

Housing Background Paper

- 1.1 This background paper has been prepared to provide more detailed information regarding Epping Forest District Council’s approach to providing new housing within the District up until 2033. A key element of the Local Plan is to ensure that sufficient housing will be provided to support the needs of Epping Forest District’s existing and future population and its businesses over the Plan period. Making sure that people have access to high quality housing whatever their financial situation is key to ensuring the long-term quality of their lives. It is also vital that there are sufficient workers to support Epping Forest District’s economy so that businesses know that there is a locally-based workforce with the right skills to support their business needs, so that they feel confident in investing within the District.
- 1.2 Details of the site selection process, including the approach to the selection of sites for housing allocation, are included within the Site Selection Report¹.

Where we are now?

- 1.3 Epping Forest District borders the north eastern edge of Greater London. It covers approximately 33,899 hectares, and comprises 24 parishes. Most people live in the more suburban areas of Loughton, Buckhurst Hill, Chigwell, Epping, Ongar and Waltham Abbey. The rest live in more rural areas, including the larger villages of Roydon, Nazeing, North Weald Bassett, Chigwell and Theydon Bois. Some 92.4% of the District falls within the Metropolitan Green Belt.
- 1.4 A significant proportion of the population commutes out of the District for work, mainly to London, with the London Underground Central Line between London and Epping providing a key role in this out-commuting. House prices are correspondingly high, although they have been affected by the credit crunch in recent years.

Figure 1 - Epping Forest District - Key Statistics²

Physical Characteristics	Epping Forest DC only		
Area	339 km ² (33,899 hectares or 131 square miles)		
Green Belt coverage	92.4%		
Population	Epping Forest DC	East of England	England & Wales
Population as of 2011 Census*	124,659	5,846,965	56,075,912
Population density (persons per hectare)	3.7	3.1	3.7
Housing	Epping Forest DC	East of England	England & Wales
Total number of households**	51,991	2,423,035	23,366,044
Total number of dwellings	54,409	2,531,907	24,359,880
Average household size	2.4 people	2.4 people	2.4 people
Percentage of households in a Council or Housing Association property	15.0%	15.7%	17.6%
Percentage of detached properties	23.3%	29.4%	22.6%

¹ Site Selection Report (Arup, 2016)

² All data is from the 2011 Census unless otherwise stated. * Usual resident population. ** Person or persons living together in a group

Percentage of semi-detached properties	31.6%	30.4%	30.7%
Percentage of terraced properties	22.8%	22.8%	24.7%
Percentage of flats/maisonettes/apartments	20.9%	16.7%	21.6%

What the evidence and policies say

National Policy requirements

1.5 National policy³ places a duty on local planning authorities to achieve delivery of a wide choice of high quality homes and to boost significantly the supply of housing. This is not just about making sure that the numbers of homes needed are provided, but that they are also of the right type, size and tenure. The Council, through the Local Plan, and the subsequent site specific planning decisions that it makes, will seek to support the delivery of a wide choice of high quality homes which create sustainable, inclusive and mixed communities. This is in line with national policy which sets out that, in order to achieve this, local planning authorities should:

- *‘plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes);*
- *identify the size, type, tenure and range of housing that is required in particular locations, reflecting local demand; and*
- *where they have identified that affordable housing is needed, set policies for meeting this need on site, unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified (for example to improve or make more effective use of the existing housing stock) and the agreed approach contributes to the objective of creating mixed and balanced communities. Such policies should be sufficiently flexible to take account of changing market conditions over time.’*
(National Planning Policy Framework 2012 – paragraph 50)⁴

1.6 In order to have a clear understanding of how many, and the type of homes needed, the NPPF sets out that Councils’ should prepare a Strategic Housing Market Assessment (SHMA). A SHMA is a technical and objective piece of analysis which should not be influenced by either existing constraints, current policies or the capacity that may or may not exist within an area to accommodate the homes needed. It provides the starting point by which a local authority or group of authorities can understand the likely future housing need that they should be seeking to provide through their Local Plans. This is known as the Objectively Assessed Housing Need (OAHN).

