EAST HERTS COUNCIL

DISTRICT PLANNING EXECUTIVE PANEL – 22 OCTOBER 2015

REPORT BY THE LEADER OF THE COUNCIL

WEST ESSEX AND EAST HERTFORDSHIRE STRATEGIC HOUSING
MARKET ASSESSMENT (SHMA), SEPTEMBER 2015

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- This report presents the findings of the West Essex and East
  Hertfordshire Strategic Housing Market Assessment (SHMA).
- The report seeks agreement to use the SHMA as part of the
  evidence base to inform and support preparation of the District
  Plan, and for housing strategy purposes.

RECOMMENDATION FOR DISTRICT PLANNING EXECUTIVE PANEL: That Council, via the Executive, be advised that:	
(A)	**The West Essex and East Hertfordshire Strategic Housing Market Assessment (SHMA), September 2015, be agreed as part of the evidence base to inform and support preparation of the East Herts District Plan, and for housing strategy purposes.**

1.0   Glossary

1.1   The following report contains a number of acronyms. To assist
        Members a quick reference glossary is provided below:

- BMRAs: Broad Rental Market Areas
- (D)CLG: (Department) for Communities & Local Government
- DWP: Department for Work and Pensions
- EEFM: East of England Forecasting Model
- EHS: English Housing Survey
- EPOA: Essex Planning Officer Association
- HMA: Housing Market Area

- HMOs: Houses in Multiple Occupation
- LHA: Local Housing Allowance
- NPPF: National Planning Policy Framework
- OAN: Objectively Assessed Need
- ONS: Office for National Statistics
- ORS: Opinion Research Services (the consultant)
- PAS: Planning Advisory Service
- PPG: Planning Practice Guidance
- SHMA: Strategic Housing Market Assessment
- TTWAs: Travel to Work Areas
- VOA: Valuation Office Agency

2.0 <u>Background</u>

2.1 Opinion Research Services (ORS) was jointly commissioned last July by the local authorities of West Essex (Epping Forest, Harlow and Uttlesford) and East Herts to undertake a Strategic Housing Market Assessment (SHMA).

2.2 A SHMA is a technical study intended to assist local planning authorities identify the scale and mix of housing and the range of tenures that the population is likely to need over a plan period.

2.3 The requirement to prepare a SHMA is set out at paragraph 159 of the National Planning Policy Framework (NPPF):

"*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…*"

2.4 The Council previously prepared a SHMA in 2008. At the time the Council joined with Brentwood, Broxbourne, Epping Forest, Harlow and Uttlesford Council's to form the London Commuter Belt East/M11 Sub Region partnership. ORS was appointed to undertake the work and a report was published in January 2010 and agreed by Council in February 2010. An update report was commissioned in May 2012 and finalised in March 2013.

2.5 New Planning Practice Guidance (PPG) on the assessment of housing and economic development needs was published in March 2014. Previous SHMA Guidance (2007) and related

documents were rescinded at that time.

2.6   The SHMA the subject of this report meets the requirements of the PPG and reflects emerging good practice, including advice from the Planning Advisory Service (PAS). This SHMA will replace the Strategic Housing Market Assessment Update 2012 (March 2013).

2.7   ORS will be in attendance at the Panel meeting and will be presenting the findings of the SHMA. A full copy of the SHMA is attached at **Essential Reference Paper 'B'.** The report can also be found online at: www.eastherts.gov.uk/shma.

3.0   <u>Report</u>

3.1   The SHMA has two key objectives: to identify the functional Housing Market Area (HMA) and to establish the Objectively Assessed Need (OAN) for housing (both market and affordable).

3.2   The methodology seeks to:
   • Define the housing market area;
   • Provide evidence of the need and demand for housing based on demographic projections;
   • Consider market signals about the balance between demand for and supply of dwellings;
   • Establish the Objectively Assessed Need (OAN) for housing;
   • Identify the appropriate balance between market and affordable housing;
   • Address the needs for all types of housing, including the private rented sector, people wishing to build their own home, family housing, housing for older people and households with specific needs.

3.3   It is important to recognise that the information from the SHMA should not be considered in isolation, but forms part of a wider evidence base for the development of housing policy in the District Plan and, as such, OAN for housing must be considered alongside others factors such as land availability and viability, together with local policy considerations e.g. environmental capacity and infrastructure constraints.

