Maldon District Council Local Development Plan 2014-2029

Identification of Objectively Assessed Needs for Housing (OAN)

Supplementary Statement to ‘Assessing Maldon’s Housing Requirements’ (EB098a)

Executive Summary

This statement has been produced by Maldon District Council to supplement the report entitled ‘Assessing Maldon’s Housing Requirements’ (ref. EB098a). The recently completed report provides an independent audit of the OAN (Objectively Assessed Needs for Housing) for the District and was undertaken by Neil McDonald and Christine Whitehead (NM Strategic Solutions Ltd and Visiting Fellow at the Cambridge Centre for Housing and Planning Research).

This Statement provides supplementary information in order to clarify and summarise how other considerations and factors have been considered in accordance with best practice and the NPPG, which were beyond the scope of the report produced. This statement therefore provides an overview of all of the relevant evidence available in order to supplement, corroborate and further substantiate the conclusions and recommendations of the independent audit that the OAN for Housing in the District should be based upon the latest official projections for the area as the starting point with adjustments for factors which appear to be departures from the longer term trend.

‘Assessing Maldon’s Housing Requirements’ concludes that OAN for the District should be in the range of 280 and 310 dwellings per annum (dpa) between 2014 and 2029 (equating to 4,200 - 4,650 dwellings over the plan period), but that it would be prudent to set OAN at the top of this range. Alongside this Supplementary Statement, the Council has also issued and published the final Strategic Housing Market Assessment (SHMA) report (ref. EB010f). The SHMA report has been updated to reflect further information now available (please see the Explanatory Note ref. EB010g) and the report now supersedes EB010e. The final SHMA report (ref. EB010f) suggests an annual requirement over the 15 plan period for 319 homes (189 for market housing and 130 for affordable housing) to meet all of the housing need identified in the District1.

1 In accordance with best practice the figure of 319 homes over the 15 year plan period equates to ‘Net New Need Only’ as identified by the SHMA.
The annual requirement of 319 homes per annum identified by the SHMA is marginally above the 310 dwellings per annum recommended by the recent independent audit of OAN, and should not be directly translated into OAN for housing for the following reasons:

- The stock flow analysis utilised in the SHMA is not intended as an alternative basis to the demographic projections as the base from which to determine the OAN figure (see section 4.11 of EB010f and paragraph 123 of EB098a);

- The independent audit of OAN has recommended that the OAN should be based upon the latest official projections for the area with adjustments for factors which appear to be departures from the longer term trend (in accordance with the National Planning Practice Guidance). These suggest a requirement of 280 to 310 homes a year over the plan period. By accepting that the OAN figure is likely to be represented by the highest figure within the range presented, the Council is also ensuring the potential for future outward pressure from London, and also ensuring a sufficient buffer for any other anticipated factors which may lead to small adjustments (either upwards or downwards);

- The SHMA’s stock flow based analysis is based on a survey of households in the area conducted in June and July 2013. Such surveys can only provide information on what respondents intend to do. As a result there are greater uncertainties in the estimates of the number of flows when compared with the official household projections (ref. EB098a); and

- The SHMA identifies affordable housing need utilising the DCLG model which is a well-established approach in accordance with national policy and guidance. However, the model only takes into account the current committed supply of affordable units in the District (delivery in the pipeline) which equates to 28 dwellings in the District. However, through the LDP the Council is planning to significantly increase the supply of affordable units within the next five years, which in turn would reduce the longer term affordable housing requirements identified by the SHMA.

In considering employment trends, the Council has concluded that by delivering 310 dwellings per annum, the District would maintain a broadly stable workforce over the plan period, given the significantly ageing population profile of the District. This would enable the Council to fulfil the stated economic objectives set out by the LDP and the Economic Prosperity Strategy – to sustain a vibrant local economy and create a solid base for potential future growth and regeneration.

In considering housing market trends, the Council has considered a range of relevant indicators and data to determine that no upward adjustment would be required to the OAN for housing in the District.

Through the consideration of all of the available evidence, and having taken into account all the relevant factors, as outlined above the Council concludes that 310 dwellings per annum represents the most up to date and robust basis for the identification of OAN for the District.
The Council has not at this stage formally adopted 310 dwellings per annum as a revised housing target for the Local Development Plan. However, it is accepted that this figure represents the latest available and most robust evidence in relation to the identification of OAN for the District, and the Council accepts that this should be further considered through the Examination process. It is anticipated that should any modification be required to the OAN for the District this would form part of the Inspector’s recommended main modifications to make the Plan sound following the hearings. Any such modifications would then be formally considered by the Council in due course.

