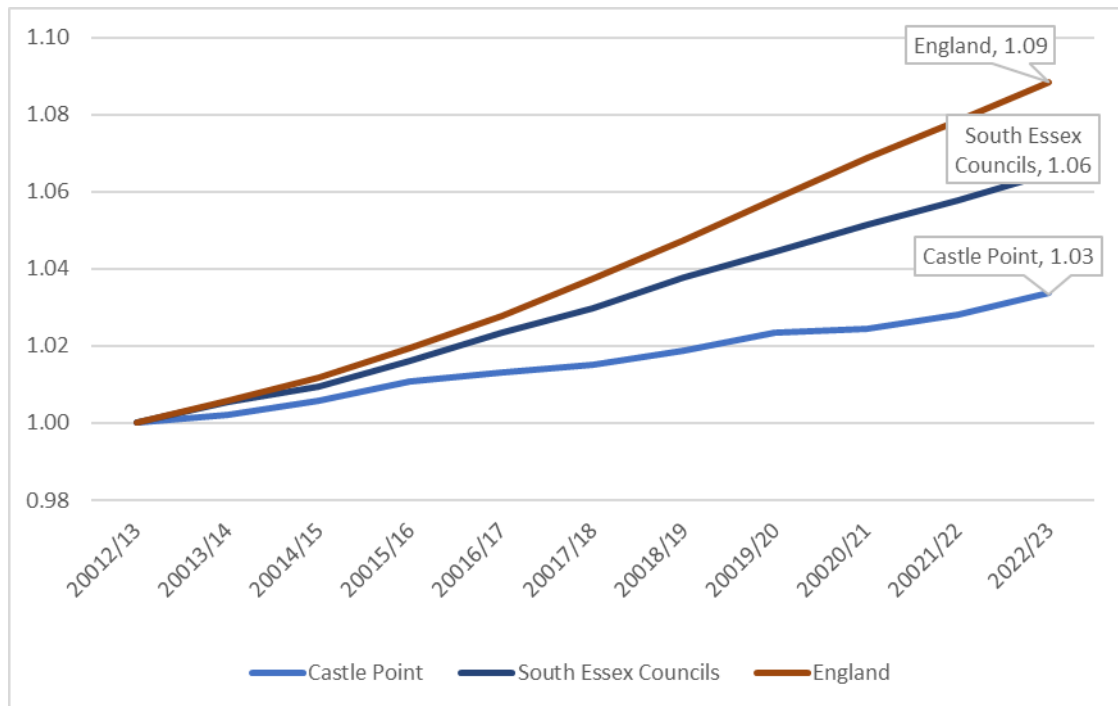
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<sup>21</sup> CD 6.20, page 15, final paragraph

<sup>22</sup> CD 7.2, page 29 (completions 2019/2021, 434, plus 205 net completions reported in CD 6.20)

growth (3.4%) is lowest of all (between 1.7% and 5.3% lower than any other South Essex authority). This points to a housing emergency of greater severity in South Essex than experienced across England, an emergency of especial severity in Castle Point. See Figures 1 and 2 and Table 3.

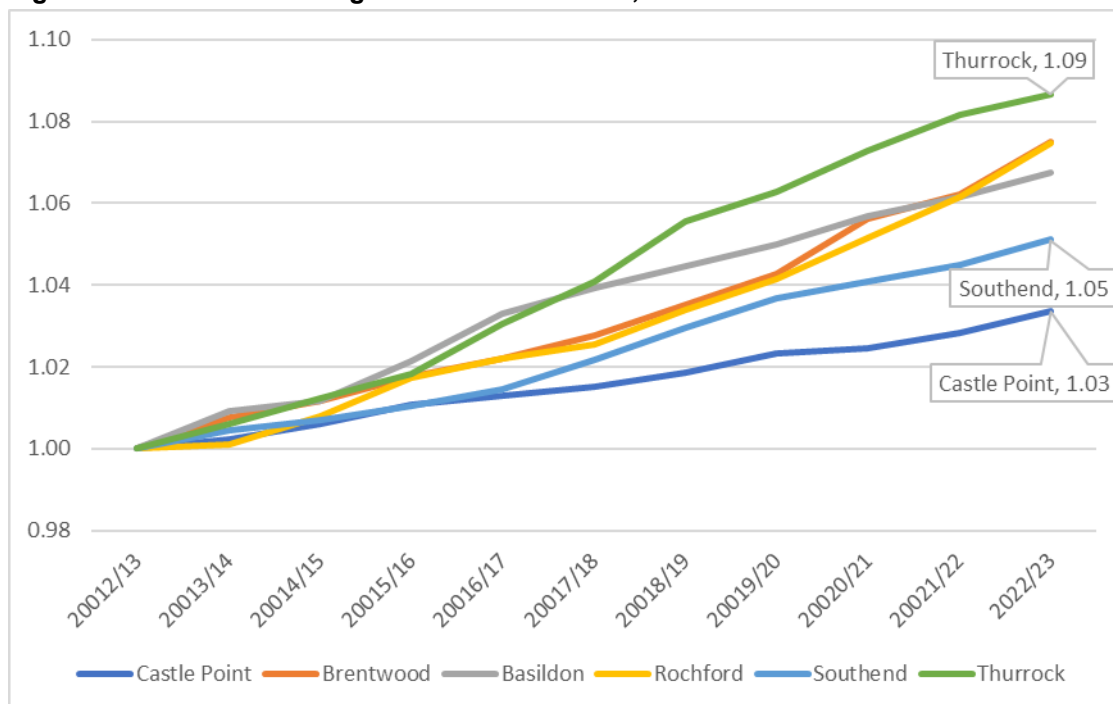
**Figure 2.1 Indexed Housing Growth 2013 to 2023, England, South Essex and Castle Point**