   <u>Duty to Co-operate</u>

3.4   The Duty to Co-operate was introduced in the 2011 Localism Act and is a legal obligation. The NPPF sets out an expectation that

public bodies will co-operate with others on issues with any cross boundary impact, in particular in relation to strategic priorities such as "the homes and jobs needed in the area".

3.5   As noted above, the SHMA was jointly commissioned by East Herts, Epping Forest, Harlow and Uttlesford to ensure a consistent evidence base for housing. The emerging SHMA outputs have been discussed with Officers and Members at neighbouring local authorities under the Duty to Co-operate, and further discussions will continue over forthcoming months.

3.6   On 22 September 2015, the Co-operation for Sustainable Development Board (*the Board*) noted the updated SHMA and a joint statement was agreed. This is attached for information at **Essential Reference Paper 'C'**. The statement confirms that:

'In accordance with the legal obligations of the Duty to Cooperate the Board will continue to discuss the distribution of proposed housing and jobs growth across the Strategic Housing Market Area/Functional Economic Market Area. This includes ensuring that Strategic Housing Market Area housing needs are met, taking account of availability, viability and deliverability, with the outcomes of any discussions being taken back to the individual authorities for decision making. The Board will work towards the production of a memorandum of understanding to support the joint working and meeting the duty to cooperate.'

Defining the Housing Market Area (HMA)

3.7   The NPPF refers to Local Plans meeting the *"full objectively assessed needs for market and affordable housing in the housing market area"* (paragraph 47).

3.8   PPG states that a HMA can be defined using three sources of information:

- House prices and rates of change in house prices;
- Household migration and search patterns;
- Contextual data, e.g. Travel to Work Areas[1] (TTWAs).

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[1] The current criteria for defining TTWAs is that generally at least 75% of an area's resident workforce work in the area and at least 75% of the people who work in the area also live in the area. For areas with a working population in excess of 25,000, self-containment rates as low as 66.7% are accepted.

3.9   A CLG (Department for Communities and Local Government) report published in 2010 on the *'Geography of Housing Market Areas'* recognised the importance of migration patterns and commuting flows when defining HMAs. The report also outlined that no one single approach (or data source) will provide a definitive solution to identifying local housing markets, but by using a range of available data, judgements on appropriate geography can be made.

3.10   Advice recently published in the PAS OAN technical advice note also suggests that the main indicators will be migration and commuting and confirms that the CLG report referred to above should provide a starting point for drawing HMAs.

3.11   A further source of information available to consider are Broad Rental Market Areas (BRMAs), which are the geographical areas used by the Valuation Office Agency (VOA) to determine the Local Housing Allowance (LHA) paid to Housing Benefit applicants.

3.12   Whilst the importance of London must be recognised when considering HMAs in the South-East, PPG recognises that *'it might be the case that housing market areas overlap'*; so whilst acknowledging that London is an important HMA, it is possible that London overlaps with other local housing market areas.

3.13   Using all of the evidence available ORS state that it is reasonable to conclude in line with PPG and the PAS OAN technical advice note that the most appropriate functional housing market area should be based on an area including Harlow, most of East Hertfordshire, Epping Forest and Uttlesford.

3.14   Whilst this provides the overall 'best fit' for joint working arrangements, they are not the only arrangements possible given the complexities of the functional housing market area in the region. It will also be important for East Herts to maintain a dialogue with Broxbourne, Welwyn Hatfield and other Hertfordshire authorities. Furthermore it will also be necessary to maintain a dialogue with the Mayor of London through the Greater London Authority.

        Demographic Projections (the starting point for Objectively Assessed Need)

3.15 The Objective Assessment of Need (OAN) identifies the quantity of housing required (both market and affordable) in the HMA.

3.16 PPG places emphasis on the role of CLG Household projections as the appropriate starting point in determining objectively assessed need. However, the Guidance does allow for the use of sensitivity testing, specific to local circumstances, to determine whether the projections are appropriate.

3.17 Figure 26 of the SHMA (reproduced below) sets out the range of household projections that CLG has produced for the study area over the last three rounds of projections.

