

EAST HERTS COUNCIL

DISTRICT PLANNING EXECUTIVE PANEL – 3 OCTOBER 2013

REPORT BY EXECUTIVE MEMBER FOR STRATEGIC PLANNING
AND TRANSPORT

STRATEGIC HOUSING MARKET ASSESSMENT UPDATE 2012
(MARCH 2013): LONDON COMMUTER BELT EAST SUB-REGION

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- This report sets out the key findings of the Strategic Housing Market Assessment (SHMA) Update 2012 (March 2013) technical study for the London Commuter Belt East Sub-Region, prepared by Opinion Research Services (ORS);
- It also seeks approval to the study forming part of the evidence base to inform and support the preparation of the District Plan, and for housing strategy purposes.

**RECOMMENDATIONS FOR DISTRICT PLANNING EXECUTIVE
PANEL AND EXECUTIVE: That:**

(A)	The Strategic Housing Market Assessment Update 2012 (March 2013): London Commuter Belt East Sub-Region, be supported as part of the evidence base to inform and support the preparation of the District Plan, and for housing strategy purposes.
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RECOMMENDATIONS FOR COUNCIL: That:

(A)	The Strategic Housing Market Assessment Update 2012 (March 2013): London Commuter Belt East Sub-Region, be agreed as part of the evidence base to inform and support the preparation of the District Plan, and for housing strategy purposes.
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1.0 Background

- 1.1 In 2008 East Herts Council joined with Brentwood, Broxbourne, Epping Forest, Harlow and Uttlesford Council's, to form the London Commuter Belt East/M11 Sub Region partnership, and appointed ORS to undertake a SHMA for the sub-region. The final SHMA report was published in January 2010 and agreed by the Council in February 2010.
- 1.2 To support the 2010 SHMA, a SHMA Viability Assessment was undertaken by Levvel on behalf of the sub-regional partnership (excluding Broxbourne which opted to commission its viability work separately). The final SHMA Viability Assessment was published in August 2010 and agreed by the Council in December 2010.
- 1.3 The original 2008 SHMA covered the period 2007 to 2026 and was, therefore, in need of updating to cover the plan periods of local authority partners, and changes in demographic and economic information and circumstances.
- 1.4 The SHMA Update report was commissioned in May 2012, again from ORS, and finalised in March 2013.
- 1.5 A SHMA is a technical study that will be used for both planning policy and housing strategy purposes. It is required by the National Planning Policy Framework (NPPF) March 2012. NPPF paragraph 159 states (inter alia):

'Local planning authorities should have a clear understanding of housing needs in their area. They should:

- *prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period....'*

- 1.6 The purpose of the SHMA is to assess current and future housing demand and need across the plan area. It should also consider future demographic trends and identify the accommodation requirements of specific groups. Importantly, the SHMA will be used to inform decisions relating to affordable housing, tenure mix and the type and mix of houses that are to be built in East

Herts.

1.7 The SHMA Update 2012 (March 2013) is available on the Council's website. See Background Papers link at the end of this report.

2.0 Report

2.1 The SHMA Update considers the following issues:

- The existing housing stock of the area
- Property prices and affordability
- The role of the private rented sector in meeting housing need
- The impact of Government policy changes since 2010
- Current housing need
- Future housing requirements from 2011-2033

2.2 In terms of informing the District Plan, the key findings are found in Chapter 2 of the study entitled: '*Projecting Future Housing Requirements*'.

2.3 For the purposes of projecting future housing requirements, the SHMA Update uses as a basis the Greater Essex Demographic Forecasts: Phase 3, which in turn use the Office for National Statistics (ONS) 2010 Based Sub-National Population Projections. These population projections have since been partially updated by more recent interim population and household projections, as reported to the Panel on 25 July 2013 (Agenda Item 8: Population and Household Projections: Update Report). The key information in the SHMA Update is still relevant for informing the District Plan.

2.4 The SHMA Update identifies dwelling requirements by tenure and size mix. Based on Figure 41 in the study the following tenure/size mix proportions are identified for the District Plan period.