The remainder of this report provides further details in relation to the approach to identifying OAN for the District, including how other factors not explicitly referenced by the independent audit, have been carefully considered by the Council in accordance with the National Planning Policy Framework and National Planning Practice Guidance.

Through the LDP the Council is seeking to allocate and release a significant amount of land for future residential development (and other uses). By planning to meet OAN, the Council is in effect planning for almost a threefold increase in the housing target for the District when compared with the targets previously stipulated by the East of England Plan (Regional Spatial Strategy). Based on historic trends and the overwhelmingly rural nature of the District, the Council does not consider that it would be realistic, achievable or deliverable to plan for a higher level of growth either now or in the future.
1. Introduction and Purpose

1.1 This statement has been produced by Maldon District Council to supplement the report entitled 'Assessing Maldon’s Housing Requirements' (ref EB098a). The recently completed report provides an independent audit of the Objectively Assessed Needs for Housing (OAN) for the District and was undertaken by Neil McDonald and Christine Whitehead (NM Strategic Solutions Ltd and Visiting Fellow at the Cambridge Centre for Housing and Planning Research).

1.2 This Statement provides supplementary information in order to clarify and summarise how other considerations and factors have been considered in accordance with best practice and the NPPG, which were beyond the scope of the report produced. This statement therefore provides an overview of all of the relevant evidence available in order to supplement, corroborate and further substantiate the conclusions and recommendations of the independent audit that the OAN for Housing in the District should be based upon the latest official projections for the area as the starting point with adjustments for factors which appear to be departures from the longer term trend.

1.3 Alongside this Supplementary Statement, the Council has also issued and published the final Strategic Housing Market Assessment (SHMA) report (ref. EB010f). The SHMA report has been updated to reflect further information now available (please see the Explanatory Note ref. EB010g) and the report now supersedes EB010e.

1.4 The remainder of this report provides further details in relation to the approach to identifying OAN for the District, including how other factors not explicitly referenced by the independent audit, have been carefully considered by the Council in accordance with the National Planning Policy Framework and National Planning Practice Guidance.
2. Planning Policy Context

2.1 Paragraph 47 of the National Planning Policy Framework (NPPF) requires local planning authorities to use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area (as far as is consistent with the other policies included within the Framework).

2.2 The National Planning Practice Guidance (NPPG) provides further detailed guidance in relation to the approach and scope of assessments to be undertaken by local planning authorities when assessing needs. This indicates that household projections published by the Department for Communities and Local Government (DCLG) should provide the starting point for the estimate of overall housing need. However, the guidance also indicates that the household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography and housing formation rates which are not captured in past trends. The guidance also states that any local changes would need to be clearly explained and justified on the basis of established sources of robust evidence.

2.3 In addition, the Planning Advisory Service (PAS) has recently published a Technical Advice Note entitled ‘Objectively Assessed Need and Housing Targets’. The advice has no official status, but is intended to bring together relevant best practice and experience from recent Local Plan examinations across the country. The Advice Note seeks to enhance the NPPG guidance that requires planning authorities to analyse market signals to see if planning in the past has constrained housing development. Where that was the case it may be necessary to adjust housing need numbers upward. In order to assess the possibility of under-provision local authorities should consider other local evidence including: the balance between jobs and workers, market trends and the need for affordable housing.
3. Maldon District Council Approach to Identifying OAN for Housing

3.1 In order to inform the determination of OAN for housing within the District, Maldon District Council (MDC) has undertaken and collated a significant amount of research and evidence. This has included:

- Greater Essex Demographic Forecasts – Phases 1-6 (EB043a-f);
- Heart of Essex Housing Growth Scenarios (EB062);
- Heart of Essex Economic Futures Study (EB060);
- Strategic Housing Market Assessment (SHMA) (EB010a-g);
- Maldon District Economic Prosperity Strategy (EB068a-b);
- Maldon District Employment Land Review (EB035a-b);
- Objectively Assessed Needs Housing Technical Paper (EB078); and
- Assessing Maldon’s Housing Requirements (EB098a-b).