CLG Household Projections for West Essex and East Herts: annual average growth (CLG Projections) (Figure 26)

		East Herts	Epping Forest	Harlow	Uttlesford	TOTAL
		Annual Average (no. of Households)				
2012-based	10 years: 2012-22	820	610	310	520	2,260*
	25 years: 2012-37	770	670	340	480	2,260*
2011-based interim	10 years: 2011-21	770	670	320	480	2,240
	25 years: not published	-	-	-	-	-
2008-based	10 years: 2008-18	700	500	200	400	1,800
	25 years: 2008-33	640	480	240	400	1,760

(NB. Figures are rounded)

3.18 The CLG 2012-based household projections supersede both the 2008-based household projections and the interim 2011-based household projections. For the 22 year period 2011-33, these projections suggest an increase of 49,720 households (2,260 x 22) across the HMA: an average growth of 2,260 households each year.

3.19 As set out above the 2012-based projections are the starting point for establishing overall housing need. Differences between the different projections are largely associated with assumed migration rates, which are based on recent trends using 5-year averages. This means that short-term changes in migration patterns can significantly affect the projected population growth.

3.20 On balance ORS therefore consider that:

- 5-year trend migration scenarios are less reliable: they have the potential to roll-forward short-term trends that are unduly high or low and therefore are unlikely to provide a robust basis for long-term planning.
- 10-year trend migration scenarios are more likely to capture both highs and lows and are not as dependent on trends that may be unlikely to be repeated.

3.21 Work undertaken for the Essex Planning Officer Association (EPOA)[2] has identified a 10-year migration trend scenario, which provides a useful basis for considering the likely population change over the next 10-20 years as a basis for understanding likely future housing needs. In addition, the SHMA has produced independent population projections based on 10-year migration trends using Census data for the period 2001-11. The Census is recognised as more reliable than any other population estimates at a local level.

3.22 Based on a 10-year migration trend there is a notably lower increase of 36,899 households across the HMA (an average annual growth of 1,677 households per year) with a lower rate of growth projected for all four areas (average annual growth of 603 households in East Herts, 409 in Epping Forest, 216 in Harlow and 449 in Uttlesford).

3.23 Whilst these figures are lower than the CLG 2012-based projections for the same period, the SHMA analysis reflects good practice and provides a stable projection based on the most reliable data.

3.24 ORS therefore conclude that the projected growth of 1,677 households each year provides the most appropriate demographic projection on which to base the OAN for housing.

Housing Mix and Tenure (establishing the need for market and affordable housing)

3.25 Demographic projections provide the basis for identifying the OAN for all types of housing, including both market housing and affordable housing. PPG notes that affordable housing need is based on households *"who lack their own housing or live in*

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[2] EPOA represents the twelve local planning authorities in Essex, as well as the two unitary authorities of Southend-on-Sea and Thurrock and Essex County Council. The Association has also extended a welcome to East Herts Council and Welwyn-Hatfield Borough.

unsuitable housing and who cannot afford to meet their housing needs in the market" (paragraph 22) and identifies a number of different types of household which may be included (paragraph 23):

- Homeless households or insecure tenure
- Overcrowded households
- Households containing people with social and physical impairment or other specific needs living in unsuitable dwellings which cannot be made suitable in-situ
- Households that lack basis facilities (e.g. kitchen) and those subject to major disrepair or that are unfit for habitation
- Households containing people with particular social needs which cannot be resolved except through a move

3.26 PPG suggests a number of data sources for assessing past trends and recording current estimates for establishing the need for affordable housing (paragraph 24):

- Local Authorities will hold data on the number of homeless households, those in temporary accommodation and extent of overcrowding.
- The Census also provides data on concealed households and overcrowding which can be compared with trends contained in the English Housing Survey[3].
- Housing registers and local authority and registered social landlord transfer lists will also provide relevant information.

The SHMA considers each of these sources of information in turn.

Local authority data: Homeless Households and Temporary Accommodation

3.27 In West Essex and East Hertfordshire, the number of households accepted as being homeless and in priority need has seen a downward trend over the period 2002-2011.

3.28 There has also been a downward trend in households living in temporary accommodation. Figure 43 of the SHMA shows there were 619 such households in 2002; however, this had reduced to 229 in 2011, a net reduction of 390 households. Of these 63 households were in temporary accommodation (bed & breakfast or hostels) and 3 were without any temporary accommodation.

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[3] The English Housing Survey is a national survey of people's housing circumstances and the condition and energy efficiency of housing in England.

These households would not be counted by the household projections and so there will be a need to add these households to the overall requirement.