Tenure/Size Mix Proportions (%) 2011-2031

Housing Type	1 bedroom	2 bedroom	3 bedroom	4 bedroom	5+ bedroom
All	17%	27%	40%	13%	3%
Market	5%	11%	55%	24%	5%
Intermediate Affordable Housing/ Shared Ownership	22%	51%	25%	2%	0%
Social Rented/ Affordable Rented	41%	31%	25%	3%	0%

2.5 Using the '*Trend Based Projections*' the SHMA Update at Figure 39 is identifying for the District Plan period, a housing requirement tenure mix of:

- Market Housing: 51%
- Intermediate Affordable/Shared Ownership: 32%
- Social Rented/Affordable Rented:17%

The SHMA Update is, therefore, identifying a total affordable housing requirement of 49% of all housing provision. In terms of the affordable housing element, it is showing a tenure mix of 66% intermediate affordable/shared ownership and 34% social/affordable rented.

2.6 It should be stressed that this SHMA information and the percentage splits will inform the housing policies in the District Plan, not determine them. The SHMA is a starting point. It is a technical study, the findings of which are used to inform the policy making process. The SHMA figures, therefore, need to be interpreted both in terms of their viability and the Council's overall approach to housing delivery and management.

2.7 The interpretation of the SHMA also needs to be considered in the context of a changing housing market. The SHMA covers the period 2011 to 2033. Perhaps the most significant prediction is that the proportion of owner-occupiers will reduce significantly.

Coupled with this shift is a change in demographic structure across the UK, which is reflected at the local level, where it is predicted that people over 65 will significantly increase, and their needs will be required to be reflected in terms of housing provision.

- 2.8 To provide further information and policy guidance on the issue of 'older people', a separate SHMA related study has been commissioned from ORS, entitled: *New Specialist Housing Requirements for Older People*. At the time of writing this report, this further study is still awaited. It is intended to report this study to the next Panel meeting on 18 November 2013.
- 2.9 Also set out in paragraph 2.5 above, is the assessment that some 66% of the affordable housing requirement is for intermediate affordable/shared ownership, i.e. housing at prices above those for social/affordable rented but below market prices or rents, such as key worker housing. The social/affordable rented proportion of affordable housing is shown as 33%. This finding, projected over the plan period, is different to that which the Council currently seeks of 75% social/affordable rented and 25% intermediate/shared ownership.
- 2.10 The intermediate affordable/shared ownership and social/affordable rented tenure split in the SHMA Update is based on the theoretical modelling that underpins the SHMA, which seeks to 'balance' the housing market, i.e. trying to ensure that the availability of all housing (supply) meets both housing need and demand. However, the Council's Housing Register continues to demonstrate an ongoing pressing need for social and affordable rented housing.
- 2.11 Since the SHMA was undertaken a number of the affordable housing products have either been redefined or are not being developed by Registered Providers (housing associations) in East Herts. The intermediate affordable products being developed by Registered Providers have been reduced down to one which is shared ownership and is offered to any resident that qualifies and can afford to purchase. The previous intermediate rent product, that was set at 80% of market rent and offered on an assured short hold tenancy, is no longer being developed and has become part of the affordable rent products let through the Council's Housing Register on either lifetime or fixed term tenancies and is, therefore, comparable to social rent. There are currently no new properties being developed that are specifically for key workers

or offered on an intermediate rent outside the Council's Housing Register.

2.12 The consequence of this is that intermediate affordable is no longer an available affordable housing tenure, and shared ownership has a much more limited role, in terms of an affordable housing product. In effect, therefore, the main affordable housing tenure to be sought through housing schemes continues to be social/affordable rented.

2.13 The findings of the SHMA Update raise a number of questions in relation to the delivery of housing in East Herts, which require careful consideration before the Council's final housing and planning policies emerge as part of the District Plan.

3.0 Implications/Consultations

3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers

Strategic Housing Market Assessment Final Report January 2010 and Viability Study Update: Agenda Item 5: Local Development Framework Executive Panel: 28 January 2010

Strategic Housing Market Assessment: Viability Assessment For London Commuter Belt (East)/M11 Sub-Region: Final Report (August 2010)

LCB East Sub-region Strategic Housing Market Assessment Update 2012 (March 2013) www.eastherts.gov.uk/shma

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