NORTH HERTFORDSHIRE LOCAL PLAN EXAMINATION

Note to the Inspector:

Implications of new household projections for NHDC Local Plan

Background

1. Population and household projections are normally issued every two years by Government. They use past trends (such as births, deaths, migration and household formation) and show what would happen if these continued into the future – normally over a period of 25 years.

2. The latest household projections were issued by the Office for National Statistics (ONS) in September 2018. They cover a twenty-five year period from 2016-2041 and are known as the 2016-based household projections. Data is also included for years prior to 2016.

3. The March 2012 version of the National Planning Policy Framework (NPPF) says that Government projections should form the basis for determining how many homes Local Plans should consider planning for (known as Objectively Assessed Need (OAN))[1]. A revised NPPF was issued in July 2018. However, the March 2012 version should continue to be used in the examination of Plans that have already been submitted[2].

4. North Hertfordshire's submitted Local Plan is supported by an assessment of housing need[3]. This uses the most recent set of projections available at the time of its writing. These were the 2014-based household projections issued in 2016.

5. Following the release of the new 2016-based household projections, the Inspector examining the Plan has asked North Hertfordshire to consider whether there are any implications arising from the new numbers (i) generally and (ii) in relation to the Plan's proposal to help meet unmet housing needs from Luton on land currently designated as Green Belt.

The new projections

6. The 2016-based household projections for North Hertfordshire show an increase of **9,700** households over the period 2011-2031 (the Plan period). By comparison, the 2014-based household projections for North Hertfordshire showed an increase of 13,800 households over the Plan period. The 2016-based household projections are approximately 30% lower than the 2014-based version.

7. The 2016-based household projections for Luton show an increase of **13,800** households over the Plan period. By comparison, the 2014-based household projections for Luton showed an increase of 23,300 households over the Plan period. The 2016-based household projections are approximately 40% lower than the 2014-based version.

[1] 2012 NPPF Paragraph 159
[2] 2018 NPPF Paragraph 214
[3] Examination document HOU3

Implications of the new projections for objectively assessed housing needs

8. The new household projections are significantly lower than those informing the Plan. However, the projections don't necessarily translate directly into Objectively Assessed Need. Allowances must be made for various factors including relevant market signals[4].

9. It is also necessary to review the figures across wider areas; the NPPF requires that needs should be addressed across the relevant housing market area (HMA)[5]. The Council has previously worked with neighbouring authorities to identify these areas[6].

10. This work showed that the significant majority of North Hertfordshire lies within the **Stevenage HMA** along with the whole of Stevenage and parts of Welwyn Hatfield, East Hertfordshire and Central Bedfordshire. A small part of North Hertfordshire lies within the **Luton HMA** along with the whole of Luton and parts of Aylesbury Vale and Central Bedfordshire.

11. Indicative figures for these areas derived from the 2016-based household projections, taking the factors above into account, are shown in the table below. The table also shows a comparison with the numbers used to inform the submitted Plan. The indicative figures have not been subject to the same level of technical analysis as the figures supporting the Plan and are for illustrative purposes only to help understand the potential implications of the revised household projections.

Table 1: Objectively assessed needs 2011-2031

	Evidence supporting submitted Plan	**Indicative figures using 2016-based household projections[7]**
North Herts	13,800	11,000
By functional HMA		
Stevenage	7,600	6,500
North Herts*	13,600	10,900
Welwyn Hatfield*	7,800	6,800
Central Beds*	8,400	10,100
East Herts*	1,000	1,000
Stevenage HMA total	**38,400**	**35,300**
Luton	17,800	17,000
Central Beds*	13,400	16,000
Aylesbury Vale*	400	500
North Herts*	200	100
Luton HMA total	**31,800**	**33,600**

* Figures for that part of the authority lying within the HMA only

[4] 2012 NPPF Paragraph 158
[5] 2012 NPPF Paragraph 47
[6] Examination Document HOU2
[7] Figures calculated using 2016-based household projections with vacancy rates and market signals uplifts applied to each authority in line with the approach taken in respective Strategic Housing Market Assessments.

12. An indicative OAN figure for North Hertfordshire using the 2016-based household projections is **11,000** homes over the Plan period. The OAN figure for North Hertfordshire supporting the submitted Plan is 13,800 homes over the Plan period. The indicative figure is approximately 20% lower than the figure underpinning the Plan.

13. An indicative OAN figure for the Stevenage HMA using the 2016-based household projections is **35,300** homes over the Plan period. The OAN figure for the Stevenage HMA supporting the submitted Plan is 38,400 homes over the Plan period. The indicative figure is approximately 8% lower than the figure underpinning the Plan. The distribution of the overall figures within the HMA differs under the two approaches. The figures for Stevenage, North Hertfordshire and Welwyn Hatfield are lower under the indicative 2016-based approach. The figure for Central Bedfordshire is higher. The figure for East Hertfordshire is the same.

14. An indicative OAN figure for the Luton HMA using the 2016-based household projections is **33,600** homes over the Plan period. The OAN figure for the Luton HMA supporting the submitted Plan is 31,800 homes over the Plan period. The indicative figure is approximately 6% higher than the figure underpinning the Plan. The distribution of the overall figures within the HMA differs under the two approaches. The figures for North Hertfordshire and Luton are lower. The numbers for Central Bedfordshire and Aylesbury Vale are higher.

Other factors influencing consideration of housing need

15. In previous household projections, the results were informed by trends over the period since 1971. A key change in the method for the 2016-based household projections is to take trends from the 2001 and 2011 Census only. These rates are projected forward to 2021 and then held constant for the remainder of the projection period. These are one of the key influences behind the decrease in the projections[8].

16. The Housing Minister, Kit Malthouse MP has acknowledged the impacts of this change in methodology, stating that the outputs were “rather unexpected” and also advising that plan-making authorities should not “take their foot off the accelerator”[9].

17. The ONS are planning to publish a set of variant 2016-based household projections with higher household formation rates for younger adults. The stated purpose of this variant would be “to illustrate the uncertainty in the projections around future household formation patterns of this age group”. These are scheduled for release in December 2018[10].