1.7 It is important to recognise that the OAHN is **not** the Local Plan housing target. The OAHN is tested against a range of considerations in order to determine whether the OAHN can be accommodated within the HMA area and within individual districts. This includes considering whether there is the physical capacity to accommodate the OAHN or whether to do so would

³ National Planning Policy Framework and Planning Practice Guidance
⁴ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6077/2116950.pdf

cause harm which is contrary to the principles and policies of the NPPF. This further testing is used to then establish what the Local Plan housing target should be. This is why the OAHN is often described as the 'starting point' to determining a local plan housing target.

Key evidence sources – the Strategic Housing Market Assessment

Overview

- 1.8 A Strategic Housing Market Assessment (SHMA) was produced in 2010 covering the local authority areas of Epping Forest, Uttlesford, Harlow, East Hertfordshire, Broxbourne and Brentwood Districts. A subsequent update to this document was undertaken in 2012. The local authorities of Broxbourne and Brentwood chose not to be included within the more recent updated work (although they participated in the group meetings regarding this further work). Epping Forest, Uttlesford, Harlow and East Hertfordshire Districts have committed to working together to understand the housing needs across the whole of the Housing Market Area (as part of the Duty to Cooperate). Following the publication of the 2012- based Household Projections by the Department for Communities and Local Government (DCLG) in February 2015 the authorities took the view that the information contained in the 2012 SHMA was out-of-date and so jointly commissioned a review of the 2012 SHMA. This review was published in September 2015. The revised SHMA identified an objectively assessed need for 46,100 additional homes across the SHMA area. The SHMA identified that for Epping Forest District this equated to approximately 11,300 new homes over the Local Plan period (2011-2033). Since the publication of the 2015 SHMA the Office of National Statistics (ONS) and DCLG have issued further population and household projections (in July 2016). The authorities have undertaken some checking of the objectively assessed housing need in the light of the new projections and this has indicated that the objectively assessed need for the Housing Market Area is now approximately 54,000.
- 1.9 The local authorities have considered the most recent population and household projections. They have identified the potential to increase the level of housing to be delivered across the Housing Market Area but the level of infrastructure constraints, as well as environmental and policy designations are such that to provide for the full objectively assessed housing need based on the July 2016 figures would result in Local Plans which did not fully accord with other policies set out in the NPPF. This has shown that the maximum quantum of growth for the plan period is around 51,000 homes for the Housing Market Area (see report prepared by AECOM: Sustainability Appraisal of the Strategic Options for the West Essex/East Herts Strategic Housing market Area at <http://eppingforest.consonline.isready.co.uk/wp-content/uploads/sites/5/2016/08/WEEH-SA-Report-27-September-2016.pdf>)
- 1.10 Taking the above into account a Draft Memorandum of Understanding on the 'Distribution of Objectively Assessed Need across the West Essex/East Hertfordshire Housing Market Area' identifies a need for Epping Forest District to accommodate approximately 11,400 new homes over the Local Plan period (2011-2033). See <http://eppingforest.consultationonline.co.uk/wp-content/uploads/sites/5/2016/08/2016-09-01-Draft-OAHN-MoU-v8.pdf>
- 1.11 Notwithstanding the above, it is considered that the 2015 revised SHMA is the most up-to-date, complete, and policy compliant assessment of housing need over the Housing Market Area for

the period 2011-2033. Consequently the remainder of this section of the Background Paper relates to the 2015 revised SHMA (and the related 2012 population and household projections and OAHN) as it explains the methodology and assumptions used in undertaking the range of analysis that policy and guidance identifies should be undertaken. In addition, the overall level of housing proposed in the Draft Local Plan is marginally above the level of objectively assessed need for housing identified for Epping Forest District within the 2015 revised SHMA. Consequently the 2015 revised SHMA provides the context against which to consider the approach taken by the Council in developing the draft housing policies set out in the Draft Local Plan Consultation document.