3.29   Many homeless households are now being offered homes in the private rented sector. The introduction of the Localism Act 2010 means that an offer of accommodation in the private rented sector cannot be refused, provided that the offer is reasonable. Whilst this reduces pressure on the social housing stock, an indirect result is that there are further demands for the private rented sector.

Census data: Concealed Households and Overcrowding

Concealed Families[4]

3.30   The number of concealed families living with households in the study area has increased from 961 to 1,695 over the 10-year period 2002-2011, an increase of 734 families (76%). Although many concealed families do not want separate housing, others are forced to live together due to affordability constraints. Concealed families with older family representatives will often be living with another family in order to receive support due to ill health. Concealed families with younger family representatives are more likely to demonstrate un-met need for housing.

3.31   ORS conclude that there are 575 concealed households across the study area (with family representatives aged under 55) that would not be counted by the household projections and will need to be added to the overall requirement.

Sharing Households

3.32   The number of multi-adult households has increased from 5,407 to 6,590 over the same period, an increase of 1,183 (22%). This indicates a likely (and possibly growing) role for Houses in Multiple Occupation (HMOs).

Overcrowding

3.33   The Census also provides detailed information about occupancy rates, which provides a measure of whether a household's accommodation is overcrowded or under occupied. In the study area, overcrowding increased from 8,899 to 11,583 households (30%). This is higher than the national increase for England (23%).

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[4] A concealed family is one living in a multi-family household in addition to the primary family, such as a young couple living with parents.

English Housing Survey (EHS) data

Overcrowding

3.34 The EHS does not provide information about individual local authorities, but it does provide a useful context in terms of national trends between Census years.

3.35 The measure of overcrowding used by the EHS is based on a 'bedroom standard' which assumes that adolescents aged 10-20 of the same sex will share a bedroom, and only those aged 21 or over are assumed to require a separate bedroom (whereas the approach used by ONS for the Census assumes a separate bedroom for those aged 16 or over).

3.36 By considering the Census and EHS data for England, together with the Census data for the study area, ORS estimate the 3,711 households in the study area were overcrowded in 2011 based on the bedroom standard (1,098 owner occupied, 709 private rented, 1,904 social rented).

Housing Condition and Disrepair

3.37 The EHS also provides useful information about housing disrepair. The national trend shows that conditions have improved year-on-year, however, there remains a need to improve the quality of housing provided for households living in the private rented sector.

Housing Register data

3.38 The number of households on the housing register over the period since 2001 has varied from year-to-year. Overall in the study area, the trends show that the number of households registering for affordable housing has increased by around 60% over the last decade. It should be noted, however, that the criteria for joining a housing register has changed following the Localism Act. Only people with a local connection now qualify for the housing register, and people with adequate financial resources are no longer included – so the trends have to be understood in this context and number on the registers are falling.

Establishing Affordable Housing Need

3.39 PPG sets out the framework for this calculation:

"This calculation involves adding together the current unmet need and projected future need and then subtracting this from the current supply of affordable housing stock." (paragraph 022)

3.40   The SHMA considers both current unmet need and projected future need.

Current Unmet Need

3.41   Households assumed to be in current need:

- All households that are currently homeless;
- All those currently housed in temporary accommodation; and
- People in a reasonable preference category[5] on the housing register, where their needs have not already been counted.

3.42   The analysis counts the needs of all of these households when establishing the OAN for affordable housing. The analysis also considers those households currently living in overcrowded housing, together with concealed families in a reasonable preference category (as these are not counted by the CLG household projections).

Projected Future Need

3.43   The following components of household change all contribute to the projected level of affordable housing need:
- Newly forming households
- Households migrating into the area
- Household dissolutions following death
- Households migrating out of the area
- Existing households falling into need
- Existing households climbing out of need

3.44   Taking account of current unmet need and projected future need ORS concludes that there will be a need to provide additional affordable housing for 13,291 households over the period 2011-33. This is equivalent to 604 households per year across the study area. This represents 35.1% of the total household growth projected based on demographic trends.

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[5] Reasonable preference categories are defined in the Housing Act, which requires 'reasonable' preference' for housing to be given to those who are legally homeless; living in unsatisfactory housing; need to move on medical/welfare grounds; or need to move to a particular area to avoid hardship.