18. There have been a number of articles by planning consultancies and commentators which analyse the implications of the new projections. This includes a paper produced by consultancy Lichfield’s, relevant extracts of which are attached as Appendix B.

[8] https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/methodologies/householdprojectionsinenglandqmi, accessed 5 October 2018
[9] https://www.planningresource.co.uk/article/1494444/minister-warns-councils-think-lower-household-projections-mean-off-hook, attached as Appendix A
[10] https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/methodologies/methodologyusedtoproducehouseholdprojectionsforengland2016based#household-representative-rates, accessed 5 October 2018

19. Lichfield's analysis is that the change in methodology detailed above "bakes in" trends experienced over the decade between 2001 and 2011. These include the recession, low levels of housebuilding, a decline in housing affordability and increasing numbers of adults living at home for longer. They conclude that "those involved in planning would be unwise to get too excited about the 2016-based figures as they stand".

20. Although the Examination will proceed having regard to the 2012 version of the NPPF, the Government has announced its intention to introduce a standard methodology for determining housing need for future plans, in place of OAN. A potential approach to this standard methodology has previously been consulted upon[11]. The Lichfield's paper referenced above provides an indicative standard method figure for all authorities based upon this methodology and the 2016-based household projections. These can be used to compare with the figures shown in Table 1.

Table 2: Objectively assessed needs 2011-2031 and potential standard method figure

	Evidence supporting submitted Plan	Indicative figures using 2016-based household projections	Potential 20-year standard method figure using 2016-based household projection
North Herts	13,800	11,000	14,300
By functional HMA			
Stevenage	7,600	6,500	6,800
North Herts*	13,600	10,900	14,100
Welwyn Hatfield*	7,800	6,800	7,700
Central Beds*	8,400	10,100	12,700
East Herts*	1,000	1,000	1,300
Stevenage HMA total	**38,400**	**35,300**	**42,600**
Luton	17,800	17,000	13,000
Central Beds*	13,400	16,000	20,100
Aylesbury Vale*	400	500	600
North Herts*	200	100	200
Luton HMA total	**31,800**	**33,600**	**33,900**

* Figures for that part of the authority lying within the HMA only

21. It can be seen that the potential standard method figure identified for North Hertfordshire of **14,300** homes over a twenty-year period is broadly comparable to the OAN figure underpinning the Plan (+4%).

22. Looking across broader market areas, the potential standard method figure for the Stevenage HMA would be 11% higher than the figures underpinning the Plan. The potential standard method figure for the Luton HMA would be approximately 7% higher. In terms of the Luton HMA, the figure for

[11] https://www.gov.uk/government/consultations/planning-for-the-right-homes-in-the-right-places-consultation-proposals, accessed 5 October 2018

Luton itself is substantially lower under the potential standard method when compared to the evidence underpinning the Plan (-4,800 homes).

23. At a national level, these potential standard method figures sum to 214,000 homes per year. The Government has announced its intention to consult on a revised standard methodology before the end of 2018. This was foreshadowed in the Government's response to the consultation on the draft revised NPPF in July 2018[12]:

> *The Government is aware that lower than previously forecast population projections have an impact on the outputs associated with the [proposed standard] method. Specifically it is noted that the revised projections are likely to result in the minimum need numbers generated by the method being subject to a significant reduction, once the relevant household projection figures are released in September.*
>
> *… It should be noted that the intention is to consider adjusting the method to ensure that the starting point in the plan-making process is consistent in aggregate with the proposals in Planning for the right homes in the right places consultation and continues to be consistent with ensuring that 300,000 homes are built per year by the mid 2020's.*

24. The revised NPPF states that the standard method approach, along with the other policies in the document, will apply for any plans submitted for examination from January 2019. Should the current Plan proceed to adoption (or, indeed, not proceed to adoption), the Council would need to have regard to the revised NPPF in its future plan-making activities. This requires reviews of Local Plans to occur at least every five years with earlier review required "if local housing need is expected to change significantly in the near future"[13].

Unmet housing needs arising from Luton

25. Luton's adopted Plan, and the evidence supporting this examination, quantify the level of unmet need as 9,300 homes[14]. This is based upon Luton's identified capacity and Plan target of 8,500 homes.

26. Under current agreements between the authorities, it is anticipated that Central Bedfordshire will make the largest contribution towards meeting unmet housing needs from Luton[15], recognising that this approach will be subject to independent testing through Central Bedfordshire's own, ongoing Local Plan examination[16].

27. Taking Luton's capacity as a fixed figure, the unmet need arising from within Luton Borough would decrease under the alternate scenarios discussed above. This is summarised in Table 3 below.

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[12] Draft revised National Planning Policy Framework: Government response, pp.26-27, https://www.gov.uk/government/consultations/draft-revised-national-planning-policy-framework, accessed 8 October 2018
[13] 2018 NPPF Paragraph 33
[14] Examination documents ED4, paragraph 138; ED18, paragraph 4.7; MOU8, paragraph 5.11
[15] Examination Document ED18, paragraph 4.8
[16] Examination Document MOU8, paragraph 5.12

Table 3: Indicative unmet housing needs arising from Luton under different approaches

	Evidence supporting submitted Plan	Indicative figures using 2016-based household projections	Potential 20-year standard method figure using 2016-based household projection
Unmet housing need arising from the Luton Borough Council authority area	9,300	8,500	4,500

28. However, under these alternative scenarios, the potential housing figures for those parts of Central Bedfordshire within the Luton HMA are substantially higher. This is summarised in Table 4 below. It shows that the indicative combined requirements for Luton & Central Bedfordshire within the Luton HMA do not decrease under the alternate scenarios. They are, in fact, slightly higher.

Table 4: Potential combined housing requirements for Luton and Central Bedfordshire within the Luton HMA

	Evidence supporting submitted Plan	Indicative figures using 2016-based household projections	Potential 20-year standard method figure using 2016-based household projection
Luton & Central Bedfordshire - need*	31,200	33,000	33,100

* Figures for that part of the authority lying within the Luton HMA only

Discussion on housing need

29. The 2016-based household projections for North Hertfordshire are notably lower than the equivalent 2014-based figures which underpin the evidence submitted to the Local Plan examination to date. An indicative 'OAN' figure for the District based upon these projections is approximately 3,000 homes lower than the housing requirement presently contained in the Plan.