3.2 MDC’s approach to identifying OAN has been closely linked to the household projections. The Council endorsed the identification of OAN as 4,410 dwellings (294 dwellings per annum) in May 2013 (please refer to DOC77). The identification of OAN was based upon a range of factors and evidence (please refer to EB078). Further details are set out below in paragraphs 3.3 and 3.4.

3.3 In 2012 the Heart of Essex Housing Growth Scenarios report (ref. EB062) was produced by Roger Tym and Partners and considered a range of housing growth scenarios against the available demographic projections for Maldon, Chelmsford and Brentwood. The scenarios included ‘population stable’, ‘workforce stable’ and household projections. Please refer to section 4 of EB078 for a summary of the consideration of these scenarios for the identification of OAN for housing in the District.

3.4 Following careful consideration of the range of evidence available the Council determined, in May 2013, that OAN was reflected by the 2010 household projections (Sub-National Population Projections (SNPP) published by the Department for Communities and Local Government (DCLG) and subsequently updated by Edge Analytics as SNPP 2010 – R (‘SNPP 2010 – R’ utilised the same population growth rate as the SNPP 2010 household projections but updated household headship rates). Please refer to EB043c.

3.5 The target of 294 dwellings per annum represented a significant uplift in the level of housing planned in the District and an almost threefold increase in the target previously stipulated by the East of England Plan which previously formed the basis for the District’s Draft Core Strategy (DOC52). In considering the evidence, the Council took into account evidence available in relation to economic needs, affordable housing needs and other factors. Planning to meet the household Sub National Population Projections (SNPP) projections would result in a significant increase in the population of the District over the plan period, and would also increase the workforce of the District2.

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2 In 2012 the ‘Housing Growth Scenarios Report’ (EB062) concluded that 263 additional households were needed in Maldon District each year in order to keep the size of the workforce stable. Based on the now dated 2008 sub-national population projections it was also estimated that 380 additional households were required per
3.6 Consideration of the SHMA also enabled the Council to conclude that the needs for affordable and market housing in the District could and should be appropriately met through an improved supply of new homes that also provides a better configuration of the overall housing stock, achieving the optimum use of housing supply, in addition to planning to increase the overall supply. As a relatively small and rural District with limited infrastructure, limited connectivity and few large settlements, the Council accepts the need to plan for OAN in accordance with national planning policy requirements, but does not seek to plan for significant additional growth, either in economic or housing terms, above and beyond the requirements of the NPPF.

3.7 The recently completed independent audit of the OAN for the District (ref. EB098a-b) was undertaken by Neil McDonald and Christine Whitehead, (NM Strategic Solutions Ltd and Visiting Fellow at the Cambridge Centre for Housing and Planning Research) and concluded that the overall approach used in the Plan to identify OAN was sound (page 2 of EB098b), but the projections used to formulate it were now considered dated. The report seeks to provide updated and adjusted projections to take into account the latest available household and SNPP projections, and to account for recessionary trends. The report also considers the methodology and findings of the SHMA, and recognises its value in providing evidence to support and inform rather than replace the use of official projections as the basis of OAN for housing within the District.

3.8 The report concludes that:

“The OAN should be based on the latest official projections for the area with adjustments for factors which appear to be departures from the longer term trend. These suggest a requirement of 280 to 310 homes a year between 2014 and 2029. It would be prudent to set the Objectively Assessed Needs for Housing at the top of this range bearing in mind the likelihood of increased out migration from London.”

3.9 The remainder of this supplementary statement further clarifies and justifies how and why the Council considers that the full OAN for the District is represented by the figure of 310 dwellings per annum based upon a revised and updated household projection and the latest available evidence. This demonstrates how the Council has considered and where necessary accounted for other adjustments that may be required to this figure for the District as suggested by relevant Government guidance and best practice.

annum to meet future needs. This figure reduced significantly following the release of the 2010 sub-national population projections.
3.10 The additional factors requiring consideration and potentially requiring adjustments to be made to the housing target for the District (above and beyond the household projections) can broadly be identified as:

- **Employment trends** – including job numbers, future working age population and aspirations for economic growth; and

- **Housing Market signals** – including market indicators of housing need, affordability, rates of development and the need for affordable housing.