Source: DHLUC net completions and dwelling stock data (Live Tables 122 and 125, November and May 2023 Editions respectively)



**Figure 2.2: Indexed Housing Growth 2013 to 2023, The South Essex Councils**



Source: DHLUC net completions and dwelling stock data (Live Tables 122 and 125, November and May 2023 Editions respectively)

**Table 2.4: Dwelling Stock Change across South Essex and England versus Local Housing Need**

	Dwellings in 2012-13	Dwellings in 2023-24	Change		Annual average net additions	Standard Method (2024 base year)	Variance	
<b>Castle Point</b>	<b>37,708</b>	<b>38,977</b>	<b>1,269</b>	<b>3.4%</b>	<b>127</b>	<b>349</b>	<b>64%</b>	<b>-222</b>
Brentwood	32,230	34,646	2,416	7.5%	242	511	53%	-269
Basildon	74,735	79,782	5,048	6.8%	505	1,039	51%	-534
Rochford	34,536	37,120	2,584	7.5%	258	356	27%	-98
Southend-on-Sea UA	79,023	83,063	4,040	5.1%	404	1,173	66%	-769
Thurrock UA	64,287	69,856	5,569	8.7%	557	1,158	52%	-601
<b>South Essex Councils</b>	<b>322,519</b>	<b>343,444</b>	<b>20,925</b>	<b>6.5%</b>	<b>2,093</b>	<b>4,586</b>	<b>54%</b>	<b>-2,494</b>
England	23,116,851	25,160,404	2,043,553	8.8%	204,355	300,000	32%	-95,645

Source: DHLUC net completions and dwelling stock data (Live Tables 122 and 125, November and May 2023 Editions respectively), Local Housing Need calculated using the standard method

## 3 LOCAL HOUSING NEED

### 3.1 Introduction

- 3.1.1 This section of my Proof addresses the following question. Are there exceptional circumstances in Castle Point that justify deviating from the standard method? This is, of course, a plan making matter.
- 3.1.2 For the purpose of this appeal, as agreed with Castle Point Borough Council in the signed S0CG<sup>23</sup>, Castle Point's minimum local housing need is the figure arrived at using the standard method. The weight attributed to that figure is not reduced by the conclusion of the Council's most recent housing need assessment.
- 3.1.3 Castle Point's adopted Local Plan and its strategic housing policies are more than five years old. In addition, it does not have *an emerging local plan that has either been submitted for examination or has reached Regulation 18 or Regulation 19 (Town and Country Planning (Local Planning) (England) Regulations 2012) stage, including both a policies map and proposed allocations towards meeting housing need.*<sup>24</sup>
- 3.1.4 In such circumstances, for the purposes of maintaining a supply of specific deliverable sites sufficient to provide a minimum of five years' worth of housing, supply should be demonstrated against minimum local housing need calculated using the standard method.<sup>25</sup> Any alternative that generate a figure lower figure are tested at examination to determine whether their use is justified.<sup>26</sup>
- 3.1.5 The Castle Point Local Housing Need Assessment, December 2023 (the ORS report), was commissioned following the withdrawal of the Local Plan and a motion (dated 15th June 2022) to start preparing a new plan, including a target housing number, lower than indicated by previous assessments.<sup>27</sup>
- 3.1.6 The withdrawn plan, concluded to be sound by the Report on the Examination of the New Castle Point Local Plan, 3rd March 2022, confirms that Castle Point's local housing need figure of 5,325 homes was calculated using the standard method, and that 5,325 should be the overall housing requirement for the plan.<sup>28</sup> At the time, the

