

Appendix 4 – Changes to Local Housing Need

1. Introduction: Housing Need

- 1.1 The NPPF requires that strategic policy-making authorities should establish a housing requirement figure for their whole area which can be met over the plan period
- 1.2 The NPPF sets out that if the local housing need figure for an authority has changed significantly then strategic policies will need updating.
- 1.3 This appendix sets out the current housing requirement and explores the future approach to housing need, before going on to consider the significance of the resulting variation and the next steps in the context of a District Plan review.

2. Current Housing Need:

- 2.1 Previously, when the East Herts District Plan was progressing through the plan-making process, Strategic Housing Market Assessments (SHMA) were prepared to identify the Objectively Assessed Housing Need (OAHN) for an area.
- 2.2 East Herts worked with its SHMA partners Uttlesford, Harlow and Epping Forest to produce a SHMA that concluded that the total housing need across the four authorities between 2011 – 2033 was 51,878 dwellings. East Herts, along with the other partners, committed to meeting their own needs and entered the District Plan Examination in 2017 with a housing need figure of 18,396 which equates to 836 dwellings per year across the plan period.

2.3 Through the examination process, the Inspector took the view that there should be an amendment to the figure derived by the SHMA and it was concluded that the overall housing figure for East Herts over the plan period was 18,458 dwellings, or **839** dwellings per year. This change from 836 to 839 was the result of a change to the market signals uplift from 13.6% to 14%¹.

3. Future Housing Need:

3.1 The NPPF, through paragraph 61, states that:

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 – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. 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.

3.2 The standard method for calculating housing need was introduced by the government in 2018 and is a different method to that used previously to inform the formulation of the East Herts District Plan, which underwent Examination from 2017. The standard method, which is the approach recommended by NPPF, uses a specific formula to identify the minimum number of homes expected to be planned for, in a way which addresses projected household growth and historic under-supply. It should be noted that the standard method

¹ [Microsoft Word - Inspector's post hearing note East Herts District Plan.docx \(onwebcurl.com\)](#)

only identifies a minimum annual housing need figure, it does not go further to produce a housing requirement figure.

3.3 The standard method formula uses 4 steps to determine the annual figure:

Step 1 - Setting the baseline

Step 2 - An adjustment to take account of affordability

Step 3 - Capping the level of any increase

Step 4 - Cities and urban centres uplift

3.4 For East Herts, Step 4 doesn't affect the standard method figure as this is only applied to the largest 20 cities and urban centres in England. Likewise, currently the East Herts figure does not find itself being capped under Step 3, due to the increase being under a 40% of the current housing requirement figure.

3.5 Utilising the standard method, the annual housing need figure for East Herts is calculated using the following components:

Step 1: is set using the 2014-based household projections (the approach required by Planning Practice Guidance (PPG)), calculating any increase across a 10-year period, 2013-2023. The increase in East Herts over this period is 732.3 and this forms the baseline figure.

Step 2: makes an adjustment for affordability using the median workplace-based affordability ratio. The ratio for East Herts, which is assigned to the council by the government, is 12.29 which, applying the methodology, translates to an adjustment factor of 1.518.

Annual need figure: Multiplying the baseline and the adjustment factor produces the annual housing need figure which for East Herts is **1,112** dwellings per year.

4. Change to Housing Need

4.1 Paragraph 33 of the NPPF states that:

“Relevant strategic policies will need updating at least once every five years if their applicable local housing need figure has changed significantly; ...”

4.2 As detailed above, and summarised in the table below, the housing need for East Herts has changed from the adopted District Plan-figure of 839, to the standard method derived figure of 1,112. This represents a 33% increase and is deemed to be a significant change to local housing need.

2018 Adopted Housing Need	Local Housing Need 2023
839	1,112

5. Next Steps and Further Considerations

5.1 The National Planning Policy Framework expects strategic policy-making authorities to follow the standard method for assessing local housing need. Understanding the housing need figure at the start of the plan-making process is essential. This number should also be kept under review and revised where appropriate, and in some cases the housing need figure could change as the inputs are variable. It should also be noted that the standard method figure set out above only identifies the

minimum annual housing need figure, it does not produce a housing requirement figure.

- 5.2 After identifying the increase in housing need from 839 to 1,112, it is important that officers assess the impact of this increase on the ability of the current housing strategy to meet the long-term housing needs of the district.