3.11 The recommendations of ‘Assessing Maldon’s Housing Requirement’ suggest an OAN of 310 dwellings per annum, which is at the top of a range of 280 to 310 dwellings per annum. Whilst these numbers are trend based, they do also take into account departures from the underlying trends. One such potential departure is the future outward pressure from London. By accepting that the OAN is represented by the highest figure within the range presented, the Council is also ensuring a sufficient buffer for any other unanticipated factors and other potential departures from the longer term trends which may lead to small adjustments (either upwards or downwards).

3.12 Through the LDP the Council is seeking to allocate and release a significant amount of land for future residential development (and other uses) by planning for OAN. Based on historic trends and the overwhelmingly rural nature of the District, the Council does not consider that it would be realistic, achievable or deliverable to plan for a higher level of growth either now or in the future.
4. Employment Trends

4.1 The NPPG states that plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate and also have regard to the growth of the working age population in the housing market area as these factors could impact on the OAN for the plan area.

4.2 The Economic Prosperity Strategy Evidence Base (ref. EB068b) clearly set out the Council’s overarching ambition which is to ‘Maintain a vibrant and competitive economy, balancing the needs of industry and prosperity whilst sustaining a high quality of life, increasing incomes and promoting the Maldon District as a great place to live, play, work and do business (paragraph 3.210 of EB068b, also reflected in paragraph 4.7 of the LDP’). While the Council’s adopted housing target of 294 dwellings per annum is derived from household projections, the Council has taken into account both past employment trends, economic forecasts as well as local aspirations before coming to a conclusion that the current housing target figure does not require any adjustments in light of the available economic and employment evidence.

4.3 The Heart of Essex Economic Futures Study (ref. EB060) indicated that local employment (job numbers) experienced a moderate level of growth between 1998 and 2004 at a similar rate to Chelmsford. However unlike the rest of the Heart of Essex sub-region where employment growth continued, the District has witnessed a slight year on year decline in employment since 2004 (paragraph 5.9 of EB060). Figure 1 overleaf is an extract from the Heart of Essex Economic Futures report which shows historic trends of total employment in the District.

4.4 Contrary to the identified historic trends, the Council’s Economic Prosperity Strategy Evidence Base (ref. EB068b) suggested that, assuming unconstrained housing growth and a more positive forecast on overall economic growth, the District’s economy could in theory create 3,300 additional jobs between 2012 and 2031 under a ‘sector-derived’ scenario (paragraph 6.19 of EB068b). This scenario was based on economic forecasts made under the East of England Forecast Model (EEFM) in 2012. The EEFM base scenario and forecasts, however, have been criticised for being over optimistic in their growth assumptions and therefore are unlikely to be deliverable due to the level of investment that would be required (paragraph 6.22 of EB068b).
4.5 A further ‘sector-derived’ scenario was also considered in the Heart of Essex Economic Futures report which forecast a growth of 2,800 jobs based on a different set of growth assumptions. It should be noted that this scenario assumed the delivery of a new nuclear power station at Bradwell within the plan period (paragraph 5.51 of EB060). However, the future delivery of a new nuclear power station at Bradwell is currently uncertain and therefore cannot form part of the LDP.

4.6 In terms of the local work force (or those who are economically active as defined by the Office of National Statistics) the Heart of Essex Housing Growth Scenarios (ref EB062) indicates that the District would suffer from a loss of 184 of its labour force per annum if it continued to build 120 new homes each year in accordance with the now revoked Regional Spatial Strategy (paragraph 2.27 of EB062). This finding is echoed by the Heart of Essex Economic Futures Study which suggests that even with a building rate of 200 new homes per annum (as proposed in the LDP - Preferred Options public consultation, ref. DOC53), total employment would still decline marginally over the next two decades (paragraph 6.4 of EB060). To keep the size of the local work force stable over the plan period, the Heart of Essex Housing Growth Scenarios Study suggests that the District would need to deliver a minimum of 263 additional dwellings each year (paragraph 9.21 of EB062).

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3 The ‘sector-derived’ referred to in the Economic Prosperity Strategy Evidence Base was based on data from the East of England Forecast Model (EEFM) while the scenario in the Heart of Essex Economic Future was based on Experian data.
4.7 Background data from the ‘Assessing Maldon’s Housing Requirements’ (ref EB098) report suggests that with a build rate of 310 dwellings per annum, the total working age population (aged 16-64) is projected to decline marginally by 490 over the 15 year plan period 2014-2029. However this marginal projected decline in the working age population does not imply a fall in the local labour force, particularly when taking into account the ageing population of the District. Economic activity rates are expected to increase for those aged 60 and over, especially when taking into account the rise in the state pension age to 68. The future housing provision planned through the LDP will therefore maintain a broadly stable labour force for the District over the plan period.