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<sup>23</sup> CD 9.3, paragraph 3.14

<sup>24</sup> NPPF paragraph 226

<sup>25</sup> NPPF paragraph 77

<sup>26</sup> PPG ID2a 015, third paragraph

<sup>27</sup> CD 6.21, paragraph 5.1 to 5.14

<sup>28</sup> CD 7.1, page 15, paragraph 46 and page 20, paragraph 68

Council did not dispute this figure and were not proposing a lower housing need figure than the 355 homes per annum indicated by the standard method.<sup>29</sup>

- 3.1.7 Whilst the New Castle Point Local Plan Inspector was satisfied that the step 2, affordability adjustment applied by the standard method accounts for past under-delivery of housing, he nevertheless acknowledged an acute need for further affordable housing in the district, the need for which was assessed to be 353 homes per annum.<sup>30</sup>

## 3.2 The ORS Report

- 3.2.1 The Executive Summary of the ORS Report introduces its purpose as follows:

**Opinion Research Services (ORS) was commissioned by Castle Point Borough Council to prepare a Local Housing Needs Assessment (LHNA). This considers the needs of the Authority for the period 2023-2043 to identify the size, type and tenure of homes that would be needed in the future, and the housing needs of different groups, including affordable housing. The study seeks to underwrite a new Plan 2023-2043 which will replace the existing Local Plan.<sup>31</sup> (my emphasis)**

- 3.2.2 This is followed by a statement about the standard method for calculating minimum local housing need in Castle Point:

**For almost all local authorities in England the key starting point for understanding housing needs is the Standard Method for Local Housing Needs. The current Standard Method for Castle Point is 351 dwellings per annum, comprising a projected household growth from 2023-2033 of 251 per annum from the 2014 based household projections and a 40% capped affordability uplift.<sup>32</sup> (my emphasis)**

- 3.2.3 The ORS Report's calculation of local housing need (351) using the standard method is equivalent to and consistent with the figure in the withdrawn Local Plan (355) and reported in HNA 2022 (352). The small differences between the figures are accounted

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<sup>29</sup> CD 7.2, Page 25, paragraph 9.5

<sup>30</sup> CD 7.1, page 15 and 16, paragraph 50 and 51

<sup>31</sup> CD 6.22, Executive Summary, paragraph i.

<sup>32</sup> CD 6.22, Executive Summary, paragraph ii.

for by the timing of the calculations. In chronological order they are 355 (2021 base), 352 (2022 base) and 351 (2023 base).

- 3.2.4 Having acknowledged the local housing need figure arrived using the standard method, consistency with previous assessments is broken by the following statement:

**However, this study establishes that there are exceptional circumstances in Castle Point to justify deviating from the Standard Method.**<sup>33</sup> (my emphasis)

- 3.2.5 As discussed above, the Council did not dispute the local housing need arrived at using the standard method in the withdrawn Local Plan. Moreover HNA 2022 made a thorough examination of the standard method and concluded that the use of an alternative method leading to a lower figure was not justified and that ***the standard method appears from current evidence to provide reasonable estimates of housing need in each of the South Essex authorities, and across the area as a whole.***<sup>34</sup>

- 3.2.6 The ORS Report summarises its justification for deviating from the standard method as follows:

**The evidence set out in this Appendix indicates that In Castle Point, UPC [unattributable population change] was significant for the period 2001 to 2011, and that the ONS data has consistently over-estimated the population growth rate of the area. This over-estimate appears to be driven by an overestimate for net migration for Castle Point. Whilst the over-estimate runs to around 120 persons per annum and this may appear to be a small number, this still amounts to 50-60 household per annum, who then appear in the 2014-based household projections. When the affordability uplift is then applied, this represents a considerable component of the overall Local Housing Need for Castle Point and therefore requires consideration of an alternative approach.**

- 3.2.7 The alternative method proposed by the ORS Report substitutes the 2014-based household projections used in 'stage 1' of the standard method with the 2018-based household projections (less one household per annum). The ORS Report asserts that this alternative 'stage 1' fixes discrepancies that the report's authors associated with ONS inputs (migration data) to the 2014-based projections.

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<sup>33</sup> CD 6.22, Executive Summary, paragraph iii.

<sup>34</sup> CD 6.19, page 59, paragraph 4.46.

