Committee:	Planning Policy Working Group	Agenda Item
Date:	29 September 2015	**4**
Title:	West Essex and East Hertfordshire Strategic Housing Market Assessment	
Author:	Andrew Taylor, Assistant Director Planning and Building Control	

Summary

1. The council together with its partner authorities of East Herts, Epping Forest and Harlow commissioned consultants ORS to carry out a Strategic Housing Market Assessment (SHMA). This report has now been completed and published.

2. This evidence will be used to feed into the development of the housing numbers and allocations as part of the Local Plan process.

Recommendations

3. That the Working Group note the published report, West Essex and East Hertfordshire Strategic Housing Market Assessment September 2015, and its adoption into the Local Plan evidence base.

Financial Implications

4. Costs of the document were met from existing budgets.

Background Papers

5. The following papers were referred to by the author in the preparation of this report and are available for inspection from the author of the report.

   None

Impact

6.

Communication/Consultation	The document has been published on the website.
Community Safety	N/A
Equalities	The policy documents which will be prepared are subject to separate equalities impact assessments.
Health and Safety	N/A

Human Rights/Legal Implications	N/A
Sustainability	The policy documents which will be prepared are subject to separate equalities impact assessments.
Ward-specific impacts	All
Workforce/Workplace	Existing staff resources.

Situation

7. The report, commissioned by the Duty to Cooperate Board, West Essex and East Hertfordshire Strategic Housing Market Assessment September 2015 has now been published.

8. This report will be used to develop the Objectively Assessed Housing Need (OAN) for the area.

9. The study has been carried out following the requirements of the National Planning Policy Framework and the Planning Practice Guidance and a technical advice note published by the Planning Advisory Service.

10. SHMAs primarily inform the production of the Local Plan (which sets out the spatial policy for a local area). Their key objective is to provide the robust and strategic evidence base required to establish OAN for housing in the Housing Market Area (HMA) and provide information on the appropriate mix of housing and range of tenures needed.

Housing Market Area

11. The objective of this SHMA was to identify the functional HMA and establish the OAN for housing (both market and affordable), ensuring that this was fully compliant with the requirements of the NPPF and PPG and mindful of good practice.

12. The methodology was based on secondary data, and sought 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 for housing;
   » Identify the appropriate balance between market and affordable housing; and
   » 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.

13. The information from the SHMA should not be considered in isolation, but forms part of a wider evidence base to inform the development of housing and planning policies. The SHMA does not seek to determine rigid policy conclusions, but instead provides a key component of the evidence base required to develop and support a sound policy framework.

14. PPG requires an understanding of the housing market area and says this can be defined using three different sources of information:

   » House prices and rates of change in house prices;
   » Household migration and search patterns; and
   » Contextual data (e.g. travel to work area boundaries, retail and school catchment areas).

15. Using all of the evidence available the report concludes that the most appropriate functional housing market area should be based on Harlow, with most of East Hertfordshire, Epping Forest and Uttlesford. Based on a detailed analysis of the evidence, they recommend that East Hertfordshire, Epping Forest, Harlow and Uttlesford represent the most appropriate "best fit" for West Essex and East Hertfordshire HMA.

16. The report continues to note that Uttlesford should maintain dialogue with Chelmsford as well as Braintree, South Cambridgeshire and Cambridge and that all four authorities will need to maintain dialogue with each other and the boroughs to the North and East of London, as well as with the Mayor of London through the Greater London Authority.

Demographic projections

17. Planning Practice Guidance identifies that the starting point for estimating housing need is the CLG 2012-based household projections. For the 22-year period 2011-33, these projections suggest an increase of 49,638 households across the West Essex and East Hertfordshire HMA: an average growth of 2,256 households each year, comprised of 779 in East Hertfordshire, 653 in Epping Forest, 326 in Harlow and 498 in Uttlesford.

18. 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. This view is echoed by academics and has been promoted by Planning Inspectors at numerous Local Plan Examinations. Furthermore, the Public Administration Select Committee has identified the Census as *"the only reliable source of data on migrant populations in local areas"*.

19. Given this context, the SHMA has developed independent household projections using a 10-year migration trend based on Census data. The specific method used has been supported previously at Examination, where it was noted that *"a 10 year period is a reasonable approach"* and

"the inter-censal period provides a readily understandable and robust check on the reasonableness of the average".

20. Figure 41 (pg 53) shows that the population projection based on 10-year migration trends identifies an increase of 36,899 households across the HMA for the 22-year period 2011-33 (603 households in East Hertfordshire, 409 in Epping Forest, 216 in Harlow and 449 in Uttlesford), an average growth of 1,677 each year.