30. Across wider market areas, and having regard to the latest projections, there is also evidence to suggest that an updated suite of OAN assessments would result in different figures. However the reduction across the Stevenage HMA as a whole could be relatively small. Within the Luton HMA, the indicative figures suggest a revised assessment of housing need using the latest projections could be slightly higher. Potentially higher requirements for Central Bedfordshire are a key driver of this increase in both HMAs.

31. The ONS has acknowledged the issues arising from the change in method to only take account of trends from the 2001 and 2011 in the latest release. Further variant projections are anticipated.

32. The Government has also acknowledged the issues arising from the new projections and is working to address the implications for the proposed standard housing methodology. Under the standard methodology approach previously consulted upon, the housing requirement for North

Hertfordshire would be very similar to that contained in the Plan. The figures for the wider housing market areas would increase.

33. The revised approach to the standard methodology is unknown. However, at a national level, it would now be necessary to uplift the results achieved using the current draft methodology by approximately 40% to meet the Government's aspiration to deliver 300,000 homes per year.

34. These factors combine to suggest that a precautionary approach should be taken to reacting to the latest projections through the current Examination. The District Council does not wish to propose any changes to the housing requirement for North Hertfordshire's own needs and, by extension, the spatial strategy in the Plan at this time.

35. There is considerable uncertainty surrounding the recent projections and their implications. They project the effects of low-housing delivery and deterioration in housing affordability. A Plan predicated on these factors would not represent a positive response to the 2012 NPPF's ambitions to "boost significantly the supply of housing"[17].

36. The submitted Plan already contains a commitment to review by the mid-2020s at the latest[18]. This approach would be in line with the five-year review requirement in the revised NPPF. Given the ongoing uncertainty, the acknowledged limitations of the new projections and the stated ambition to achieve up-to-date plans, the review process is the best arena through which to consider the implications of any fluctuation in housing requirements.

37. Any decision to reduce the housing requirement in the Plan in response to the latest projections could, following adoption, simply result in a requirement for an early review in accordance with Paragraph 33 of the revised NPPF. This would be particularly likely if any revised standard methodology resulted in requirements for North Hertfordshire that are substantively higher than those ultimately adopted in the Plan.

38. Under the alternative scenarios discussed, the unmet housing needs from Luton could decrease. Viewed in isolation, this could call into question the justification for the allocations proposed to the east of Luton in the current Plan. However, this issue needs to be considered in the context of the broader Luton Housing Market Area's ability to absorb the shortfall.

39. Under the alternate scenarios, Central Bedfordshire could have to provide additional homes in order to meet its own requirements. As such, although the unmet needs from Luton are lower, Central Bedfordshire's potential ability to address them could be reduced to an equal or greater extent. Once the potential combined requirements for Luton and Central Bedfordshire are taken into account, the East of Luton sites would still be required to make a positive contribution towards housing needs from the wider housing market area under the alternate scenarios.

40. In this regard, the Council's *exceptional circumstances* case for the use of Green Belt land to the east of Luton to address the needs of the wider housing market area remains applicable.

[17] 2012 NPPF paragraph 47
[18] Examination Document LP1, paragraph 14.37

APPENDIX A: Article from Planning Resource

Minister warns councils who think lower household projections mean they are 'off the hook'

1 October 2018 by John Geoghegan

The housing minister has warned local authorities not to 'take their foot off the accelerator' following the publication of new household projections that indicate a much lower level of housing need in many parts of the country.

Housing minister Kit Malthouse (right) speaking at the ConservativeHome conference fringe event

Elsewhere, at the Conservative Party conference, ministers have:

- said that they are considering allowing planning authorities to introduce further application fee rises
- revived plans for a new upwards extension permitted development right
- said that around 14 councils are interested in new settlements in Oxbridge corridor
- said that councils must be bolder in their viability negotiations with developers, and should consider publishing a list of infrastructure items funded by section 106 agreements
- called for councils to be 'much tougher' with developers to ensure that sites with planning permission are built out

Speaking yesterday at a Conservative Party Conference fringe event on home ownership organised by the *ConservativeHome* website, Kit Malthouse also revealed that the government is considering looking at whether the projections mask pent-up demand by basing their figures on a period of low household growth.

The household projections were published by the government's Office for National Statistics (ONS) last month.

When the government's new standard method of assessing housing need, introduced in the NPPF, is applied to the new projections, 17 authorities see their need fall by more than 50 per cent and 73 see it cut by more than a third, according to the consultancy Bidwells.

While the Ministry of Housing, Communities and Local Government (MHCLG), which used to publish the figures until last year, based its projections on household trends back to 1971, the ONS only used trends in household formation back to 2001.

At the fringe event, Malthouse was asked by a councillor from Berkshire about the new projections prompting a drop in housing need.

The minister said: "We are having a very rapid look at this rather unexpected result from the ONS. It has caused some very anomalous results. There's some strong growth areas of the country that now have a zero housing need which is patently obviously incorrect."

Malthouse said that "part of the problem" is that the ONS has changed the methodology used by MHCLG.

The ONS has chosen to measure household formation rates between just two census points, he said, covering a "period of particularly low housing growth" during which "there was an artificial constraint on household formation".

"Households can only form if there are households for them to form into," he added.

In contrast, the MHCLG used to measure over five census points covering a longer period, said Malthouse.

He added: "We are looking at some data on the increase in the number of people staying at home to see whether that artificial constraint means we should look at the numbers again.

"We are hoping to make a rapid announcement about that because [councils] are doing the maths and saying 'I'm off the hook.'

"But my message [to local authorities] is: don't take your foot off the accelerator.

"[The projection] doesn't reflect the pent-up demand, the people who weren't catered to in the previous 20 or 30 years and now want to get on the housing ladder.

"This is a projection forward of household formation, not a reflection of previous demand which has been thus far unmet."