3.2.8 Various upward adjustments (in combination, equivalent to the standard method affordability adjustment, increase the ORS Report 'stage 1' figure from 196 to 255. Table 3.1 sets the ORS Report's alternative assessment, alongside a simplified calculation of housing need using the standard method.

**Table 3.1: Outcome of the Standard Method for Castle Point, 2024, and the ORS Report's alternative**

		Standard method	ORS Report alternative	Difference
Step 1	<b>Baseline</b>	<b>250</b>	<b>196</b>	<b>-54</b>
	Source:	2014 based household projections, average over the period 2024 to 2034	ONS 2018 based household projections, 10-year migration trend, less 1 household per annum Census 2021 adjustment	
Step 2 & 3 (step 4 does not apply)	<b>Uplift</b>	<b>99</b>	<b>59</b>	<b>-40</b>
	% increase on baseline	40.0%	30.1%	<b>-9.9%</b>
	Source:	Standard method calculation using the median affordability ratio 2023, uplift capped at 40%	Adjustment for vacancy (+7), C2 dwellings (+5), concealed families (+13) and suppressed household formation / pent up demand (+34)	
<b>Local housing need</b>		<b>349</b>	<b>255</b>	<b>-94</b>

Source: Stantec analysis and ORS Report, page 43, Figure 24

3.2.9 For the remainder of this section, I consider whether the ORS Report assertion that exceptional circumstances exist is justified. Whilst not a matter for this appeal, because it will be scrutinised when the newly emerging Local Plan is finally examined, this has a bearing on this case because it also impacts upon the assessment of affordable housing need. If ORS are wrong about the standard method, then their affordable housing need assessment cannot be relied upon and is also 'wrong'.

3.2.10 For the avoidance of doubt my case is that, at this stage, the assessment of housing need (including affordable) published in HNA 2022 should be preferred, with some caveats, which I address in Section 4 of this Proof.

### 3.3 The Policy and Guidance on Exceptional Circumstances

3.3.1 Paragraph 61 of the National Planning Policy Framework, December 2022 (NPPF) provides the pertinent guidance. I have broken the paragraph into three sections, so that it is more easily explained. The first part reads as follows:

**To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in**

**national planning guidance. The outcome of the standard method is an advisory starting-point for establishing a housing requirement for the area (see paragraph 67 below).**

3.3.2 The national planning guidance referred to here is Planning Practice Guidance (PPG) paragraph 2a004, which provides a step-by-step guide to the standard method local housing need calculation, used in HNA 2022 and updated to the current base year (2024) in the Stantec report at Appendix 1 of this proof. Paragraph 61 continues as follows:

**There may be exceptional circumstances, including relating to the particular demographic characteristics of an area<sup>25</sup> which justify an alternative approach to assessing housing need; in which case the alternative approach should also reflect current and future demographic trends and market signals.**

3.3.3 Paragraph 61 of the NPPF concludes as follows, reminding us that unmet need from neighbouring districts should also be factored in:

**In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.**

3.3.4 Footnote 25 of the NPPF, published for the first time in December 2023, reads as follows: ***Such particular demographic characteristics could, for example, include areas that are islands with no land bridge that have a significant proportion of elderly residents.*** This is the only guidance on what might constitute exceptional circumstances and conveys that such circumstances are very rare, arise from the combined effect of a number of highly unusual contextual factors, such that they are very likely, unique.

3.3.5 PPG paragraph 2a 003, published in 2019, introduces exceptional circumstances as follows: ***if it is felt that circumstances warrant an alternative approach but authorities can expect this to be scrutinised more closely at examination. There is an expectation that the standard method will be used and that any other method will be used only in exceptional circumstances.***

3.3.6 Further advice is provided at PPG paragraph 2a 015, under the heading ***If authorities use a different method how will this be tested at examination?*** This confirms the point that alternative approaches that lead to a lower number than the standard method will be tested at Local Plan examination. It then confirms that the 2014-based

household projections used in the standard method cannot be substituted for more recent household projections (the latest being the 2018-based projections):

**Where an alternative approach results in a lower housing need figure than that identified using the standard method, the strategic policy-making authority will need to demonstrate, using robust evidence, that the figure is based on realistic assumptions of demographic growth and that there are exceptional local circumstances that justify deviating from the standard method. This will be tested at examination.**

**Any method which relies on using household projections more recently published than the 2014-based household projections will not be considered to be following the standard method as set out in paragraph 60 of the National Planning Policy Framework. As explained above, it is not considered that these projections provide an appropriate basis for use in the standard method.**

3.3.7 The rationale for continuing to use the 2014-based household projections is explained at PPG paragraph 2a 005, as follows:

**The 2014-based household projections are used within the standard method to provide stability for planning authorities and communities, ensure that historic under-delivery and declining affordability are reflected, and to be consistent with the Government's objective of significantly boosting the supply of homes.**

### **3.4 The case against deviating from the standard method in Castle Point**

3.4.1 I address the scale of the population and household projection data discrepancies noted by the ORS Report and the extent to which they are exceptional below.