Need by Local Authority Area

3.45 Figure 62 of the SHMA (reproduced below) sets out the current unmet need for affordable housing and projected future affordable housing need for the 22-year period 2011-33 for each of the four local authority areas. The SHMA concludes that in East Herts the affordable housing need as a percentage of overall housing need is 31%.

A*ssessing affordable housing need by local authority (Figure 62)*

	Affordable Housing Need (households)				
	East Herts	Epping Forest	Harlow	Uttlesford	TOTAL
Unmet need for affordable housing in 2011					
Total unmet need for affordable housing	**1,632**	1,171	1,597	818	5,218
Supply of housing vacated	**471**	544	849	242	2,106
Overall impact of current affordable housing need	**1,161**	627	748	576	3,112
Future need for affordable housing 2011-33	**2,967**	2,525	2,541	2,148	10,179
Total need for affordable housing 2011-33	**4,128**	3,152	3,289	2,724	13,291
Percentage of overall housing need	**31%**	34%	67%	27%	35%

3.46 Figure 63 of the SHMA (reproduced for East Herts below) sets out the housing mix in terms of property type, size and affordable housing tenure in each of the local authority areas.

Assessing affordable housing mix for West Essex and East Hertfordshire by local authority (Figure 63, part)

		East Herts
AFFORDABLE RENT		
Flat	1 bedroom	720
	2+ bedrooms	400
House	2 bedrooms	1,020
	3 bedrooms	1,130
	4+ bedrooms	270
Sub-total		3,500
% of affordable housing		*84%*
INTERMEDIATE AFFORDABLE HOUSING		
Flat	1 bedroom	100
	2+ bedrooms	70
House	2 bedrooms	190
	3 bedrooms	280
	4+ bedrooms	40
Sub-total		700
% of affordable housing		*16%*
TOTAL DWELLINGS		**4,200**

Future Policy on Housing Benefit in the Private Rented Sector

3.47   ORS has assumed a neutral position in relation to housing benefit support, i.e. the number of claimants in receipt of housing benefit in the private rented sector will remain constant. It is important to note that private rented housing does not meet the definition of affordable housing; however, many tenants can only afford their housing costs as they receive housing benefit. These households are not counted towards the need for affordable housing, but if housing benefit support was no longer provided, this would then increase the need for affordable housing.

Establishing the Objectively Assessed Need (OAN) for West Essex and East Herts

3.48   As set out above a key objective of the SHMA is to establish the Objectively Assessed Need (OAN) for housing and, as already discussed, the process for establishing the housing number for the HMA starts with a demographic process to derive housing need from a consideration of population and household projections. However, to this, 'market signals' (e.g. land prices housing affordability) need to be applied in order to ensure an appropriate balance is achieved between the demand for and supply of dwellings.

3.49   The NPPF sets out that *'Plans should take account of market signals, such as land prices and housing affordability'* (paragraph 17) and PPG identifies that *'the housing need number suggested by household projections (the starting point) should be adjusted to reflect market signals'*. The likely consequence of housing affordability problems is an increase in overcrowding, concealed and sharing households, homelessness and the numbers in temporary accommodation. PPG identifies that these indicators *'demonstrate un-met need for housing'* and that *'longer term increase in the number of such households may be a signal to consider increasing planned housing numbers'* (paragraph 19).

Market Signals

3.50   PPG identifies a range of housing market signals that should be considered when determining the future housing number. Market signals include:

- Land and house prices
- Rents and affordability

- Rate of development
- Overcrowding

3.51 The SHMA considers each of these:

- **House prices**: lower quartile[6] prices are higher than the national average, with a lower quartile price of £200,600 higher than England's £126,250 but lower than Greater London's £230,200.

- **Rents:** for average private sector rents in 2013-14, the study area is higher than England (£911 cf. £720 pcm) but considerably lower than Greater London (£1,461 pcm).

- **Affordability:** is currently 'worse' in the study area than across England as a whole. Furthermore, whilst national affordability ratios have improved since 2008, the ratio has not improved in the study area.

- **Rate of development:** (in terms of increase in dwelling stock over the last 10 years) shows that development has been relatively similar to England (both around 8%).

- **Overcrowding:** (in terms of Census occupancy rates) shows that 6.6% of households in the study area are overcrowded, which is lower than England (8.7%) and much lower than Greater London (21.7%). The proportion of overcrowded households has increased over the last 10 years at a rate which is higher than the national increase for England (+30% cf. +23%);

3.52 On the basis of market signals, ORS conclude that conditions across the HMA suggest that the level of OAN for the HMA should be higher than that suggested by household projections in isolation.

