

"Radical" plans to boost housing supply. East of England Briefing Note

20/12/2016
Ref No : 261

This Briefing Note is a precursor to the Housing White Paper which is expected early in the New Year, which the Communities Secretary, Sajid Javid, has said will set out **"radical" plans to boost housing supply.**

The White Paper will respond to the **Local Plans Expert Group** (LPEG) recommendations on **making local plans more efficient and effective.** One of the issues tackled by LPEG is the **standardisation of approaches to Objective Assessment of Housing Need (OAHN).** They recommend that there should be 4 stages to the OAHN:-

Output A

'Step A' takes the latest DCLG household projections and allows for a local level of vacancy.

This is then compared to projections using the average migration over the last 10 years (making no allowance for unattributed population change – UPC). Both projections should be uplifted to reflect changes in household formation for the 25 to 44 age group.

The LPEG recommendation is that it should be the higher of these two figures that should be selected for the OAHN.

Output B

'Step A' takes the latest DCLG household projections and allows for a local level of vacancy.

- a. Where the House Price Ratio (HPR) is less than 5.3 (median quartile house prices to median earnings) and the Rental Affordability Ratio (RAR) is less than 25%, (lower quartile rental costs as a percentage of lower quartile earnings) no uplift is required
- b. Where HPR is at or above 5.3 and less than 7.0, and/or the RAR is at or above 25% and less than 30%, a 10% uplift should be applied
- c. Where the HPR is at or above 7.0 and less than 8.7, and/or the RAR is at or above 30% and less than 35%, a 20% uplift should be applied and
- d. Where the HPR is at or above 8.7 and/or the RAR is at or above 35%, a 25% uplift should be applied

Output C

This requires the calculation of the number of total dwellings required to provide for the level of affordable dwellings as a percentage of market housing.

Output D

The LPEG recommended response is that if Output C is higher than output B, then either the dwelling requirement should be met or a further 10% should be added to Output B whichever is the lower.

In order to ascertain what such an approach would mean for the East of England, SPRU have looked at what the lowest levels of OAHN for each district could be, utilising both the housing projections published this summer (DCLG 2014 Household Projections, Table 425) and the most recent evidence on affordability averaged over the last 3 years (DCLG data sourced from ONS House Price Statistics and The Annual Survey of Hours and Earnings, Table 577).

The results, as set out on the table on the next page, are what we consider will be the lowest OAHN, and further research into rental affordability, affordable housing needs and the 10 year migration rates could all push these rates higher.

The LPEG recommendations did not allow for the OAHN to be adjusted to reflect projected economic growth, although the housing requirement could be increased to address planned economic growth. At present of course the OAHN does have to take into account such growth, and as such this would, at least until the LPEG recommendations are confirmed, may further justify the OAHN to be higher.

In conclusion, while the White Paper, if it follows some or all of the recommendations, might reduce discussion as to how adjustments are made to finally arrive at the OAHN, there is still a role for testing Council's approaches, in terms of the evidence on migration and affordability.

The SPRU team at DLP have considerable experience in undertaking these assessments both for local plan examinations and at appeal. So if you would like to discuss the issues raised in this briefing note further please contact:

Roland Bolton	07831 155 353	roland.bolton@dipconsultants.co.uk
Alex Roberts	07468 474 169	alex.roberts@dipconsultants.co.uk
Neil Osborn	01234 832 742	neil.osborn@dipconsultants.co.uk
Mike Jones	01234 832 746	mike.jones@dipconsultants.co.uk

Contact us:

4 Abbey Court, Fraser Road, Priory Business Park, Bedford, MK44 3WH
t 01234 832 740 f 01234 831 266 e bedford@dipconsultants.co.uk

LPEG based OAHN for the East of England*

Counties, unitary authorities and districts in the East*

Counties, unitary authorities and districts in the East*	OAHN
Bedford UA	1204
Central Bedfordshire UA	2181
Luton UA	1290
Peterborough UA	923
Southend-on-Sea UA	1027
Thurrock UA	1044

Cambridgeshire

Cambridge	564
East Cambridgeshire	541
Fenland	479
Huntingdonshire	879
South Cambridgeshire	990

Essex

Basildon	931
Braintree	739
Brentwood	427
Castle Point	313
Chelmsford	830
Colchester	986
Epping Forest	883
Harlow	455
Maldon	247
Rochford	318
Tendring	716
Uttlesford	636

Hertfordshire

Broxbourne	528
Dacorum	942
East Hertfordshire	967
Hertsmere	663
North Hertfordshire	900
St Albans	816
Stevenage	428
Three Rivers	572
Watford	738
Welwyn Hatfield	815