3.4.2 In 2014 (the base year of the projections used in the standard method), the population of Castle Point is now, reassessed following the 2021 Census, estimated to have been 0.29% lower than the previously stated. A minor discrepancy of 258 persons out of a population of over 88,500.

3.4.3 By 2020, the discrepancy increased to 742 persons, or 0.83% discrepancy, out of a population of 89,780. Both the 2014 and 2020 discrepancies are depicted in Figure 67 of the ORS Report. We can also observe that the updated 2020 population estimate (revised to reconcile with the 2021 Census) is 1% lower than the 2014-based projection for the same year.

- 3.4.4 HNA 2020 demonstrates that the 1% discrepancy between Castle Point's estimated population in 2020 and the 2014-based projection for that year is a consequence of Castle Point's failure to deliver against its local housing needs since 2014. Had housing needs been met in full, the population in 2020 would have been c91,600, versus the projected population of c90,700.<sup>35</sup>
- 3.4.5 The HNA 2020 analysis raises the question as to whether UPC in Castle Point is linked to under delivery of housing. Evidently, data used by ONS to inform their estimates over counted the district's population. This is illustrated in Appendix 1 of the ORS Report<sup>36</sup>. It is entirely possible that the full extent of migration *out* of the district, in part a consequence of housing supply constraints, was not detected by ONS administrative sources, contribution to the discrepancy between estimated population and the population recorded by Census 2021.
- 3.4.6 Notwithstanding this, the fact that the 2014-based projections are at odds with more recent projections and estimates is commonplace, not exceptional. Discrepancies revealed by the 2011 Census in estimates prior to 2011 are one such example. Castle Point was amongst numerous such authorities. Analysis by ORS shows that Castle Point ranked:
- 74<sup>th</sup> out of 140 by order of positive absolute magnitude of discrepancy in 2011.
  - 64<sup>th</sup> out of 140 by order of positive percentage magnitude of discrepancy in 2011.
  - 69<sup>th</sup> out of 140 by order of positive percentage magnitude of discrepancy in population change between 2001 and 2011.<sup>37</sup>
- 3.4.7 A similar reconciliation following the release of the 2021 Census reveals that once again Castle Point's population estimate, in common with nearly all English authorities, needed to be revised. For Castle Point the adjustment was negligible, adding (not deducting, as was the case between 2011 and 2011) an average of 2.3 persons per annum over the period 2011 to 2021. Such changes are routine, commonplace and by definition cannot be considered exceptional.
- 3.4.8 Furthermore, whilst the ORS Report substitutes the 2014-based projections for the 2018-based projections, it is commonplace for these two sets of projections to be at odds with one another and not at all exceptional.

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<sup>35</sup> CD 6.19, page 54, figure 49.

<sup>36</sup> CD 6.22 Appendix 1, page 108, figure 67.

<sup>37</sup> CD 6.23, Appendices, summarising ONS revisions to the official Mid-Year Population Estimates for local authority areas in England 2011-2016 and 2001-2011.



3.4.9 In fact, the 2018-based household projection (10-year migration variant) for Castle Point for the period 2023 to 2033 is 1.6% lower than the 2014-based projection used in the standard method. The median of all English authorities is -1.7% on a range of +1.5% to -7.3%. The figure for England is -2%<sup>38</sup>. Once again, there is nothing exceptional about Castle Point.

3.4.10 The 'stage 2' uplift of 30% applied to the ORS Report's demographic 'stage 1' is less than the percentage uplift (capped 40% for Castle Point) prescribed by the standard method. This scale of uplift is not fit for purpose. PPG paragraph 2a006 tells us that:

**The specific adjustment in this guidance is set at a level to ensure that minimum annual housing need starts to address the affordability of homes.**

3.4.11 The ORS Report uplift fails in this regard.

3.4.12 Finally, reflecting on the example given in the NPPF as to what might constitute exceptional circumstances I make the following observation. Castle Point is nothing like the 'island with no land bridge' example given. Castle Point is anything but 'an island', being a functional part of South Essex, with connections to Greater London – it is anything but exceptional. This is borne out by analysis of recent migration flows in and out of Castle Point.<sup>39</sup>

## 3.5 Conclusions

3.5.1 Castle Point's adopted Local Plan and its strategic housing policies are more than five years old. In addition, it does not have an emerging local plan that has either been submitted for examination or has reached Regulation 18 or Regulation 19 (Town and Country Planning (Local Planning) (England) Regulations 2012) stage, including both a policies map and proposed allocations towards meeting housing need.