3.53 The analysis for overcrowding has already identified that the overall housing need should be increased by 641households to take account of concealed families and homeless households[7]. This represents an uplift of 1.7% on the household projections.

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[6] The lower quartile value is the median of the lower half of the data
[7] 575 concealed households + 63 households in temporary accommodation + 3 without any temporary accommodation

Given the market signals context, however, ORS advises that it would be appropriate to further increase this uplift.

3.54   There is no definitive guidance on what uplift is appropriate, however, a benchmark has been established by the Inspector examining the Eastleigh Local Plan who judged 10% to be reasonable given the market signals identified for that HMA. However, the indicators for the study area identify greater pressure than in Eastleigh, so it would seem reasonable for 10% to be considered a minimum response to market signals. On balance ORS recommend an overall uplift of **20%** which represents an additional 7,676 dwellings over the 22-year period 2011-33.

3.55   The previous analysis already identified that the overall housing need should be increased by a specific uplift of 641 households (667 dwellings) to take account of concealed families and homeless households that would not be captured by the household projections. This adjustment has already been incorporated as a response to the identified un-met need for housing; however, it is appropriate for it to be considered as part of the response to market signals. An additional increase of 7,009 dwellings is therefore needed to deliver the overall uplift of 7,676 dwellings identified in response to market signals.

Employment Trends

3.56   While demographic trends and market signals are key to the assessment of OAN, it is also important to consider current employment trends and how the projected growth of the economically active population fits with the future changes in job numbers.

3.57   Forecasts of jobs growth are regularly produced for each local authority in the East of England from the East of England Forecasting Model (EEFM). The most recent outputs were published in January 2015 and the baseline forecast suggested that total employment in the study area would increase from 210,000 jobs in 2011 to 243,700 jobs in 2031.

3.58   Further economic evidence prepared by Hardisty Jones Associates (see Agenda Item 6) has concluded that the overall increase in employment (taking account of growth of Stansted Airport) is likely to yield 41,700 further jobs growth, over the 22-year period 2011-33.

3.59 When all factors are considered (including out-commuting (38.3%), in-commuting (28.7%) and 'double jobbing' (i.e. where employed individuals have a second job) (12.9% of workers)) ORS concludes that the demographic projections (without any uplift for market signals) would provide 18,600 extra workers locally whereas 26,400 extra workers would be needed. There is therefore a shortfall of 7,800 workers based on the increase of jobs currently forecast.

3.60 An extra 7,800 workers would need a further 5,600 dwellings to be provided over the 22-year period 2011-33, increasing the housing need from 38,400 dwellings to 44,000 dwellings (equivalent to an uplift of 14.6%).

OAN Summary/Conclusions

3.61 The *"starting point"* estimate for OAN is the CLG household projections, and the latest published data is the 2012-based projections for the period 2012-37. These projections suggest that household numbers across the study area will increase by 49,720 over the 22-year period 2011-33, an average of 2,260 per year. However, the future projections are particularly sensitive to the period on which migration trends are based, and PAS advice to Local Authorities suggests that the official projections are *"very unstable"* and it is more appropriate to adopt a longer base period to establish robust migration trends.

3.62 Given this context, the SHMA has developed independent household projections using a 10-year migration trend based on Census data. On the basis of 10-year migration trends, household numbers across the study area are projected to increase by 36,899 households over the 22-year period 2011-33, an average of 1,677 households per year.

3.63 The SHMA identifies that the baseline household projections should be increased by 641 households to take account of concealed families and homeless households that would otherwise not be captured. On this basis, the demographic projections identify a total increase of 37,540 households over the 22-year period 2011-33. This adjustment responds to identified un-met need for affordable housing and also addresses suppressed household formation rates. Providing for an increase of 37,540 households yields a baseline housing need of 39,049 dwellings over the 22-year period 2011-33, equivalent to an average of 1,775 dwellings per year.

3.64 While demographic projections form the starting point for OAN calculations, it is necessary to consider whether a higher rate of housing delivery may be needed to help address housing market pressures. Further adjustments may be needed in response to balancing jobs and workers, market signals or any backlog of housing provision. However, it is important to recognise that these adjustments are not necessarily cumulative: it is necessary to consider them collectively.

