

## **Report to the Local Development Framework Cabinet Committee**



**Epping Forest  
District Council**

**Report reference: LDF-003-2010/11**  
**Date of meeting: 17 June 2010**

**Portfolio: Leader**

**Subject: Strategic Housing Market Assessment – Final Report**

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### **Recommendations/Decisions Required:**

- (1) To note the findings of the completed “Strategic Housing Market Assessment” report, and add this into the evidence base to support the preparation of the Local Development Framework;**
- (2) To note that a further piece of research is currently underway to establish the viability of the provision of affordable housing.**

### **Executive Summary:**

The Strategic Housing Market Assessment (SHMA) is required by Planning Policy Statement 3: *Housing* to inform the preparation of housing policies in the Core Strategy and other parts of the Local Development Framework.

The SHMA has been carried out across six local authority areas, these being Epping Forest, Harlow, East Herts and Uttlesford District Councils and Brentwood and Broxbourne Borough Councils. It uses data on house prices, housing demand, migration patterns and travel-to-work patterns to determine the Housing Market Areas that exist across the sub-region.

The SHMA considers the need for a variety of housing types across the sub-region, including affordable housing, the impacts of migration, households in unsuitable accommodation, the housing needs of older people and Black & Minority Ethnic groups.

The key finding of the SHMA in relation to affordable housing is that there is an overall need for 70% of all new housing to be affordable (social rented and intermediate housing). Further work is currently being completed to test the viability of the provision of affordable housing in the district.

### **Reasons for Proposed Decision:**

The SHMA is an important part of the evidence base to underpin the preparation of the Core Strategy. This new evidence will help to achieve corporate objectives of increasing the provision of affordable housing in the District, and guide strategies in relation to other types of housing provision.

## **Other Options for Action:**

This study has been undertaken to inform the preparation of the Local Development Framework, and is based on publically available technical and statistical information. Without such a study any housing policies in the Local Development Framework would be found unsound, and therefore there are no reasonable alternative options.

## **Report:**

1. Planning Policy Statement (PPS) 3: *Housing* (2006) requires that planning policies within Local Development Frameworks are based on robust evidence of housing need and demand. The Strategic Housing Market Assessment (SHMA) provides this evidence. In March 2008, the London Commuter Belt (East) consortium appointed Opinion Research Services (ORS) working with Savills to undertake this work, following a full tendering process. The consortium includes Epping Forest, Harlow, East Herts, Broxbourne, Brentwood and Uttlesford Councils, and the study seeks to identify the way in which the various housing markets operate at a sub-regional and district level.

2. The SHMA has been prepared in accordance with PPS3 and the supporting guidance. It covers the period to 2026 and provides evidence which will update the information contained in the Housing Needs Survey completed in 2003. It provides an analysis of the housing demand across the district, also taking into account the growth requirements of the East of England Plan. For the purposes of this work, it has been assumed that a total of 6,600 new units will be built within Epping Forest district to fulfil the policy requirements of the East of England Plan, taking into account the proposed growth of Harlow. This assumption was used as a “best estimate” at the outset of the study, prior the final completion of the “Harlow Options” report. The “Harlow Options” report was completed in January 2010, and shows that this assumption was broadly accurate.

3. The coalition Government has made clear its commitment to abolishing Regional Strategies, however this has not yet caused a change to legislation and the future intentions of the Government are not clear. The evidence that the SHMA provides is still relevant and will supply essential information to help shape new planning policies.

## Key Findings

### Housing Market Areas

4. The Executive Summary prepared by ORS is attached at Appendix 1, and the key findings in respect of Epping Forest District are highlighted below.

5. Housing Market Areas (HMAs) are geographical areas defined by household demand and preferences for housing. They reflect the key linkages between the places where people live and work. PPS3 recognises that HMAs do not often coordinate with local authority boundaries, and therefore local planning authorities should have regard to wider HMAs when considering the need for different types of housing. Parts of five different HMAs cover Epping Forest District (see Appendix 2), highlighting the diverse nature of the district, and the varying relationships that exist. In considering the most appropriate housing policies for the new Local Development Framework, the Council will need to have regard to the impact of these HMAs.

### Affordable Housing

6. The SHMA draws out key findings in respect of affordable housing provision, tenure split and housing size mix across the district. Affordable housing is defined as being either

social rented housing or intermediate housing. Social rented housing is that which is provided by EFDC or a Registered Social Landlord at a specified level of rent. Intermediate housing is the term used cover a variety of housing types where the price or rent is above the level of social rent, but below open market prices.