3.5.2 In such circumstances, for the purposes of maintaining a supply of specific deliverable sites sufficient to provide a minimum of five years' worth of housing, supply should be demonstrated against minimum local housing need calculated using the standard method.

3.5.3 There are no exceptions to this. Local housing need calculated using an alternative method that results in a lower housing need figure than that identified using the standard method is only permitted after it has been tested at examination - and then

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<sup>38</sup> JD Proof of Evidence Appendix 1, Section 5, page 16, Table 5.2

<sup>39</sup> JD Proof of Evidence Appendix 1, Section 6, Table 6.2 and 6.3

found to be sound through said examination process. Thus, for the purposes of this appeal, minimum local housing need is 349 dwellings per annum.

- 3.5.4 In any event the points I make above, under the heading ‘The case against deviating from the standard method in Castle Point’ and expanded upon in Section 5 of Appendix 1 and Section 4 of HENA 2022, strongly refute that there is anything exceptional in Castle Point’s demographic context to justify an alternative method that leads to a lower housing need figure. For that reason, local housing need calculated using the standard method should be given full and substantial weight.

## 4 AFFORDABLE HOUSING NEED

### 4.1 Introduction

- 4.1.1 This part of my proof considers the approaches to assessing affordable housing need in HNA 2022 (by Turley) and the ORS Report.
- 4.1.2 The NPPF requires that the housing needs of various groups be assessed and reflected in planning policies. These groups include those who require affordable homes.
- 4.1.3 Both HNA 2022 and the ORS Report assess the needs of households unable to afford market housing. An NPPF update which took place in between the publication of the two reports required that households aspiring to home ownership also be included. The ORS Report therefore also includes an assessment of their needs.
- 4.1.4 This section first compares approaches to assessing the needs of households unable to afford market housing, then considers the ORS Report's approach to assessing needs of households aspiring to home ownership.

### 4.2 Approaches to assessing need of households unable to afford

- 4.2.1 Both reports assess current affordable housing need and future affordable housing need, netting off factors which are expected to reduce demand or increase supply (social housing freed up by current occupants whose needs are met elsewhere, out-migration or dissolution of households, households climbing out of need, committed future supply of affordable housing).
- 4.2.2 These are combined and annualised to give gross and net figures for total housing need per year.
- 4.2.3 The key figures for comparison are therefore total annual net need: HNA 2022 estimates 326 whilst the ORS Report estimates 56 – so the difference between the two is approximately sixfold. Key differences which lead to this result are discussed below.
- 4.2.4 The ORS Report has a much more expansive definition of current affordable need (e.g. including growth in concealed families using Census data), and therefore estimates this need at 643 net (818 gross) compared to 338 net (463 gross) in HNA

2022. Total need is much more sensitive to changes in annual future need though, so current need is a relatively minor driver of overall results.

- 4.2.5 Both assessments use similar affordability benchmarks to determine whether or not a household is in affordable housing need; one third of income in HNA 2022 and 35% in the ORS Report. HNA 2022 estimates that 33% of new households will be unable to afford to privately rent; this assumes that income of newly-forming households aligns with that of existing households. The ORS Report estimates that just 14% of newly-forming households and 12% of in-migrating households will be unable to afford their housing costs. The assumption in HNA 2022 is simplistic, but is based on real past data, whereas the figures from the ORS Report are outputs of their housing model.
- 4.2.6 An important overarching difference is consistency with standard method housing need. HNA 2022 uses a dwelling-led household projection from Edge Analytics which assumes standard method housing requirement is delivered. ORS 2023 shows a net increase of 239 households per year (Figure 39 of their report), which is slightly lower than the housing need figure of 255 they estimate. This difference appears to be explained by the conversion from households to dwellings. The equivalent figure in the HNA 2022 would be roughly 342, using their vacancy rate of 2.0%.
- 4.2.7 HNA 2022 estimates that 80 affordable dwellings will become available each year, based on council data for committed new supply, housing occupied by households in need but expected to be vacated, and historic levels of lettings to new tenants (i.e. because existing tenants have freed up a property). From their housing model, the ORS Report estimates that 110 household dissolutions following death and 170 out-migrations per year will free up affordable housing stock, and this is offset against gross need.<sup>40</sup>
- 4.2.8 PPG confirms that affordable housing supply should be identified as part of the calculation of net need, as both HNA 2022 and the ORS Report have done. Suggested sources of data include local authority records<sup>41</sup>, so in this respect the HNA 2022 approach, using data supplied by the council, is consistent with the guidance whereas the ORS Report is not. The difference of 200 units per year in future affordable housing supply between the two analyses has a significant bearing on overall results; were it 80 instead of 280 in the ORS Report, net total need per year would be 256 rather than 56 per year, 21% rather than 83% lower than HNA 2022.