3.65 The evidence from planned jobs and workers identifies a need to increase housing delivery by 5,600 dwellings to provide enough workers for the likely increase in jobs in the area (taking account of the likely expansion of Stanstead Airport).

3.66 An uplift of 7,676 dwellings is proposed as an appropriate response to the market signal indicators. The overall housing need has already been increased by 667 dwellings to take account of concealed families and homeless households not captured by the household projections, and this should be considered as part of the response to market signals; but an additional increase of 7,009 dwellings is needed to deliver the overall uplift of 7,676 dwellings that has been identified.

3.67 As the SHMA has fully considered the unmet needs of homeless and other households living in unacceptable accommodation that will exist at 2011 and identified all needs arising over the 22-year period 2011-33, there will be no 'backlog' of additional unmet need for housing to be counted at the start of new Plan periods that start in 2011.

3.68 On this basis, the baseline housing need of 39,049 dwellings is increased by 7,009 dwellings based on the additional uplift needed in response to market signals. This will also provide sufficient housing to balance future jobs and workers. This yields an overall total of 46,058 dwellings over the 22-year period 2011-33. This represents an uplift of 20.0% on the baseline household projections.

3.69 Figure 75 of the SHMA (reproduced below) summarises each of the stages for establishing the Full OAN:

Full OAN for Housing across West Essex and East Hertfordshire HMA 2011-33 (Figure 75)

Stage		Households	Dwellings
Demographic starting point CLG household projections 2011-33		49,638	-
Adjustment for long-term migration trends 10-year migration trend 2001-11		-12,739	-
Baseline household projections taking account of local circumstances		36,899	38,382
Adjustment for suppressed household formation rates Concealed families and homeless households		+641	+667
		37,540	**39,049**
Further adjustments needed…	**In response to balancing jobs and workers** Projected growth in workers exceeds forecast jobs growth and planned jobs growth therefore no further adjustment needed	-	+5,600
	In response to market signals 7,009 dwellings needed (in addition to the 667 dwellings for concealed families and homeless households) to deliver the overall uplift of 7,676 dwellings proposed	-	+7,009
Combined impact of the identified adjustments		-	+7,009
Full Objectively Assessed Need for Housing 2011-33		**-**	**46,058**

3.70 It is important to remember that *"establishing future need for housing is not an exact science"* (PPG paragraph 14). The SHMA therefore identifies the Full Objective Assessed Need for Housing in West Essex and East Hertfordshire to be **46,100** dwellings over the 22-year period 2011-33, equivalent to an average of 2,095 dwellings per year. This includes the Objectively Assessed Need of Affordable Housing for 13,600 dwellings (based on 13,291 households) over the same period, equivalent to an average of 618 per year.

3.71 Given the needs in each local authority area, the SHMA concludes that the OAN for housing over the 22-year period 2011-2033 is as follows:

- **East Herts: 16,400 dwellings (745 per year)**

- Epping Forest: 11,300 dwellings (514 per year)
- Harlow: 5,900 dwellings (268 per year)
- Uttlesford: 12,500 dwellings (568 per year)

3.72 This is the average number of dwellings needed every year over the period 2011-33 and represents a 1.1% increase in the dwelling stock each year across the study area (consistent with the 1.1% growth required across England to deliver 253,600 dwellings annually).

3.73 The SHMA also sets out the mix of market and affordable housing need by dwelling type and size. Most of the market housing need is for housing (28,500 dwellings over the 22-year period) with a need for 2,600 flats also identified (around 8%). The need for affordable housing is also predominantly for housing (around 10,000 dwellings) with a need for around 3,600 flats (around 26%). In East Herts the requirements are as follows:

Market and affordable housing mix (Figure 76, part) (Note: figures may not sum due to rounding)

		East Herts
MARKET HOUSING		
Flat	1 bedroom	710
	2+ bedrooms	810
House	2 bedrooms	1,510
	3 bedrooms	5,640
	4 bedrooms	2,740
	5+ bedrooms	770
Total Market Housing		**12,200**
AFFORDABLE HOUSING		
Flat	1 bedroom	820
	2+ bedrooms	470
House	2 bedrooms	1,210
	3 bedrooms	1,410
	4+ bedrooms	310
Total Affordable Housing		**4,200**
TOTAL		**16,400**

<u>*Housing Requirements – other identified housing need*</u>

3.74 The SHMA also addresses the housing needs of older people, households with specific needs and people wishing to build their own home.