7. Across the sub-region, the SHMA identifies that 46% of all new dwellings should be affordable. At a district level, this increases to a need for 70% of all new dwellings to be affordable. Of this 70%, it is suggested that 63% should be social rented units, and 38% should be intermediate affordable housing (figures may not sum due to rounding). The Council's current policy is to seek 70% of affordable housing as social rented units and 30% as intermediate units. The Council will need to consider whether, in light of this evidence, the tenures sought should be amended. The figures presented in the SHMA are on the basis that a balanced housing market should be achieved.

8. Intermediate housing seeks to address the needs of those households that earn between £20,000 and £35,000. Below this income range, there are housing benefits which will subsidise housing costs, and above this there are "entry level" properties that are affordable. For those households within this band, there is a shortage of housing products to suit their needs. However, there is a wider debate to be had about whether this is an achievable objective, or whether resources should be concentrated towards helping those that are in the most need.

9. Within each of the different tenures, the SHMA identifies a need for a variety of house sizes, which is summarised in the table below:

<b>Dwelling size</b>	<b>Market housing</b>	<b>Intermediate affordable housing</b>	<b>Social rented affordable housing</b>
1 bedroom	0.5%	12.1%	40.0%
2 bedrooms	31.6%	42.7%	28.1%
3 bedrooms	47.1%	39.5%	27.9%
4 bedrooms	17.2%	4.8%	3.7%
5+ bedrooms	3.7%	0.9%	0.3%

10. On the basis of the evidence provided in the SHMA and other appropriate sources, the Core Strategy will need to incorporate housing policies which seek a suitable level of affordable housing over the plan period (i.e. to 2031).

#### Viability of Delivery

11. Planning policies must also take into account matters such as the viability of development. In December 2009, Levvel were appointed to undertake an assessment of the viability of affordable housing provision suggested in the SHMA. This work is being carried out on behalf of Epping Forest, East Herts, Harlow, Brentwood and Uttlesford Councils (Broxbourne Council's timetable for their Core Strategy did not permit them to be part of this further piece of joint work). This further work is due to be completed by July 2010, and when completed will have tested a number of scenarios, taking into account available information on other matters including section 106 costs and land type. This viability work is part of a two-stage process, the second of which is part of the Strategic Housing Land Availability Assessment (SHLAA), during which specific sites will be tested in terms of the viability of delivery of affordable housing.

#### Housing Needs of Specific Groups

12. The SHMA also considers the housing requirements of specific groups identified in

government guidance. These groups are older people (including those with supported housing and health needs), black and minority ethnic population (including homelessness) and rural households.

13. Despite the trend of an ageing population, there is an over supply of units for older peoples' accommodation in Epping Forest. However it has been identified that much of the current accommodation is not fit-for-purpose, either in terms of meeting the Decent Homes standard or by meeting the requirements of the Disability Discrimination Act. The Council will therefore need to consider the most appropriate method of meeting the housing needs of an ageing population.

14. The need for rural affordable housing is also identified across the study area, however specific figures are not provided for each local authority area. This is a matter which must be addressed at a local authority level on a individual settlement basis.

#### **Resource Implications:**

The cost of this project is £59,950 with an additional £3,117 for advertising fees associated with the tender process. The total of £63,067 has been split equally between the six authorities. EFDC's contribution of £12,267 was funded from the LDF budget.

#### **Legal and Governance Implications:**

None relevant.

#### **Safer, Cleaner and Greener Implications:**

None relevant at this time.

#### **Consultation Undertaken:**

Key stakeholder events were undertaken through the preparation of the SHMA.

#### **Background Papers:**

London Commuter Belt (East) / M11 Sub-Region – Strategic Market Housing Assessment, January 2010 – Opinion Research Services / Savills.

#### **Impact Assessments:**

##### Risk Management

Some earlier SHMAs prepared by other authorities were found to be unsound because viability had not been assessed. This significant risk will be addresses by the supplementary report.

##### Equality and Diversity:

Preparation of the Local Development Framework as a whole will be subject to an Equality Impact Assessment at a later date.

*Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications?* No

*Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken?* N/A

*What equality implications were identified through the Equality Impact Assessment process?*  
N/A.

*How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?*  
N/A.