- 1.12 It is considered that this approach provides an appropriate balance between reflecting the very recent publication of new population and household projection information and the more detailed information contained in the 2015 revised SHMA given that the Planning Practice Guidance sets out that:

'Wherever possible, local needs assessments should be informed by the latest available information. Local Plans should be kept up-to-date, and a meaningful change in the housing situation should be considered in this context, but this does not automatically mean that housing assessments are rendered outdated every time new projections are issued.'
ID 2a-016-20140306

Defining the Housing Market Area

- 1.13 One of the challenges in undertaking a SHMA and identifying the OAHN is that Housing Market Areas do not always neatly follow local authority administrative boundaries. As the national Planning Practice Guidance (PPG) states:

'A housing market area is a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work. It might be the case that housing market areas overlap. The extent of the housing market areas identified will vary, and many will in practice cut across various local planning authority administrative boundaries. Local planning authorities should work with all the other constituent authorities under the duty to cooperate.'

Planning Practice Guidance (March 2014), Paragraph: 010 Reference ID: 2a-010-20140306⁵

- 1.14 The revised SHMA undertook a 'sense-check' of the Housing Market Area that had been previously identified, based, for the main part, on assessing three different sources of information:

- house prices and rates of change in house prices;
- household migration and search patterns; and
- contextual data (e.g. travel to work areas).

⁵ <http://planningguidance.communities.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/scope-of-assessments/>

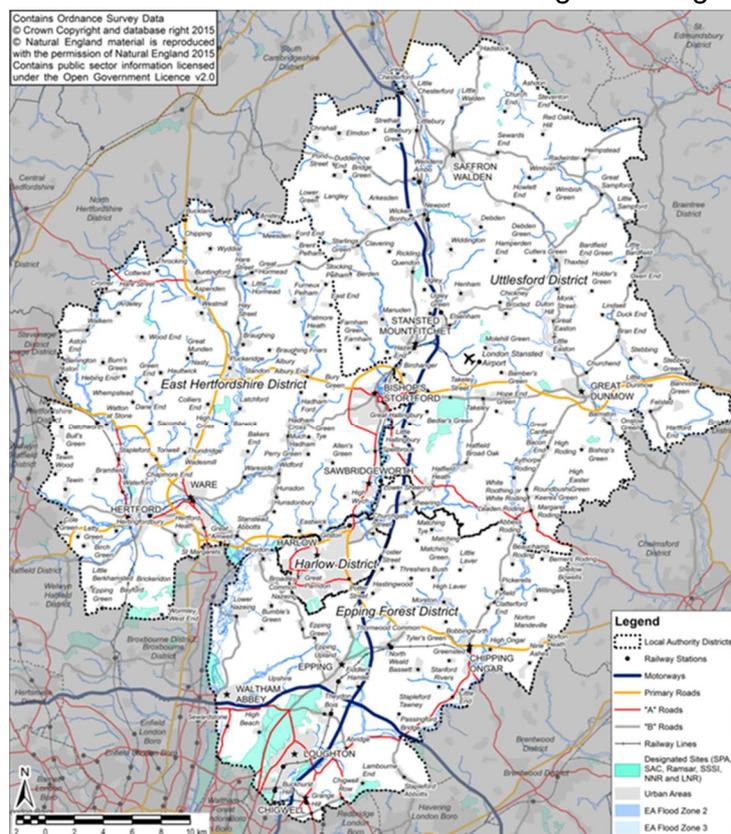
1.15 The NPPF recognises that housing market areas may cross administrative boundaries, and the PPG emphasises that housing market areas reflect functional linkages between places where people live and work. The previous 2007 DCLG advice note⁶ also established that functional housing market areas should not be constrained by administrative boundaries; nevertheless it suggested the need for a ‘best fit’ approximation to local authority areas for developing evidence and policy (paragraph 9):

‘The extent of sub-regional functional housing market areas identified will vary and many will in practice cut across local authority administrative boundaries. For these reasons, regions and local authorities will want to consider, for the purposes of developing evidence bases and policy, using a pragmatic approach that groups local authority administrative areas together as an approximation for functional sub-regional housing market areas.’