Figure 2: Economically active population as a percentage of the total population

4.8 Whilst the employment rate of Maldon District is higher than the national average, it is lower than neighbouring benchmark areas and therefore reliant on established commuting trends (please refer to ‘Key Points’ in section 5.1 of EB010f). As illustrated by Figure 2 above the District has a lower proportion of the population economically active in comparison with the regional and national average. This is likely to reflect the demographics of the District (the ageing population), the relatively small size of the District’s population and the overwhelmingly rural nature of the District. Trends have been shown to fluctuate over the longer term and an improvement was experienced between 2012 and 2013. The Employment Land Review (ref. EB035a) concludes that the District has a small base in employment terms and half of its resident workers commute to work outside of the District. The main destinations of the out-commuting residents of Maldon District are neighbouring districts within the Mid Essex area: 15% of Maldon working-age residents work in Chelmsford; 5% in Braintree; and 2% in Brentwood. Approximately 11% of Maldon’s working age residents commute to London (paragraph 3.57 and 3.81 of EB035a).
4.9 Given the largely rural nature of the District, the relatively poor connectivity to the strategic road and rail network, and the lack of any major ‘regional’ employment centres within the District (Maldon ‘town’ is the largest settlement in the District and is only categorised as a Market Town by the Greater Essex Integrated County Strategy, ref. EB014) the Council acknowledges that economic growth is likely to be stronger in the larger neighbouring urban areas, such as Chelmsford, Colchester and London than it is in Maldon District (paragraph 4.83 of EB068b). It is therefore reasonable for the Council to anticipate that future trends in out-commuting will broadly remain as they are at present and that a significant number of the working age population who live in the District will continue to seek employment outside of the District due to the District’s characteristics outlined above.

4.10 In view of the above considerations and the need to balance economic growth with quality of life, the Council has considered that it is not appropriate to aim for substantial economic growth. Instead, the Council is seeking to maintain a broadly stable working age population over the plan period, by significantly increasing its housing requirements from 120 dpa (RSS target) to 310 dpa. Whilst this will not fully address issues such as out-commuting, it will help to sustain a vibrant local economy and create a solid base for potential future growth and regeneration. Through the LDP the Council will regenerate, modernise and expand existing employment sites, as well as allocate new employment sites to meet future demands.

4.11 Taking into account the employment and economic evidence, the Council considers that OAN will not impede future employment and economic plans and policies included within the LDP and Economic Prosperity Strategy. The Council therefore does not consider any upward adjustment is necessary to the OAN to reflect local employment trends.
5. Market Signals

5.1 The NPPG indicates that the housing need number suggested by household projections should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings within the local Housing Market Area. The Council has considered a number of relevant market factors including house prices, rent levels, and affordability and has summarised the most relevant indicators below within this supplementary note. The Council has concluded that, in view of the evidence, there is no need to make any upward adjustments to the household projections. A summary of these considerations for each market factor suggested by the guidance is provided below.

Land Value

5.2 Values of different land uses (including greenfield) within Maldon District and neighbouring areas are not readily available for comparison purposes. In addition transactions for different uses of land over recent years within Maldon District have been limited particularly for large scale greenfield sites. This makes it difficult to draw any particular conclusions in relation to potential price premiums and shortage of land availability of any particular use. However, through the LDP the Council is allocating a large amount of greenfield land in order to significantly increase the supply of land availability for different uses over the plan period 2014-2029.

5.3 Furthermore the Council has undertaken viability testing (ref. EB040a-d) of the LDP and strategic sites. Through consultation with relevant local stakeholders the Council developed a range of assumptions for use in the viability modelling undertaken. The findings of the viability testing do not indicate that land value poses a risk to the deliverability of the plan or of any individual strategic sites.

House Prices

5.4 A comparison of longer term changes in local house prices in the District relative to other areas may indicate an imbalance between the demand for and the supply of housing which may need to be considered when planning for future housing delivery in the District.