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<sup>40</sup> In HNA 2022, we believe that some of these effects have already been netted off in their 'New households' figure, which is a net change – so this comparison is not a perfect one.

<sup>41</sup> Planning Practice Guidance, Paragraph: 022 Reference ID: 2a-022-20190220.

4.2.9 HNA 2022 estimates that 89 existing households will fall into affordable need each year, based on households from other tenures annually receiving lettings or registering need. The ORS Report estimates that 69 households will fall into need and 95 will climb out of it (i.e. 26 net will climb out of need and no longer require affordable housing), based on their housing model.

### **4.3 ORS approach to households aspiring to home ownership**

4.3.1 The ORS Report initially estimates the number of households in Castle Point aspiring to home ownership at 3,075 using data from the English Housing Survey.

4.3.2 All households requiring properties with 3 or more bedrooms are eliminated on the grounds that even with a maximum 50% 'First Homes' discount on new build lower quartile properties, prices would not be brought below the £250,000 required under the scheme.

4.3.3 Figures presented by ORS show these properties currently commanding a substantial premium over existing and smaller counterparts, and with a much larger differential between new build and existing properties than for 1- or 2-bedroom houses. I have not replicated their analysis but suggest that these findings could be a result of very few larger properties being built in Castle Point, or of those that are built commanding higher prices for other reasons.

4.3.4 Further households are removed due to insufficient incomes for affordable ownership options or insufficient savings to put down a deposit. This results in just 247 households aspiring to home ownership remaining to be provided for.

4.3.5 A limitation of the analysis is the focus on First Homes, which have a maximum 50% discount on market values and must not be priced above £250,000 after the discount has been applied. Shared ownership properties, for which initial share purchased can be as low as 10% and for which there is no price cap, may allow some of those households removed from potential demand in the ORS Report to access affordable ownership; either because they can afford the smaller deposit required on a smaller initial share, or because a suitable property (i.e. one with 3 or more bedrooms) can be included in the scheme.

4.3.6 I consider it likely that this approach will lead to many households aspiring to home ownership being left with no alternative but the private rented sector (PRS). An estimated 2,617 households over the plan period (roughly 6% of total households at the end of the plan period) will aspire to home ownership, not be able to afford market ownership, and would not have affordable options (rented or ownership) available.

## 4.4 Conclusions

- 4.4.1 Comparing the two approaches to assessing affordable housing need arising from households who cannot afford market housing, I consider that the approach used by Turley in HNA 2022 should be preferred and that in the ORS Report cannot be relied upon.
- 4.4.2 The principal reasons for this are: HNA 2022 figures are based on delivery of standard method housing need; HNA 2022 figures draw heavily on historic council data, which is a reliable, transparent source; the ORS Report relies heavily on the outputs of its proprietary housing model, the inputs and assumptions of which we cannot scrutinise; where intermediate figures can be compared (for example the proportion of new households which are in affordable housing need or the affordable stock freed up each year), there are significant differences between the HNA 2022 and ORS Report figures.
- 4.4.3 Over the last decade, affordable housing has made up roughly 10% of total housing delivery in Castle Point. Gross affordable additions stood at 168 over the decade (net 128). This represents a very low rate of delivery and one which is insufficient in the face of local affordability challenges. I therefore consider that increasing affordable housing delivery should be a priority for Castle Point and therefore favour the approach taken in HNA 2022.
- 4.4.4 The HNA 2022 estimate, however, may still be a cautious one. Its assessment of current need is about half the level of that in the ORS Report, which is transparent and appears robust in this regard. Moreover, it does not include any allowance for affordable ownership options for households aspiring to ownership, as the NPPF did not require this at the time it was conducted. The ORS Report estimated this need at 247 over the plan period; for reasons discussed above I consider this a very cautious estimate.
- 4.4.5 Of the 455 dwellings that the proposed development will deliver, 40% (182) will be affordable. The proposed development will therefore make a significant contribution to boosting the supply of affordable housing in Castle Point, including affordable family housing. This is in the context of a need for 123 three bedroom plus affordable homes to rent and for at least 70% of all affordable home ownership properties to be three- or four-bedroom homes.<sup>42</sup>