A workshop session on the new National Planning Policy Framework's standard method for assessing housing need, led by David Roberts, team leader (planning for housing need, Ministry of Housing, Communities and Local Government) will take place at next week's Planning for Housing conference. For full details and to book your place, click here.

https://www.planningresource.co.uk/article/1494444/minister-warns-councils-think-lower-household-projections-mean-off-hook, accessed 5 October 2018

APPENDIX B: Extracts from Lichfields analysis of 2016-based household projections

The 2016-based Household Projections for England

On 20th September 2018, ONS published the 2016-based Household Projections. This is ONS's first set of projections, having taken over responsibility from MHCLG in 2017. ONS project average household growth nationally of 159,000 per annum 2016-41 (165,000 over the ten year period 2018-28), compared to 210,000 per annum 2014-39 (218,000 over the ten years 2018–28). These projections form the current basis for estimating housing needs under the current 'standard method', but further changes are afoot.

Over the past two years Government has proposed significant changes to the way housing needs are assessed. The previous practice guidance on housing needs – which often resulted in lengthy debates and delays in the plan-making process – is gone, replaced with a much simpler 'standard method'. Termed 'local housing need' in the 2018 NPPF, it takes the household projections as a starting point and applies a percentage uplift, depending on the scale of affordability pressures in an area. This means that:

1. the level of household growth in the projections is even more important given these are the unambiguous basis of local housing need. They should only be departed from in exceptional circumstances which are to be tested through local plan examinations;
2. any local authority with an affordability ratio greater than 4.0 will be required to make an uplift to the figure so that increased supply reduces the upward pressure on house prices.

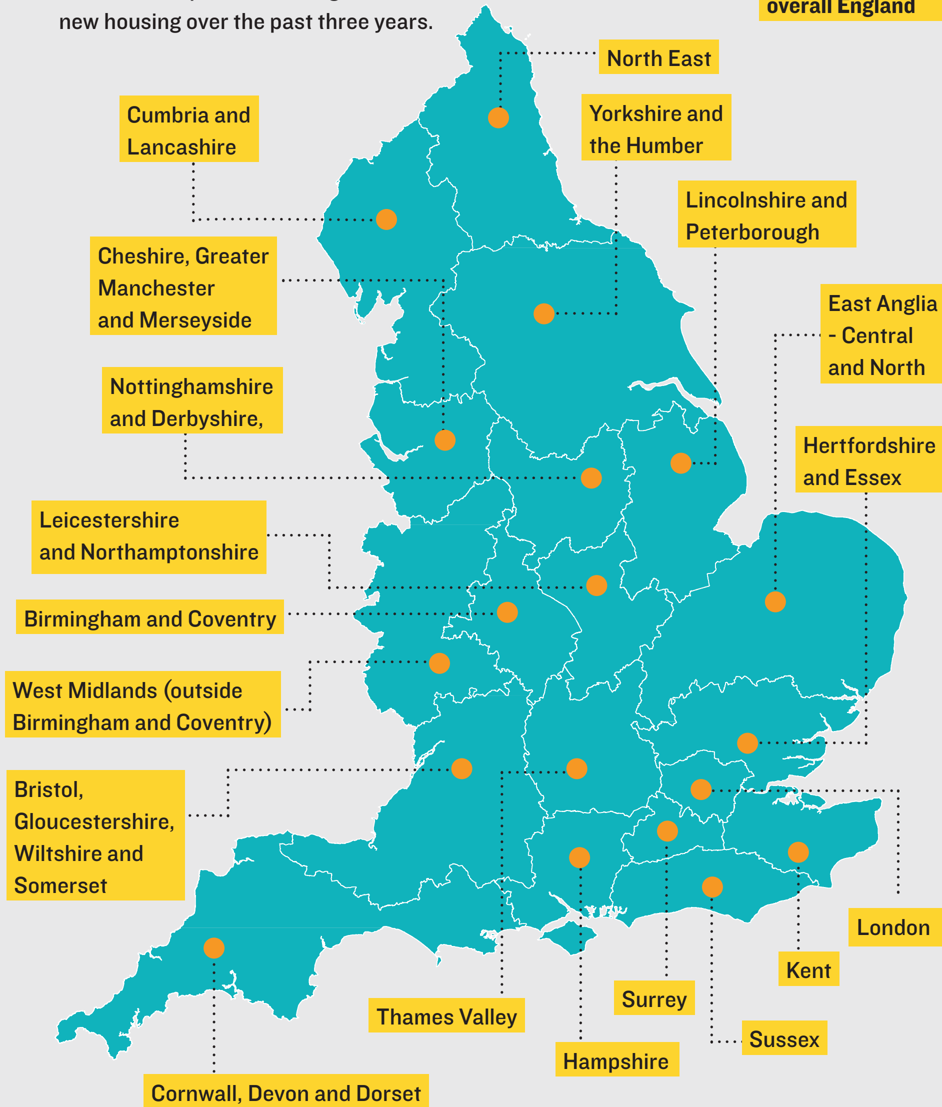
However, Government is clear that the standard method local housing need figure is a minimum; authorities may submit higher numbers on the basis of, for example, economic growth, regeneration, infrastructure investment or affordable housing.

Moreover, for reasons we explain in this publication, the Government is already proposing to consult on changes to the methodology to one consistent with achieving 300,000 homes per annum. These latest projections may prove less important to housing need than previous iterations.

This guide has been produced by Lichfields to help you navigate the new household projections. Click on an area of England for the headlines, including:

- Difference in projected household growth (by authority and housing market area) between the 2014-based and 2016-based projections
- Possible standard method figure
- How this compares to average rates of new housing over the past three years.

Click here to view overall England



Why is Government already planning to revise the standard method?

The introduction of a standard method for assessing housing needs was welcomed by many. Rather than having plan making dominated by debates over the robustness of housing need estimates in Strategic Housing Market Assessments, we can - in Government's own words - focus on 'planning for the right homes in the right places'. However, just a year since the standard method was first published, Government is already planning to consult on changes to it. Why?

Household projections have been a core input to assessing housing need since at least 1977, when the Housing Services Advisory Group of the old Department of the Environment advocated what it called the total stock/household method. The standard method combines these projections with a second input (an uplift based on the affordability ratio). For any method to have credibility as a measure of need, we need to be confident its inputs and/or the way they are used remain fit for purpose.