21. 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. The lower increase in household numbers is due to the underlying population projections – long-term migration trends show lower migration rates than recent years. These lower migration rates are partly due to errors in the population estimates over the last 10 years (corrected following the 2011 Census), but it is also important to recognise that short-term trends are unlikely to be sustained for the full 22-year period 2011-33.

22. The long-term migration trends based on the intercensal period provide the most robust and reliable basis for projecting the future population, and therefore the projected household growth of 1,677 households each year (1,745 dwellings) provides the most appropriate demographic projection on which to base the Objectively Assessed Need (OAN) for housing.

Housing mix and tenure

23. Demographic projections provide the basis for identifying the OAN for all types of housing, including both market housing and affordable housing.

24. PPG notes that affordable housing need is based on households *"who lack their own housing or live in 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.

25. Figure 63 (pg 79) sets out the housing mix in terms of property type, size and affordable housing tenure in each of the local authority areas. This information will be used to inform our policy on housing mix (i.e. the numbers of 1, 2, 3, 4 and 5 bedroom properties per development) and the balance between affordable rent properties and those delivered through shared equity (roughly the same as the current split of 70/30).

26. Based on the household projections previously established, the report has established the balance between the need for market housing and the need for affordable housing. This analysis has identified a need to increase the overall housing need by 641 households to take account of concealed families and homeless households that would not be captured by the household projections.

27. The housing mix analysis identified a need to provide additional affordable housing for 13,291 households over the 22-year period 2011-33. This would provide for the current unmet needs for affordable housing in addition to the projected future growth in affordable housing need, but assumes that the level of housing benefit support provided to households living in the private rented sector remains constant.

28. Providing sufficient affordable housing for all of these households would increase the need to 19,700 affordable homes over the Plan period.

Objectively Assessed Need

29. The NPPF requires Local Planning Authorities to *"ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area"* and *"identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which meets household and population projections, taking account of migration and demographic change"* (paragraphs 47 and 159).

30. PPG further identifies that *"household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need … The 2012-2037 Household Projections were published on 27 February 2015, and are the most up-to-date estimate of future household growth"* (paragraphs 15-16).

31. The report takes into account household growth, international migration, market signals and then coverts the number from a household growth figure to a requirement for dwellings. The work also takes into account employment trends and job forecasts.

32. The indicators for the West Essex and East Hertfordshire HMA identify greater housing pressure than in recent Local Plan examinations, so it would seem reasonable for 10% to be considered a minimum response to Market Signals in this area. On balance the report recommends an overall uplift of 20% of the housing need identified based on the household projections as a response to Market Signals for West Essex and East Hertfordshire.

33. The household projections previously identified an increase of 36,899 households (38,382 dwellings); so the proposed market signals uplift represents an additional 7,676 dwellings over the 22-year period 2011-33, which provides an appropriate response to market signals. This is consistent with the views of recent Inspectors in the context of the indicators for the two areas.

34. 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.

35. **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. This includes the Objectively Assessed Need of Affordable Housing for 13,600 dwellings (based on 13,291 households) over the same period.**

36. Considering the needs in each local authority, the SHMA concludes that the Objectively Assessed Need for Housing over the 22-year period as being:
   - » 16,400 dwellings in East Hertfordshire (745 per year);
   - » 11,300 dwellings in Epping Forest (514 per year);
   - » 5,900 dwellings in Harlow (268 per year); and
   - » 12,500 dwellings in Uttlesford (568 per year).

37. 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).

38. The report makes further recommendations in terms of setting affordable housing targets, older people, households with specific needs and people wishing to build their own homes. The recommendations will be taken forward during the Local Plan process and used to inform policy development.

Conclusion

39. The published report is a joint piece of evidence work for the four authorities. The report will, as part of the evidence base, be used in the production of the new Local Plan.

Risk Analysis

40.

Risk	Likelihood	Impact	Mitigating actions
The plan maybe found unsound because the plan has not been prepared in accordance with up to date and	1. The production of robust evidence on a cross border basis using experience	3.If the plan is found unsound this will cause delay and uncertainty	Ensure that the evidence base is kept up to date and refreshed as necessary.

robust evidence	consultants reduces the risk of impact.		

1 = Little or no risk or impact
2 = Some risk or impact – action may be necessary.
3 = Significant risk or impact – action required
4 = Near certainty of risk occurring, catastrophic effect or failure of project.