Older People

3.75　It is important to recognise that the identified OAN of 46,100 dwellings does not include the projected increase of institutional population, which represents a growth of 1,773 persons over the 22-year period 2011-33. This increase in institutional population is a consequence of the CLG approach to establishing the household population, which assumes *"that the share of the institutional population stays at 2011 levels by age, sex and relationship status for the over 75s"* on the basis that *"ageing population will lead to greater level of population aged over 75 in residential care homes"*.

3.76　Nevertheless, older people are living longer, healthier lives, and the specialist housing offered today may not be appropriate in future years and the Government's reform of Health and Adult Social Care is underpinned by a principle of sustaining people at home for as long as possible. Therefore, despite the ageing population, current policy means that the number of care homes and nursing homes may actually decline, as people are supported to continue living in their own homes for longer.

3.77　On this basis, if fewer older people are expected to live in communal establishments than is currently projected, the needs of any additional older people in the household population would need to be counted in addition to the assessed OAN.

Households with Specific Needs

3.78　Paragraph 50 of the NPPF identifies that local planning authorities should plan for people with specific needs. The Government's reform of Health and Adult Social Care was reflected in the recent changes to building regulations relating to adaptations and wheelchair accessible homes that were published in the 2015 edition of Approved Document M: Volume 1 (Access to and use of dwellings). This introduces three categories of dwellings:

- Category 1: Visitable dwellings – mandatory, about accessibility to all properties
- Category 2: Accessible and adaptable dwellings – optional, similar to Lifetime Homes
- Category 3: Wheelchair user dwellings – optional, equivalent to wheelchair users standard

3.79　Demographic projections show that in the study area the number of people aged over 65 is projected to increase by around 47,200 persons, almost 73% of the overall growth. Most of these older people will already live in the area and many will not move from

their current home; however those that do move home are likely to need accessible housing. Given this context, ORS conclude that the evidence supports the need for all dwellings to meet category 2 requirements, providing that this does not compromise viability.

3.80   The CLG guide to available disability data shows that currently around 1-in-30 households in England (3.3%) have at least one wheelchair user, although the rate is notably higher for households living in affordable housing (7.1%). These proportions are also likely to increase in the context of larger numbers of older people projected to live in the area. ORS therefore concludes that the evidence supports the need for 10% of market housing and 15% of affordable housing to meet Category 3 requirements.

People Wishing to Build their Own Homes

3.81   Paragraph 50 of the NPPF also identifies that local planning authorities should plan for people wishing to build their own homes. Over half of the population say they would consider building their own home.

3.82   The Self-Build and Custom Housebuilding Act 2015 places a duty on local planning authorities to:

- Keep a register (and publicise this) of eligible prospective individuals, community groups and developers;
- Plan to bring forward sufficient serviced plots of land to meet the need on the register and offer these plots to those on the register at market value; and
- Allow developers working with housing associations to include self-build and custom-build as contributing towards their affordable housing contribution.

3.83   It is unlikely that self-build will make a significant contribution locally to meeting housing need, however, arrangements will need to be put in place to comply with the 2015 Act.

Overall Conclusion

3.84   The housing figures included within the SHMA constitute an objective assessment of housing need in line with the requirements of the NPPF and PPG. The NPPF and PPG however make it clear that an authority's OAN does not necessarily equal the housing provision target in its Plan.

3.85   Two additional factors need to be considered when establishing the housing target. The first is the area's deliverable and sustainable supply capacity, defined with reference to constraints recognised in the NPPF. The second factor is the requirement to consider cross-boundary unmet need, which the area should accept if it is possible, sustainable and reasonable. These are factors which the Council will need to consider through on-going work on 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

- National Planning Policy Framework (NPPF) (https://www.gov.uk/government/publications/national-planning-policy-framework--2)
- Planning Practice Guidance (PPG) (http://planningguidance.planningportal.gov.uk/)
- West Essex and East Hertfordshire Strategic Housing Market Assessment, August 2015, (ORS) (www.eastherts.gov.uk/shma)
- Economic Evidence to Support the Development of the OAHN for West Essex and East Herts, July 2015, (Hardisty Jones Associates) (www.eastherts.gov.uk/technicalstudies)

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