Of course, ONS does not produce population and household projections specifically for the purposes of planning, and they do not in fact purport to be a measure of housing need. They are simply projections of past trends and are not produced with a particular housing policy outcome in mind.

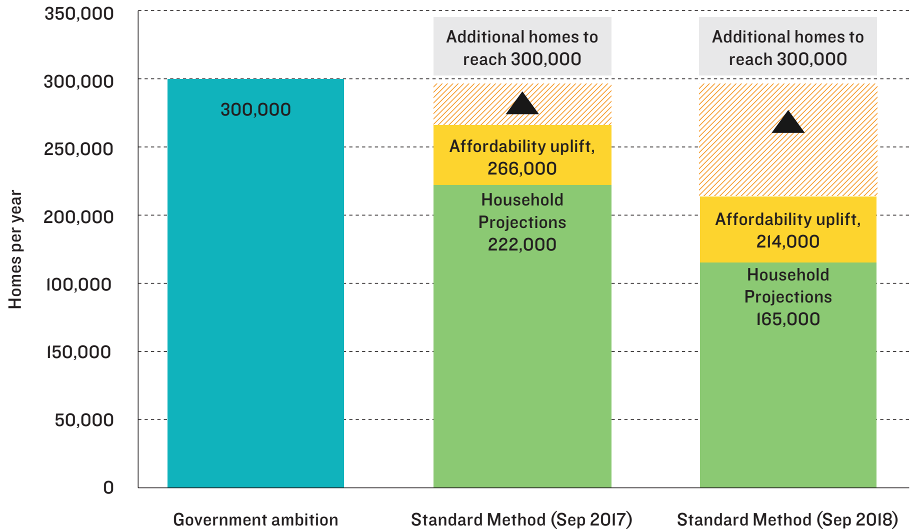
Further, the ONS has changed the methodology for assessing household formation rates (to convert population into households) from that used in previous projections. It is thus important for Government to ensure that its guidance on housing need is calibrated to adjust for any changes in the underlying data inputs on which it relies.

Household projections have fluctuated over a number of years, but there is a broad consensus that, over the long term, there is a need for in the order of 300,000 homes per annum to improve relative housing affordability. Achieving this level of supply by the mid-2020s is now the Government's stated ambition.

When the standard method was published for consultation in September 2017, it yielded a national total (for England) of 266,000 homes per annum (2016-26) as the minimum estimate of need. This represented around a 20% uplift on the-then household projection growth of 222,000 households over the 10-year period. To reach 300,000, authorities across the country then collectively needed to plan for 34,000 homes per annum on top of the minimum figure. Ambitious, when one factors in that some areas (e.g. London) were unlikely to hit their minimum figures, but arguably the 300,000 was an achievable goal.

However, if the new projections are used as the basis of the standard method they yield just 214,000 nationally, as shown in Figure 1. Councils would need to be electing to plan more for an extra 86,000 homes per annum, on top of the standard method figure, and given some areas might not meet their need, the reality is an even bigger uplift.

Figure 1: Homes per year generated by standard method – September 2017 and September 2018



Source: Lichfields analysis

Click here

To read more about why the new projections are so different.

Are the projections still fit for purpose in assessing local housing need?

Population Projections

In May 2018 ONS published the 2016-based Sub-National Population Projections (SNPPs)– these are the basis for the household projections. Within this, ONS has changed some of its underlying assumptions about births, deaths and migration. In short, it now assumes lower birth rates, higher death rates and lower international migration than previously. This means there are now projected to be around 1.5 million fewer people in England by 2036 in the new projections compared to the previous projections, as shown in Figure 2.

Of course, not all of this population change will affect household growth – for example a decrease in the birth rate will not impact household projections until 20+ years' time. However, the increase in death rates amongst older people and lower migration will affect household projections in the short and long term.

International migration trends are projected to fall, with the recent peaks of net in-migration expected to fall to a long term average (from mid-2023) of +152,000 each year, compared with +170,200 in the 2014-based projections.

Household Formation Rates

In addition to lower underlying population projections, ONS has adopted a new methodology for projecting household formation rates which differs to that previously used by DCLG. ONS now uses just two historic points – 2001 and 2011 – to projecting headship rates up to 2021, after which it holds rates constant (i.e. a 'floor' based on 2021 rates). Previously, trends going back to 1971 were used.

By using such a short period (2001-11) the projections inherently 'bake in' the implications of a period that saw a dramatic fall in housebuilding to its lowest levels in modern history and a rise in affordability problems, a substantial increase in concealed families, and an increasing number of adults living at home. In that sense they have an endogenous circularity.

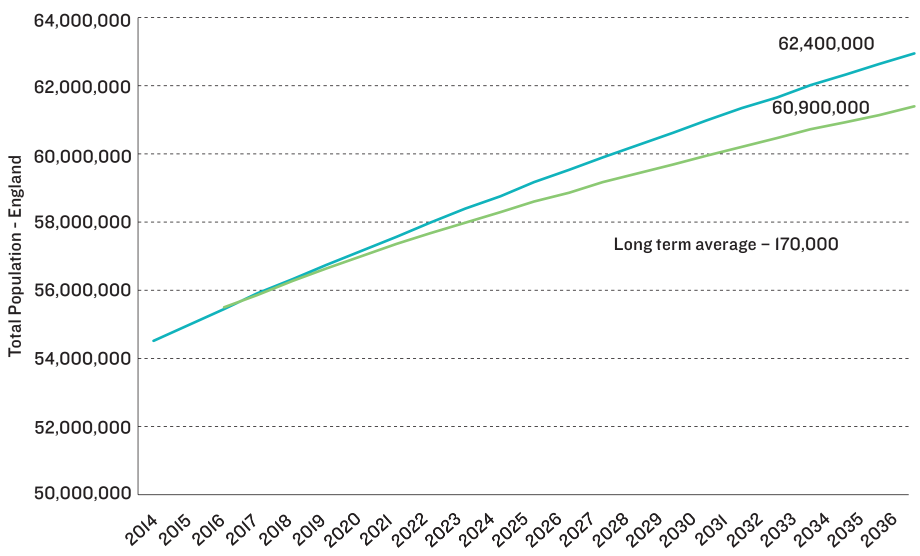
ONS's remit is to produce demographic projections based on past trends –its approach is not inherently wrong from a statistician or demographer's perspective, but they now project forward trends that Government policy is explicitly seeking to reverse, raising questions as to whether they are fit for purpose for planning for housing need. Perhaps the best examples of the concern is that the projections show minimal or negative figures for Oxford and Cambridge over the ten-year period used in the standard method, which might imply no need for any new housing in two locations with acute housing problems. There is also an inconsistency in how communal establishments such as care homes are treated (excluded from the projections but included within the housing need figure).