5.5 Average house prices and market activity in the District have followed the general trends of surrounding areas, which, in turn, have tracked regional patterns, indicating no abnormal trends (See Figure 3 overleaf). The return towards pre-recession values with a reduced number of transactions indicates that demand is now from a smaller number of households purchasing larger value properties. This suggests that whilst average prices may have returned to pre-recession levels, market activity has not and what may have been seen as a cyclical response to the recession may become a more established, longer term trend.
5.6 The Council has significantly increased its housing target in the LDP. This will be a challenge to the capacity of the local housing market, exceeding, in the short to medium term, the requirements for open market homes suggested in the SHMA. Through the increased supply of homes planned through the LDP there will be a significant increase in the supply of smaller and more affordable homes to address the housing needs indicated by the SHMA.

5.7 Trends in average local house prices for the District largely reflect those of the neighbouring areas and the wider region, and therefore do not indicate any particular market undersupply relative to demand in the District. The Council has already accepted the need to significantly boost the local housing supply through the LDP by providing for an almost threefold increase in the local housing target. In line with other areas, the reduced local transaction rates over recent years in the District indicates that housing supply is not the only factor resulting in increased house prices, reflecting the weakness in the local housing market and UK economy in general.

Rents

5.8 Similar to house prices, rent is also a useful indicator against which the local housing market can be gauged. Longer term changes in rent levels of the District in comparison with other areas may indicate a significant local imbalance between local demand and supply of housing. For instance, where private rent levels rise disproportionately this may result in the displacement for those on lower incomes and placing greater demand on the need for affordable housing in the area.
Comparing open-market rent levels with Local Housing Allowance (or LHA) can help illustrate the extent to which the District is responding to market signals. Where demand exceeds supply, rent levels will rise and may rise above the level that is ‘affordable’ to those on lower incomes. Table 7-3 of the SHMA (ref. EB010f, please see extract below) shows that the Maldon lower quartile rent levels in general are well below its LHA rates and therefore rent levels can be considered relatively affordable. In most other areas, LHA is slightly or significantly below the emerging market rent levels showing a higher level of demand and possibly a more limited supply.

Figure 4: Extract from the SHMA – Table 7-3 – Maximum Local Housing Allowance / Lower quartiles Private Rented Sector Monthly Rents at May 2013

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<th>Area</th>
<th>Shared LHA</th>
<th>PRS Rent</th>
<th>1 Bedroom LHA</th>
<th>PRS Rent</th>
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<th>PRS Rent</th>
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The above evidence demonstrates that the private rented sector is not under as great a level of demand within the Maldon District in comparison with neighbouring areas and therefore does not suggest any need to consider an uplift to the population based housing need figure.

Affordability

The ratio between lower quartile house prices and lower quartile income can be used to assess the relative affordability of housing. Figure 5 overleaf compares the historic trends of the affordability ratio for Maldon, Chelmsford, Colchester and the wider areas. While the local ratio of affordability has exceeded the sub-regional average in the years leading up to the economic downturn (indicating that the affordability in the District has been relatively poor in comparison with neighbouring areas), the affordability ratio has shown an improvement over the last few years and has been more in line with regional trends. Historically the District has experienced a higher ratio of affordability, which may be attributed to the District having a greater proportion of larger homes (see Figure 8-1 on page 98 of EB010f).

Social rent is set at levels that will be covered by benefits if tenants are on low income or out of work, private rent follows market trends and does not have to take regard of the level of benefit (Local Housing Allowance or LHA) a tenant may be entitled to.
5.12 The most appropriate response to this would be to seek to improve the proportion of affordable homes and smaller homes rather than to increase the overall quantity of homes planned through the LDP. The LDP policies already seek to maximise future provision of affordable housing in the District (taking into account viability) and to increase the supply of smaller homes in the District, therefore no further uplift to the OAN or housing target for the District is required.

Figure 5: Ratio Lower Quartile House Price to Lower Quartile Earnings

Rate of Development

5.13 If actual housing supply consistently falls below planned supply, future supply should be increased to reflect the likelihood of under-delivery of the plan. A ten year period may look reasonable but PAS suggest that because planning may restrict development over a number of years, obscuring constrained need from projections “…we might have to look at a longer historical period and use judgement rather than formal modelling” (Objectively Assessed Need and Housing Targets: Technical Note, Planning Advisory Service, June 2014).

