

# Housing Needs Update Note

## Epping Forest District Council

January 2018

### Purpose

The purpose of this note is to update the Savills SHMA review (December 2016) which was prepared for the Regulation 18 consultation on the draft Local Plan (Preferred Options). This note seeks to update the Savills SHMA review based on relevant evidence to date and should be read in conjunction with the SHMA review report for the purposes of the Regulation 19 (Submission Version) consultation.

### Objectively Assessed Housing Need in Epping Forest

This note provides a summary of Savills concerns around the calculation of housing need and the proposed housing target in Epping Forest District Council (EFDC). In general, the issues raised within the Savills SHMA review (2016) still stand, as the evidence has not changed significantly and the proposed housing requirement in EFDC remains the same.

However, there are two key components to our objections to the current housing needs assessment:

- the proposed housing requirement does not meet the objectively assessed housing need (OAN); and
- the need has not been assessed correctly and is therefore too low.

In addition, we consider the potential impact of the proposed new standardised approach to assessing housing need, the proposals of which were published in September 2017 and therefore were not previously considered as part of the 2016 SHMA review.

#### 1. Meeting the OAN

The Council's Regulation 19 draft Local Plan sets out a housing requirement of 11,400 dwellings from 2011-33, equivalent to 518 homes per year across the plan period. The July 2017 SHMA Update (Establishing the Full Objectively Assessed Need) sets out housing need of 12,573 (572 per year), 1,173 higher.

At Housing Market Area level (Epping Forest plus Harlow, East Herts and Uttlesford), the latest full OAN is 51,700 dwellings over the plan period. A Memorandum of Understanding (dated March 2017) between the four councils distributes the planned housing delivery as follows:

Area	Total housing requirement	Per year
Epping Forest	11,400	518
Harlow	9,200	418
East Hertfordshire	18,000	818
Uttlesford	12,500	568
<b>HMA total</b>	<b>51,100</b>	<b>2,323</b>

The proposed total requirement at HMA level is therefore also below the latest full OAN, by 600 homes in total. There is no mention in the MoU or the draft Plan of where or how the need not met within the HMA will be accounted for.

#### 2. Assessing housing need

As noted above, the latest SHMA concludes that the OAN for the HMA is 51,700, and for Epping Forest it is 12,573. The latest official household projections (2014-based, and converted to dwellings) for the two areas are 52,728 and 15,049 respectively. The subsequent series of adjustments therefore

has resulted in need figures below the demographic starting point, by 16% in the case of Epping Forest.

The only significant change between the August 2016 SHMA Update, which was covered in our previous response, and the latest July 2017 SHMA Update, is to reduce the market signals uplift from 9,100 homes (20% uplift) to 6,200. The reason for this change is that the 9,100 home uplift is now “difficult to justify in the context of the implications for net migration and average household sizes”. This justification appears to misunderstand the basis of market signals adjustments, the intention of which is to deliver additional housing above what is required on a purely demographic basis in order to improve affordability.

The HMA as a whole exhibits clear market signals that affordability is low and worsening, with Epping Forest particularly affected – the median house price to earnings ratio in the district was 14.1 in 2016, the 8th highest outside London out of more than 290 local authorities and rising from 12.9 the previous year. In our previous response we suggested an uplift of 40-50% to influence affordability would be more appropriate given the national context, and this remains the case.

All the other suggestions and objections remain given the similarity of the latest evidence; overall we suggest an OAN for Epping Forest of at least 1,014 homes per year, prior to consideration of employment uplifts or London’s unmet housing needs (see table 4 of the SHMA review report).

### 3. Proposed standardised approach to assessing housing need

In September 2017, DCLG (now MHCLG) published a consultation on a new, standard approach to assessing housing need, to be introduced in 2018. The new method has not yet been introduced but we can compare the potential results with the council’s proposed figures and those we suggest above.

DCLG published a proposed figure of 923 homes per year, for the 10 years 2016-26. The proposed method includes a 40% cap on the uplift to limit initial increases and allow the full figure to be reached gradually through subsequent plan reviews. Without the cap, we estimate that the full figure under the standard approach would be 1,088 homes per year, to be reached in the longer term.

While we broadly agree with the aims of a simpler, calculation-based approach to housing need, the proposed method could be improved by focussing more homes on the most unaffordable areas. There is also the problem of feedback from low levels of past delivery leading to low household projections in some locations. We therefore proposed an alternative standard approach (see accompanying article) that corrects for these issues, under which the figure for Epping Forest would rise to 1,258 homes per year.

A summary of the various need figures is shown in the table below:

Method / Source	Annual housing requirement
EFDC draft plan	518
2017 SHMA	572
Savills recommendation	1,014
DCLG standard approach	923 (rising to ~1,088 uncapped)
Savills modified standard approach	1,258

In conclusion, the proposed level of housing growth in the draft Local Plan of 11,400 new homes in Epping Forest over the plan period, does not meet the need set out in the latest 2017 SHMA update, and is well below the minimum need Savills have identified.

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