ONS is clear: "Household projections show the number of households there would be in England in the future if a set of assumptions ...were realised in practice. The assumptions used in household projections for England ...are based on past demographic trends in the population and rates of household formation". This means that events from the past can dramatically impact on the projections, and if those events persist, trends will be 'baked in' to the projections.

What next?

The problem was already on the Government's radar. Back in July it indicated it will consult on changes to the standard methodology to address the fact the projections are not consistent with achieving 300,000 homes per annum. At the time of writing we await the new proposals; in the meantime, those involved in planning would be unwise to get too excited about the 2016-based figures as they stand.

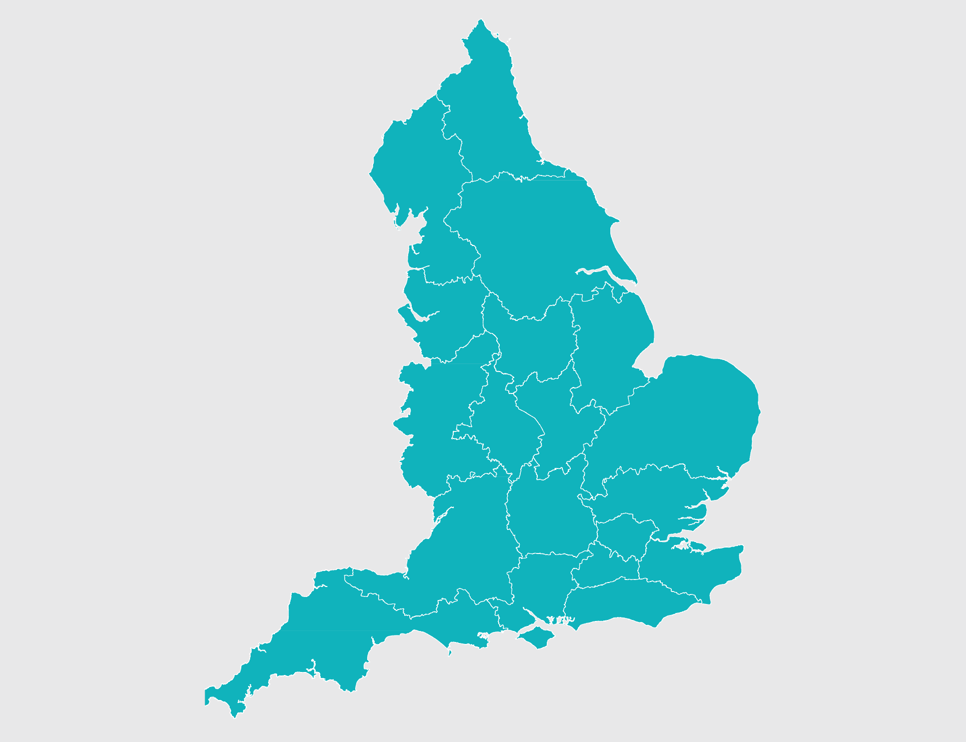
Figure 2: Projected population – England – 2014-based and 2016-based projections