5.14 Local monitoring data indicates that between 1996 and 2012 Maldon has consistently met its housing requirements (See Figure 6 below). There is no indication that there is a likelihood of under-delivery of the Plan. Therefore there is no need to consider an uplift to the OAN or housing target to reflect historic under-delivery or the rate of development.
Overcrowding, homelessness and households accommodated in temporary accommodation

5.15 Significant levels of overcrowding, homelessness and households accommodated in temporary accommodation can all be symptomatic of the District struggling to meet its housing requirements.

5.16 Over recent years Maldon District Council has consistently been able to keep its homelessness level well below the national and regional average (see Figure 7 below).

Figure 7: Homelessness Applications and Acceptances 2012.103 – 2013/2014 (Source: DCLG, Annual P1E Returns)
5.17 Over-occupation or over-crowding is also relatively low, with only 1.7% of households affected across all tenures (see SHMA Table 8-10, ref. EB010f). In contrast the SHMA has identified a much higher proportion of under-occupation, with an overall average of 46.7% which is higher than the average of 40% in most other studies (paragraph 8.6.6 of EB010f) providing the opportunity to improve the overall supply of affordable housing through making better use of the existing stock.

5.18 In conclusion the levels of homelessness, overcrowding and concealed need in the District compare favourably with neighbouring areas and there are no reasons to consider an uplift to the OAN to account for this.

The Need for Affordable Housing

5.19 To assess local affordable housing need for the Maldon District the SHMA utilised DCLG’s standard model which is a well-established approach covering the categories in the NPPG (NPPG, Housing and economic development needs assessments, paragraphs 23 to 29). The DCLG model calculates affordable housing need in the locality over a five year period in accordance with the SHMA guidance. Local Development Plans and OAN however are based on a 15 year period rather than a five year period. The SHMA produced a 15-year projection of the District’s affordable housing need by utilising the DCLG model. The SHMA has also taken into account the latest technical guidance published by the Planning Advisory Service, which suggested that only net new needs should be included in the calculation. As a result the SHMA has identified a need for 130 affordable units per annum over a 15 year period. Taking into account an identified annual need for 189 market housing, the SHMA suggested that for a 15 year period the District’s overall housing need is 319 dwellings per annum.

5.20 The overall housing need identified in the SHMA is marginally higher (less than 10%) than the Council’s LDP target of 294 dwellings per annum, and less than 3% higher than the 310 dwellings per annum recommended by the latest evidence (EB098a). However, it should be noted that the SHMA has been produced at a time when committed supply of new affordable homes (which affects the overall number in need for affordable housing) is much lower (28 units) than what is being planned for over the next 15 years. If a more realistic future supply of affordable housing is applied to the model which is more in keeping with the provisions of the LDP, this indicates that the affordable housing requirements of the District would gradually reduce over the plan period. Therefore, by delivering affordable housing in accordance with the LDP, the longer term need for housing identified in the SHMA would be less than 319 per annum.

5.21 Taking into account the above, the Council is satisfied that the need for affordable homes can be met through the LDP and therefore there is no need to make an upward adjustment to the OAN to account for affordable housing need.

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5 DCLG, 2007, ‘Strategic Housing Market Assessments: Practice Guidance’
6. Conclusion

6.1 This Statement provides supplementary information in order to clarify and summarise how other considerations and factors have been considered in accordance with best practice and the NPPG, which were beyond the scope of the report produced (ref. EB098a). This statement therefore provides an overview of all of the relevant evidence available in order to supplement, corroborate and further substantiate the conclusions and recommendations of the independent audit that the OAN for Housing in the District should be based upon the latest official projections for the area as the starting point with adjustments for factors which appear to be departures from the longer term trend.

6.2 ‘Assessing Maldon’s Housing Requirements’ concludes that OAN for the District should be in the range of 280 and 310 dwellings per annum between 2014 and 2029 (equating to 4,200 - 4,650 dwellings over the plan period), but that it would be prudent to set OAN at the top of this range. Alongside this Supplementary Statement, the Council has also issued and published the final SHMA report (EB010f). The SHMA report has been updated to reflect further information now available (please see the Explanatory Note ref. EB010g) and the report now supersedes EB010e. The final SHMA report suggests an annual requirement over the 15 plan period for 319 homes (189 for market housing and 130 for affordable housing) to meet all of the housing need identified in the District.