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<sup>42</sup> CD 6.27 page 12, Table 5.1 and 5.2

## **5 SUMMARY AND CONCLUSIONS**

### **5.1 Demographic and Housing Context**

- 5.1.1 Reviewing and analysing publicly available data on demographics and housing strongly suggests a pressing need for greater housing provision in Castle Point. Some key signals are discussed here.
- 5.1.2 The rate of net housing additions is very low in Castle Point. Over the period 2012-22, net housing additions as a percentage of 2012 stock stood at 8.6% in England, 5.9% in South Essex, and just 4.1% in Castle Point. Therefore the district's rate of housing additions is low by sub-regional standards, which are themselves well below the national rate.
- 5.1.3 A high proportion of Castle Point households – 3.2% - live in caravans or other mobile or temporary structures. This compares to 0.8% in South Essex, 0.6% in the East, and 0.4% in England.
- 5.1.4 Household formation rates for younger age groups (25-34 and 35-44) in Castle Point are lower than those for England, and the gap is forecast to increase. For example, HFR among 25–34-year-olds in Castle Point is currently 0.377, compared to 0.438 in England. In 2039 these are forecast to be 0.359 and 0.428 respectively. This suggests that those aspiring to be first-time buyers are struggling to form households, and on current trends this will worsen.

### **5.2 Castle Point Housing Delivery in Context**

- 5.2.1 Across South Essex, there is a persistent record of under delivery, that falls significantly behind minimum local housing need calculated using the standard method.
- 5.2.2 Quantifying the shortfall is problematic, because measurement and plan periods differ, nevertheless, looking back over the past 10 years it can conservatively be estimated at about 10,000 homes.
- 5.2.3 Looking ahead, based on past trajectory, assuming a South Essex housing requirement that matches standard method minimum local housing need and noting published 5-year housing land supply statements, this shortfall is set to worsen.

- 5.2.4 The fact that under delivery in Castle Point takes place in the context of under delivery across South Essex, demonstrates that unmet need is not being picked up, anywhere. Rather it is adding to the national housing emergency when national planning policy explicitly seeks to improve the situation.
- 5.2.5 Housing growth in South Essex (6.5%) is lower than observed across England (8.8%). Of the South Essex authorities, Castle Point's housing growth (3.4%) is lowest of all (between 1.7% and 5.3% lower). This points to a housing emergency of greater severity in South Essex than experienced across England, an emergency of especial severity in Castle Point.

### **5.3 Local Housing Need**

- 5.3.1 Local housing need calculated using an alternative method that results in a lower housing need figure than that identified using the standard method is only permitted after it has been tested at examination - and then found to be sound through said examination process. Thus, for the purposes of this appeal, minimum local housing need is 349 dwellings per annum.
- 5.3.2 In any event, the evidence I present in Section 3 of this Proof and expanded upon in Section 5 of Appendix 1 and Section 4 of HENA 2022, demonstrates that there is nothing exceptional in Castle Point's demographic context to justify an alternative method that leads to a lower housing need figure. For that reason, local housing need calculated using the standard method should be given full and substantial weight.

### **5.4 Affordable Housing Need**

- 5.4.1 The HNA 2022 and ORS Report both estimate affordable housing need for Castle Point. HNA 2022 estimates total net affordable housing need at 326, which compares to just 56 in the ORS Report. I consider that the approach in HNA 2022 should be preferred and that in the ORS Report cannot be relied upon.
- 5.4.2 HNA 2022 figures are compatible with delivery of standard method housing need, using dwelling-led forecasts which assume this. ORS Report figures are based on an alternative housing delivery figure which I consider to be too low.
- 5.4.3 The inputs to HNA 2022 make significant use of official data provided by councils, including on properties becoming available for new tenants each year. The analysis in the ORS Report relies heavily on the outputs of a housing model which we cannot scrutinise but produces results which are very significantly different to those based on official council sources.



5.4.4 Even assuming that 40% affordable housing delivery is achieved, and accounting for historic rates of affordable stock losses, overall housing delivery some 2-3 times the standard method level would be required to meet the affordable housing need identified in HNA 2022 over the plan period. This demonstrates the need for an ambitious approach to affordable and overall housing delivery.