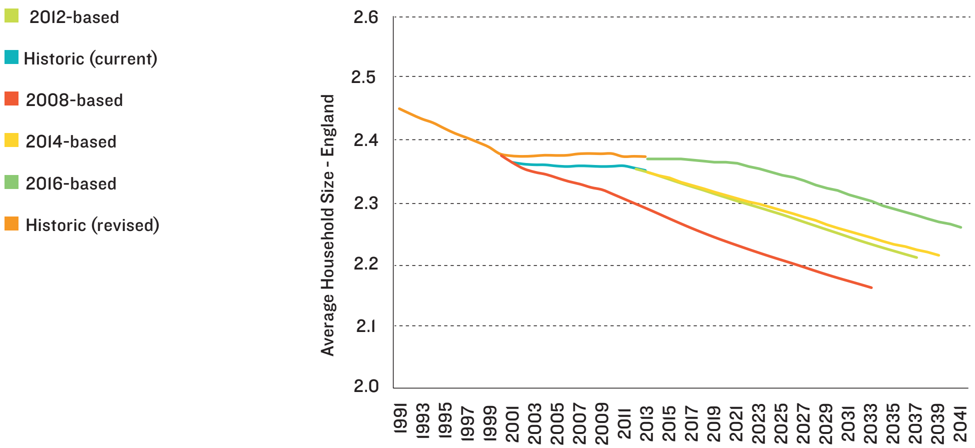
Source: Lichfields analysis

2014-based projection
2016-based projection

England



Past and Projected Average Household Size

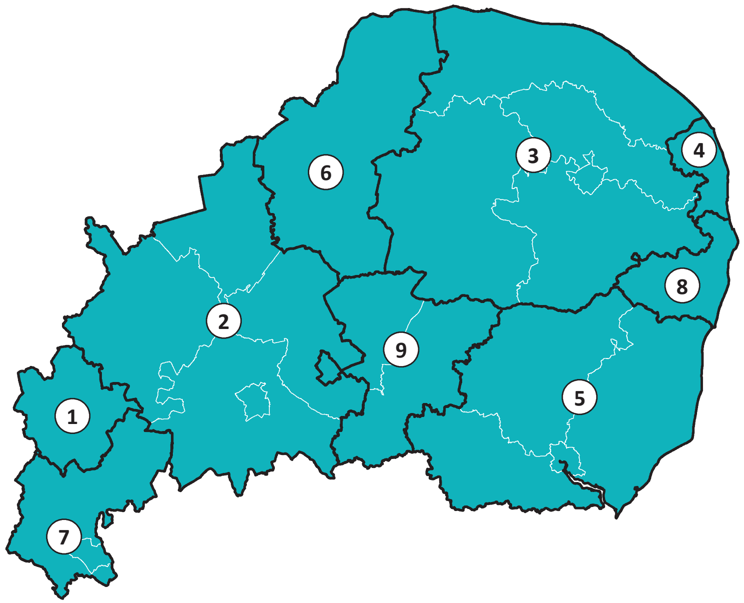


	Annual household growth - 2016-26 (2014-based)	Annual household growth - 2018-28 (2016-based)	Change	Potential standard method figure*	Average net completions 2014/15-2016/17
Birmingham and Coventry	14,100	10,900	-3,200	12,400	11,400
Bristol, Gloucestershire, Wiltshire and Somerset	11,800	10,900	-900	14,200	13,500
Cheshire, Greater Manchester and Merseyside	16,100	12,100	-4,000	13,600	15,400
Cornwall, Devon and Dorset	9,400	7,900	-1,500	10,500	10,100
Cumbria and Lancashire	3,300	2,100	-1,200	2,300	5,500
East Anglia - Central and North	12,700	10,200	-2,500	13,300	12,000
Hampshire	7,000	5,500	-1,500	7,300	7,000
Hertfordshire and Essex	13,700	11,300	-2,400	15,700	9,400
Kent	9,200	7,800	-1,400	10,600	6,800
Leicestershire and Northamptonshire	7,400	6,500	-900	7,900	8,500
Lincolnshire and Peterborough	3,500	3,000	-500	4,800	3,800
London	58,600	34,800	-23,800	50,900	32,300
Nottinghamshire and Derbyshire	6,800	5,600	-1,200	6,400	6,400
North East	6,200	3,900	-2,300	4,200	8,600
Surrey	4,500	2,900	-1,600	4,000	2,800
Sussex	8,200	7,000	-1,200	9,100	5,900
Thames Valley	9,400	7,200	-2,200	9,900	10,700
West Midlands (outside Birmingham and Coventry)	4,800	4,400	-400	5,400	6,700
Yorkshire and The Humber	15,100	11,000	-4,100	12,300	15,700
England	221,800	165,000	-56,800	214,000	192,500

*May not sum due to rounding.

East Anglia - Central and North

Housing Market Areas
1. Bedford
2. Cambridgeshire
3. Central Norfolk
4. Great Yarmouth
5. Ipswich
6. King's Lynn
7. Luton and Central Bedfordshire
8. Waveney
9. West Suffolk



Projected rate of household growth 2018-28 (2016-based)	8.2%
Annual rate of household growth 2018-28 (2016-based)	0.8%
Average Household Size in 2016	2.35
Average Household Size in 2041	2.22
Homes under standard method (potential, 2018-28 total)	132,761
Homes under standard method (potential, 2018-28 annual)	13,276

Fastest growing areas
1. Central Bedfordshire
2. Bedford
3. South Norfolk

Slowest growing areas
1. Cambridge
2. Great Yarmouth
3. Norwich

The Lichfields perspective

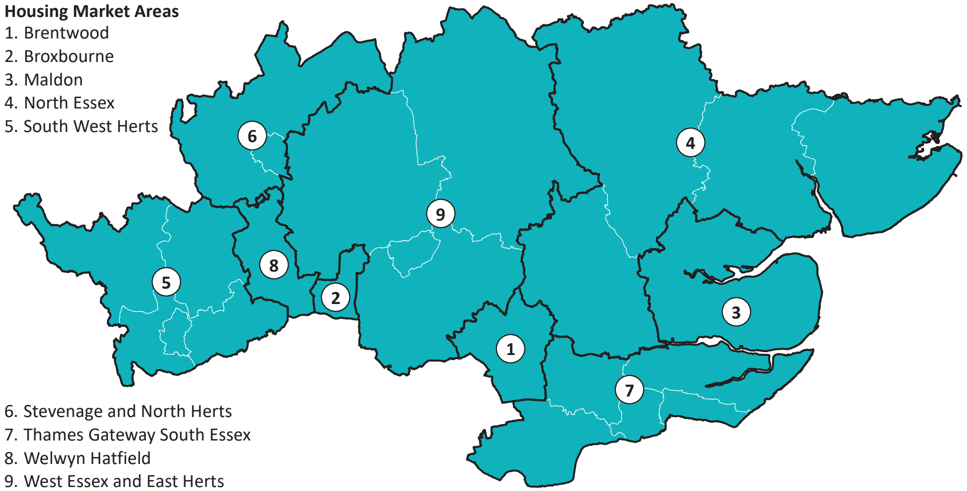
The new projections show reductions from the 2014-based figures in almost every Housing Market Area and in Cambridge it produces a negative figure - an output that raises an emblematic concern about the use of these new figures as the basis of housing need. Overall in Cambridgeshire, the standard methodology figure would mean a lower level of housing growth than recent rates of housing completions, which sits at odds with the NIC report for the corridor which is seeking to boost growth above past rates to support economic growth. In Bedford, the new projections give a standard method figure of 1,185 which is 215 above that in its recently published Local Plan, perhaps explaining its haste to submit before the January 2019 NPPF transition period.

	Annual household growth - 2016-26 (2014-based)	Annual household growth - 2018-28 (2016-based)	Change	Potential standard method figure*	Average net completions 2014/15-2016/17
Bedford	**998**	**889**	**-109**	**1,185**	**1,016**
Cambridgeshire	**2,955**	**1,803**	**-1,152**	**2,404**	**2,819**
Cambridge	416	-5	-421	-5	926
East Cambridgeshire	446	318	-128	434	192
Fenland	440	343	-97	410	429
Huntingdonshire	798	604	-195	783	577
South Cambridgeshire	855	543	-312	781	695
Central Norfolk	**2,589**	**2,267**	**-321**	**2,963**	**3,083**
Breckland	539	579	40	770	634
Broadland	398	332	-66	451	635
North Norfolk	398	324	-74	438	475
Norwich	527	345	-182	409	353
South Norfolk	726	687	-40	896	986
Great Yarmouth	**314**	**213**	**-101**	**242**	**204**
Ipswich	**1,524**	**1,603**	**78**	**2,106**	**1,448**
Babergh	302	324	23	455	185
Ipswich	397	408	12	479	407
Mid Suffolk	437	426	-12	590	342
Suffolk Coastal	389	445	56	582	514
King's Lynn and West Norfolk	**443**	**377**	**-65**	**469**	**395**
Luton and Central Bedfordshire	**2,998**	**2,241**	**-757**	**2,875**	**2,178**
Central Bedfordshire	1,827	1,589	-238	2,224	1,640
Luton	1,171	652	-519	651	537
Waveney	**296**	**318**	**22**	**392**	**178**
West Suffolk	**625**	**478**	**-147**	**640**	**647**
Forest Heath	291	217	-74	279	232
St Edmundsbury	334	261	-73	361	416

*Based on the standard method as per the current Planning Practice Guidance (September 2018). This is subject to change.
See Endnotes for further information.