6.3 The annual requirement of 319 homes per annum identified by the SHMA is marginally above the 310 dwellings per annum recommended by the recent independent audit of OAN, and should not be directly translated into OAN for housing for the following reasons:

- The stock flow analysis utilised in the SHMA is not intended as an alternative basis to the demographic projections as the base from which to determine the OAN figure (see section 4.11 of EB010f and paragraph 123 of EB098a);

- The independent audit of OAN has recommended that the OAN should be based upon the latest official projections for the area with adjustments for factors which appear to be departures from the longer term trend (in accordance with the National Planning Practice Guidance). These suggest a requirement of 280 to 310 homes a year over the plan period. By accepting that the OAN figure is likely to be represented by the highest figure within the range presented, the Council is also ensuring the potential for future outward pressure from London, and also ensuring a sufficient buffer for any other anticipated factors which may lead to small adjustments (either upwards or downwards);

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6 In accordance with best practice the figure of 319 homes over the 15 year plan period equates to ‘Net New Need Only’ as identified by the SHMA.
• The SHMA’s stock flow based analysis is based on a survey of households in the area conducted in June and July 2013. Such surveys can only provide information on what respondents intend to do. As a result there are greater uncertainties in the estimates of the number of flows when compared with the official household projections (ref. EB098a); and

• The SHMA identifies affordable housing need utilising the DCLG model which is a well-established approach in accordance with national policy and guidance. However, the model only takes into account the current committed supply of affordable units in the District (delivery in the pipeline) which equates to 28 dwellings in the District. However, through the LDP the Council is planning to increase the supply of affordable units within the next five years, which in turn would significantly reduce the longer term affordable housing requirements identified by the SHMA.

6.4 This report provides further details in relation to how the Council has carefully considered all relevant factors in determining OAN in accordance with the National Planning Practice Guidance. This has included the consideration of employment trends and housing market signals, which are not explicitly referenced by the independent audit of OAN (ref. EB098a).

6.5 In considering employment trends, the Council has concluded that by delivering 310 dwellings per annum, the District would maintain a broadly stable workforce over the plan period, given the significantly ageing population profile of the District. This would enable the Council to fulfil the stated economic objectives set out by the LDP and the Economic Prosperity Strategy – to sustain a vibrant local economy and create a solid base for potential future growth and regeneration.

6.6 In considering housing market trends, the Council has considered a range of relevant indicators and data to determine that no upward adjustment would be required to the OAN for housing in the District. Trends in average local house prices for the District largely reflect those of the neighbouring areas and the wider region, and therefore do not indicate any particular market undersupply relative to demand in the District. The Council has already accepted the need to significantly boost the local housing supply through the LDP by providing for an almost threefold increase in the local housing target. In line with other areas, the reduced local transaction rates over recent years in the District indicates that housing supply is not the only factor resulting in increased house prices, reflecting the weakness in the local housing market and UK economy in general.

6.7 By tracking rent levels alongside benefit levels, the Council has found that the private rented sector is not under as great a level of demand within the District in comparison with neighbouring areas. This therefore does not suggest the need to consider any uplift to the OAN for housing.
6.8 The Council has considered the affordability of local housing by examining the ratio between lower quartile house prices and lower quartile income in the District and it is apparent that while the local affordability index has exceeded the sub-regional average in the years leading up to the economic downturn, the affordability ratio has shown an improvement over recent years. The Council considers that under the circumstances the most appropriate policy approach is to seek to improve the proportion of affordable and smaller homes through the LDP, rather than to further increase overall housing targets.

6.9 Through the consideration of all of the available evidence, and having taken into account all relevant factors as required by national planning policy and guidance, including employment trends and housing market signals, the Council concludes that 310 dwellings per annum represents the most up to date and robust basis for the identification of OAN for the District.

6.10 The Council has not at this stage formally adopted 310 dwellings per annum as a revised housing target for the Local Development Plan. However, it is accepted that this figure represents the latest available and most robust evidence in relation to the identification of OAN for the District, and the Council accepts that this should be further considered through the Examination process.

6.11 Through the LDP the Council is seeking to allocate and release a significant amount of land for future residential development (and other uses). By planning for OAN for housing in the District, this represents an almost threefold increase in the housing target for the District when compared with the targets previously stipulated by the East of England Plan (Regional Spatial Strategy). Based on historic trends and the overwhelmingly rural nature of the District, the Council does not consider that it would be realistic, achievable or deliverable to plan for a higher level of growth either now or in the future.