

Brentwood Borough Council



Strategic Housing Market Assessment Summary

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1 INTRODUCTION

- 1.1 The Objectively Assessed Housing Needs Study was commissioned by Brentwood Borough Council to provide an objective assessment of housing need (OAN). Together with the Part 2 SHMA (affordable housing needs) it covers the full objectively assessed housing need for Brentwood Borough.
- 1.2 This note provides a summary of the findings.

Method

- 1.3 The note is prepared applying the current (October 2017) Planning Policy Guidance (PPG). This is likely to be revised shortly and result in a much higher level of housing need (the 'standardised method'). This new approach is currently subject to consultation.
- 1.4 Should the consultation proceed, with no further changes, then this suggests a need for 454 dpa in the Borough¹.

Geography

- 1.5 Here we consider the need number for Brentwood. Earlier work² identified Brentwood as a reasonable 'housing market area' (HMA)
- 1.6 While this conclusion, that Brentwood is a pragmatic HMA, can still be supported the Council should not overlook the fact that there are links with neighbouring housing market areas. These links need to be managed through the Duty to cooperate.

Limitations

- 1.7 One significant complication with assessing housing need is the reliance on the official population and household projections. These are exceptionally unstable because they reflect short term (5 year) domestic migration flows. For small authorities, such as Brentwood, these can result in variances +/- 100 dpa between data releases. This volatility flies in the face of the objective to inform long term housing needs for a long term development plan. So planning needs to try and pre-empt data and interpret it with plan period in mind.
- 1.8 Planning guidance recognises the limitations in data and stresses that setting OAN is not an exact science. Inspectors also recognise that many of the steps followed to arrive at the OAN, following the Planning Guidance, are not exclusive but overlap; an uplift in housing to meet a concern about a lack of affordability in the market can also, for example, address any concern that households don't form as readily as some may like.

¹ It is unclear whether this figure relates to Dwellings or Households. If households an additional small adjustment (upwards) for vacant homes may be required.

² Brentwood SHMA – DCA (2013)

- 1.9 Setting the OAN enquires a degree of option and, unfortunately for Councils, in the current absence of a standardised method options will naturally vary between practitioners, plan supports and objectors.

2 ARRIVING AT THE OAN

Identifying the starting point

- 2.1 Guidance requires Councils to start their assessment of need from the latest set of Population and Household projections. These are released every two years but it is also possible to pre-empt the official projections using demographic modelling by drawing on the 'raw data'. It is also established practice, supported in the guidance, to test alternative projection periods.
- 2.2 At the time of writing the latest (2014 based) official projections suggest 348 dpa. But indications are that the next round of projections (2016 based projections, due summer 2018) will be substantially lower at around 280 dpa³. This is based on PBA projecting the 2011-16 population growth (PBA Trends 11-16 projection).
- 2.3 Looking at longer term trends also suggest a lower level of need. Modelling from the GLA shows that both 10 and 15 year projections are much closer to where we expect the 2016 based projections to fall than the 2014 based projections (i.e. closer to the PBA 11-16 Trends Projection).
- 2.4 For Brentwood, and the emerging plan, this means that we have two possible 'starting points' – the official 2014 based projections but also evidence to suggest they (the official projections) may fall. We also have evidence which suggests the 2014 based projections are unusually high. And so an alternative projection, reflecting what we expect to see in the next round of official projections should be given significant weight.
- 2.5 Given the plan is still in preparation, and most likely to be submitted following the release of the 2016 based projections more weight should be afforded to the emerging number. (although the standardised method – discussed below – may be adopted before this point).

Uplifting the demographic starting point

- 2.6 Government policy and guidance states that in many areas simply meeting demographic need (the official household projections) may not be enough to meet the demand for housing in area; meeting the starting point number may not provide the homes people want and can afford to buy.
- 2.7 Policy also reflects the fact that in many areas past under-provision of homes has distorted the market, possibly leading to house price increases above those we would have expected in similar areas.
- 2.8 Following the guidance an uplift can be justified for a number of reasons but most commonly for adverse 'market signals' (house price increases above comparators and a lack of affordability in the market) and/or for economic needs.

³ This varies slightly depending on the period used – either 2013/33 or 2013/37. But the difference is not significant (+/- 3 dpa)

- 2.9 In Brentwood evidence suggests an uplift if warranted; more homes are needed than the demographic projection suggests. Brentwood is clearly an expensive Borough with a demand for housing. Further, the economic evidence available today, and affordable need evidence, would suggest the OAN needs to be set around or above the current CLG 2014 projections.

Setting the Objectively Assessed Needs Figure

- 2.10 To what extent the numbers are uplifted is a matter of opinion. In this case our opinion is that a positive approach is needed because pressure, at examination and from objectors to plans is (almost) always upwards. Further Councils should take a positive approach to addressing the national need for housing. Balancing against this the requirement, set out in guidance, that any uplift should be 'reasonable'.
- 2.11 Under the PPG the highest reasonable uplift is around +30% of the demographic need. Applied to the 2011 -16 projection this results in a OAN of around 364 dpa⁴.
- 2.12 We also suggest a small additional increase to allow for the risk that our estimate of the 2016 based projections is slightly too low and to ensure that the OAN exceeds the current (2014 based) projections; with some flexibility.
- 2.13 This suggests the Council should plan for an OAN of 380 dpa.

Standardised Method

- 2.14 As noted in the introduction; the OAN discussed above (and any other PPG compliant OAN) may be superseded by the 'standardised method'. As a consultation this new number (454 dpa; based on the 2014 household projections with an adjustment reflecting the lack of affordability in Brentwood and 40% cap applied) carries no weight at the moment. But may come into effect as soon as April 2018.

⁴ 2013/37. The 2013/33 number is slightly lower at 356 dpa.