Hertfordshire and Essex

Housing Market Areas
1. Brentwood
2. Broxbourne
3. Maldon
4. North Essex
5. South West Herts



6. Stevenage and North Herts
7. Thames Gateway South Essex
8. Welwyn Hatfield
9. West Essex and East Herts

Projected rate of household growth 2018-28 (2016-based)	9.1%
Annual rate of household growth 2018-28 (2016-based)	0.9%
Average Household Size in 2016	2.41
Average Household Size in 2041	2.29
Homes under standard method (potential, 2018-28 total)	157,113
Homes under standard method (potential, 2018-28 annual)	15,711

Fastest growing areas

1. Uttlesford
2. Colchester
3. Thurrock

Slowest growing areas

1. Castle Point
2. Harlow
3. St Albans

The Lichfields perspective

The new projections show a reduction across the main Housing Market Areas in a region that is subject to extensive Green Belt constraint and where the North Essex Garden Communities plans faced marked difficulties. Over the past three years, annual net completions were 9,384 dwellings, well below previous (13,668 pa) and the latest (11,313 pa) rates of household growth. Under the current standard method, c.15,700 homes would be required per year; a 50% increase on past rates. The new projections also imply (for South Essex alongside north Kent, and east London) that the current standard method will not match the vision of the Thames Estuary Growth commission who were seeking 31,000 homes per annum across that area.

	Annual household growth - 2016-26 (2014-based)	Annual household growth - 2018-28 (2016-based)	Change	Potential standard method figure*	Average net completions 2014/15-2016/17
Brentwood	**325**	**245**	**-80** ▼	**343**	**140**
Broxbourne	**400**	**293**	**-107** ▼	**410**	**203**
Maldon	**215**	**222**	**7** ▲	**315**	**191**
North Essex	**2,785**	**2,714**	**71** ▲	**3,652**	**2,530**
Braintree	649	507	-142	681	408
Chelmsford	686	556	-131	812	873
Colchester	846	931	85	1,216	859
Tendring	604	720	117	943	390
South West Herts	**2,929**	**2,085**	**-844** ▼	**2,919**	**1,825**
Dacorum	750	595	-155	833	588
Hertsmere	505	317	-188	444	394
St Albans	652	428	-225	599	350
Three Rivers	436	355	-81	497	215
Watford	586	390	-196	547	279
Stevenage and North Herts	**1,076**	**789**	**-287** ▼	**1,057**	**683**
North Hertfordshire	711	511	-200	716	353
Stevenage	365	278	-87	341	330
Thames Gateway South Essex	**2,979**	**2,601**	**-378** ▼	**3,616**	**1,820**
Southend-on-Sea	847	654	-193	909	296
Thurrock	853	743	-110	1,021	541
Basildon	776	708	-68	991	635
Castle Point	244	228	-16	320	146
Rochford	259	268	9	375	202
Welwyn Hatfield	**626**	**529**	**-98** ▼	**740**	**327**
West Essex and East Herts	**2,333**	**1,835**	**-498** ▼	**2,660**	**1,665**
Epping Forest	659	472	-187	660	215
Harlow	351	226	-125	298	256
Uttlesford	529	452	-77	633	581
East Hertfordshire	794	685	-109	1,069	612

*Based on the standard method as per the current Planning Practice Guidance (September 2018). This is subject to change. See Endnotes for further information.

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Endnotes

Government is expected to consult on changes to the standard methodology imminently; therefore the standard method figures in this publication may well change in the near future.

Calculations for the standard method are based on the 2016-based household projections for the 10 year period 2018-28. Data on adoption dates of Local Plans and their requirements has been taken from the Government spreadsheet published in September 2017 in the 'Planning for the Right Homes in the Right Places consultation' – Lichfields accepts no responsibility for the accuracy of that data. Areas with plans adopted since 2017 (including their requirement) have been updated by Lichfields. Affordability data is based on the 2017 median workplace affordability ratio published in ONS in March 2018. Caps do not take into account plans which are current undergoing examination and may be found sound before the transitional arrangements take effect nor plans which have/will be submitted before the 24th January 2019 deadline and subject to the current methodology for housing. The caps on these areas may change in the future once plans become adopted.

Some areas have negative household growth, and therefore if the uplift were applied as per the standard method these numbers would reduce further. For the purposes of this analysis, areas with negative household growth do not have their percentage 'uplift' applied – the standard method figure is taken as the household growth figure. These authorities are: Barrow-in-Furness, Copeland, Blackpool, Richmondshire, Cambridge and City of London.

Three areas contain joint spatial plans but do not provide a breakdown of housing target for each local authority within the joint area. These are Central Lincolnshire (comprising Lincoln, North Kesteven and West Lindsey), Christchurch and East Dorset (comprising the two respective authorities) and West Dorset, Weymouth and Portland (comprising the two respective authorities). For the purposes of calculating the standard method cap an assumption has been made about the distribution of the overall housing requirement between individual local authorities.

Stevenage and East Hertfordshire Local Plans both are currently subject to holding directions, however as they have been found sound by Inspectors, for the purposes of this analysis their housing requirements have been treated as adopted. This could be subject to change.

No affordability data for West Somerset is available. A proxy based on the average ratio of Mendip, Sedgemoor, South Somerset and Taunton Deane has been used.