Norfolk

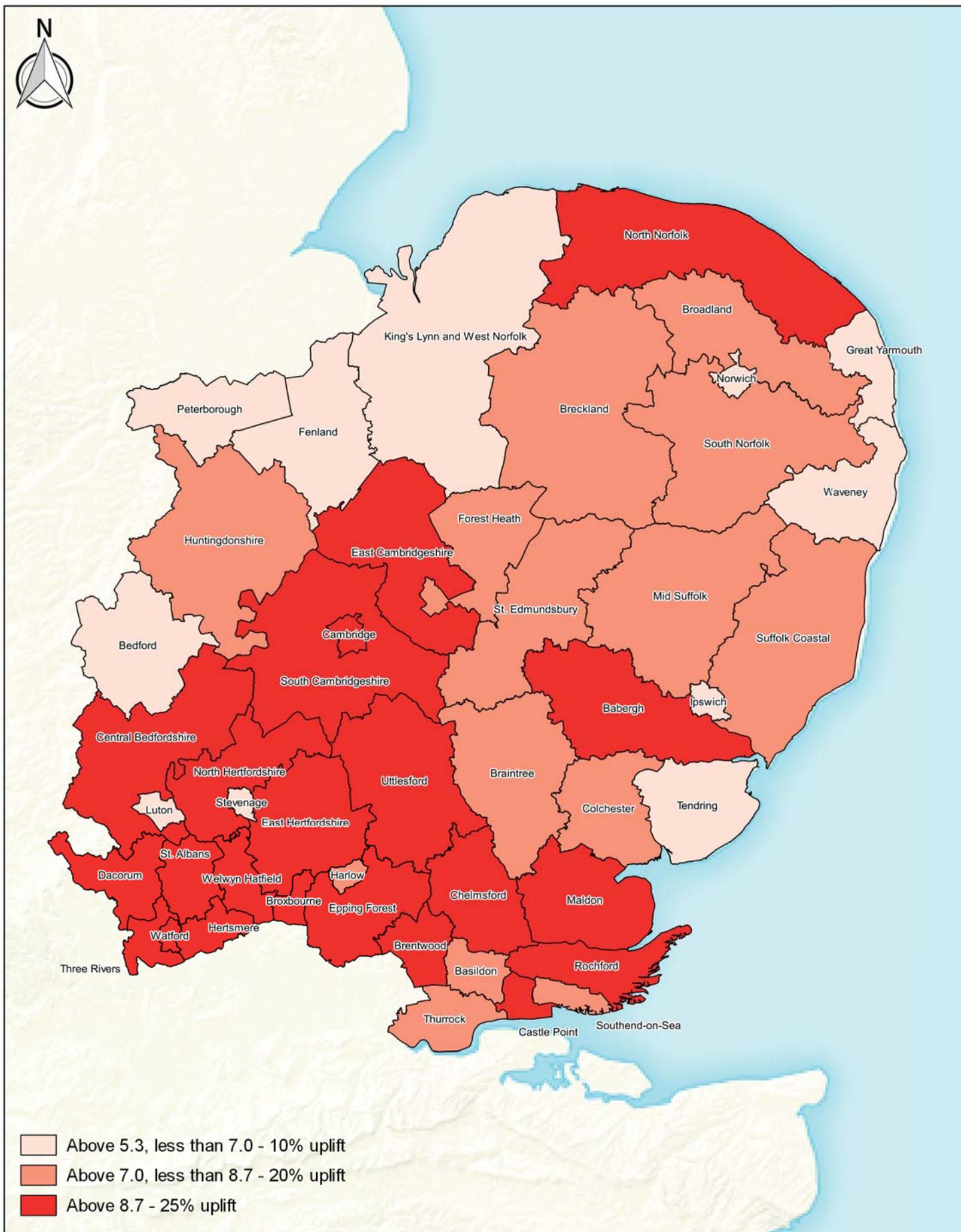
Breckland	618
Broadland	452
Great Yarmouth	344
King's Lynn and West Norfolk	474
North Norfolk	483
Norwich	580
South Norfolk	805

Suffolk

Babergh	346
Forest Heath	344
Ipswich	440
Mid Suffolk	478
St Edmundsbury	393
Suffolk Coastal	445
Waveney	334

* Table shows LPEG recommended methodology, using latest DCLG projections - ratio of median house price to median earnings by LPA (average 2013-15) alongside average change in household projections for LA districts, England (2014-39)

Contact us:



CLIENT	DATE	22.12.2016	OS REF	Drawn by	STRATEGIC PLANNING RESEARCH UNIT 4 Abbey Court, Fraser Road, Priory Business Park Bedford, MK44 3WH † 01234 832 740 f 01234 221 420 e bedford@dlpconsultants.co.uk Bedford, Bristol, Cardiff, East Midlands, Leeds, London, Milton Keynes, Sheffield and Rugby
	SCALE	Not to scale	DRWG NO.	PMG	
	JOB NO.	G5017	East	Checked RB	
PROJECT	DRWG TITLE	LPEG (output A)			