

Assessing Housing Need for the Plan Period 2016 - 2037



Background

- 1.1 The National Planning Policy Framework (NPPF) states that:
- “Strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning practice guidance – unless exceptional circumstances justify an alternative approach....” (paragraph 60).*
- 1.2 Under paragraph 11 the NPPF also indicates that strategic policies should provide for objectively assessed needs for housing (and other uses) as a minimum.
- 1.3 The emerging Havant Borough Local Plan (HBLP) has a base date of 2016 and looks to 2037 to ensure that strategic policies will have a 15-year time horizon from the plan’s adoption. This is also in line with paragraph 22 of the NPPF. The HBLP therefore addresses local housing need between 2016/17 and 2036/37, bearing in mind it is anticipated to be adopted in 2021.
- 1.4 The 2018 NPPF introduced the Government’s standard method for calculating local housing need and this has continued into the 2019 NPPF. Prior to this, the most up-to-date housing need evidence was the PUSH [Strategic Housing Market Assessment](#) and [Objectively Assessed Need Update](#). This indicated Havant had a need of 450 homes per year.

Early part of the plan period

- 1.5 National Planning Practice Guidance (NPPG) indicates that strategic policy-making authorities should calculate their local housing need figure at the start of the plan-making process, which should be kept under review and revised where appropriate¹. In this respect, the Council has reviewed the need requirement at each formal stage in the preparation of the HBLP.
- 1.6 The base date of the Plan (2016) and the time that has elapsed since work commenced on the Local Plan Review has resulted in a stepped housing need figure. This is due to the introduction of the standard method for calculating housing need partway through the preparation of the Local Plan and the incremental increase in housing need which has occurred year on year (2018/19-2020/21).
- 1.7 It is considered that this is an appropriate approach to assessing housing need, bearing in mind the Council could not have been expected to meet a higher housing requirement retrospectively (which it could not know about beforehand).
- 1.8 For this reason, the local housing need requirement for the period 2016/17-2019/20 is calculated as follows:

¹ [Housing and Economic Development Needs Assessments](#) Paragraph: 008 Reference ID: 2a-008-20190220
Revision date: 20 02 2019

Year	Housing Need Figure	Source
2016/17	450	PUSH SHMA
2017/18	450	PUSH SHMA
2018/19	479	Standard method
2019/20	486	Standard method
Total	1,865	

- 1.9 On this basis, the Borough's local housing need figure for 2016/17-2019/20 is 1,865 dwellings.

The standard method

- 1.10 The standard method indicates that the current year should be used to calculate the average annual household growth over a 10-year period. As such, the current year (2020) is used to calculate housing need, which may be relied upon for a period of 2 years from the time that a plan is submitted for examination².
- 1.11 Step 1 of the standard method indicates the baseline should be set using the 2014-based household projections to calculate the projected average annual household growth over a 10-year period. The method provides an annual number which can be applied to the whole plan period.
- 1.12 The methodology also confirms that the current year should be used as the starting point to calculate growth over that period.
- 1.13 The baseline is then adjusted to take account of the local housing affordability data which compares the median average of house price of properties sold in the Borough over the year ending in September. This is then compared to the median average income of people working in the Borough according to earnings sample saving sample survey data.
- 1.14 A cap may be applied where there is a 40% increase over the projected household growth or the housing requirement set out by the Core Strategy whichever the higher. In this case, the projected household growth is the greater of the two figures. However, when 40% is applied to the projected household growth, this figure is greater than the minimum annual housing need figure. As such no cap is applicable.
- 1.15 It is noted that a revised standard method has been published alongside the Planning White Paper "*Planning for the future*". Given that the Council is at an advanced stage in the plan making process, it is also noted that it is proposed that authorities which are already at Regulation 19 strategic plan consultation process should be given 6 months to submit their plan following the publication date of the revised guidance.
- 1.16 Nevertheless under the current standard method, the minimum annual housing need figure is calculated as follows:

² Ibid Paragraph: 008 Reference ID: 2a-008-20190220 Revision date: 20 02 2019

Minimum annual housing need figure for Havant Borough	
Stage 1: Setting the baseline	
Average household growth in Havant Borough between 2019-2029 57,948 households in 2030 <u>54,276 households in 2020</u> 3,672 households growth 2020 - 2030 / 10-year period = 367.2	367.2
Step 2: An adjustment to account for affordability	
2019 median workplace-based affordability ratio for Havant Borough	9.95
Adjustment factor ³ $\left(\frac{\text{Local affordability ratio} - 4}{4} \right) \times 0.25 + 1$ 9.95 (local affordability ratio) – 4 = 5.95 5.95 / 4 = 1.4875 1.4875 x 0.25 = 0.371875 0.371875 + 1 = 1.371875	1.339375
The minimum annual local housing need figure for Havant Borough (adjustment factor) x projected household growth 1.371875 x 367.2 = 503.7525 The resulting figure is 504 (rounded).	504
Step 3: Capping the level of any increase	
<p>The Local Plan (Core Strategy) was adopted in March 2011 and was therefore adopted more than 5 years ago. A cap may therefore be applied whichever is the higher of:</p> <ul style="list-style-type: none"> • 315 dwellings per annum set out by Policy CS9 of the Core Strategy • 367.2 based on average annual household growth 2019-2029 (as per step 1) <p>The cap is set at 40% above the higher of the most recent average annual housing requirement figure, or average household growth. In this case, the household growth is the greatest figure:</p> $\text{Cap} = 367.2 + (40\% \times 367.2) = 514.08 \text{ or}$ $367.2 + 146.88 (40\%) = 514.08$	

³ As the 2019 affordability ratio for Havant Borough has a value greater than 4, an adjustment factor should be applied: No adjustment is applied where the ratio is 4 or below (as set out in Step 2 of the standard method).

Minimum annual housing need figure for Havant Borough

The minimum annual local housing need figure (504) is no greater than the capped figure (514.08). Therefore, no cap is applicable. The annual need for housing for Havant Borough is therefore **504** dwellings per annum.

- 1.17 As such, the standard method figure calculated at the current year 2020 is applied across the remaining plan period (2020/21-2036/37). This results in a need figure of 8,568 homes (equivalent to 504 dwellings per annum).

$$1,865 \text{ (2016/17-2019/20)} + 8,568 \text{ (2020/21-2036/37)} = 10,433 \text{ homes}$$

- 1.18 This gives an overall housing need of **10,433 homes**.