1.16 The revised SHMA concluded that:

‘Using all of the evidence available it is reasonable to conclude in line with PPG and PAS OAN technical advice note that the most appropriate functional housing market area should be based on Harlow, with most of East Hertfordshire, Epping Forest and Uttlesford.’ (paragraph 2.73).’

Figure 2 - Map showing the Housing Market Area:
West Essex and East Hertfordshire Strategic Housing Market Assessment September 2015



⁶ Identifying Sub-Regional Housing Market Areas
<http://webarchive.nationalarchives.gov.uk/20120919132719/http://www.communities.gov.uk/documents/planningandbuilding/pdf/323693.pdf>

1.17 The revised SHMA, having identified the extent of the geographic area to be assessed, then undertook a detailed analysis of a range of information in order to establish an OAHN for both the Housing Market Area (HMA) and for the individual local authorities within it. In line with national policy and guidance the areas of focus to help build up the basis for the OAHN are as follows:

- identifying the need and demand for housing based on national population and household projections together with sensitivity testing specific to local circumstances;
- understanding the need for affordable housing;
- considering market signals about the balance between demand for and supply of dwellings as well as past housing delivery rates; and
- assessing the workforce needs to support future economic activity.

National Population and Household Projections

1.18 The PPG places emphasis on the role of DCLG Household Projections as the appropriate starting point for determining a local authority's OAHN. The PPG was updated in February 2015 following the publication of the 2012-based DCLG Household Projections (also in February 2015) to confirm that these projections are the most up-to-date estimate of future household growth⁷.

1.19 The DCLG Household Projections have varied over time. The 2012-based projections showed higher likely rates of growth than previous national projections with a likely increase from 175,189 to 224,827 households in the HMA over the Local Plan period of 2011-2033. This establishes that the 'starting point estimate of overall housing need' for the Local Plan period, when using the national projections, should be based on an overall growth of 49,638 households⁸ (equivalent to around 2,256 households per year). The revised SHMA then apportions this to the four local authority areas. For Epping Forest District this is a growth of some 14,366 households over the Local Plan period equating to 653 new households per year.

1.20 The 2012 DCLG Household Projections are largely derived from the 2012 Sub-National Population Projections produced by the Office of National Statistics (ONS), which were published in May 2014⁹. The differences in the 2012 DCLG Household Projections to those previously published are largely due to changes in those ONS Population Projections. Differences in the projected increase in population between the different projections over time are largely associated with the assumed migration rates included within them. These migration rates are based on recent trends using 5-year averages – so short-term changes in migration patterns can significantly affect the projected population growth. In addition, methodological changes to the migration assumptions were made by ONS between the 2008-based and 2010-based figures.

⁷ (Paragraph: 016 Reference ID: 2a-016-20150227

<http://planningguidance.communities.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/>

⁸ It should be noted that the number of households needed does not equal the number of new homes needed.

⁹ <https://www.gov.uk/government/statistics/2012-based-household-projections-in-england-2012-to-2037>

Projections based on local circumstances

- 1.21 In developing an OAHN it is important to recognise that national population and household projections are trend based – that is, they provide the household levels and structures that would result if the assumptions based on previous demographic trends were to be realised in the future. The PPG sets out that the household projections produced by DCLG are considered to be statistically robust and are based on nationally consistent assumptions. However, the PPG sets out that:

'Plan makers may consider sensitivity testing, specific to their local circumstances, based on alternative assumptions in relation to underlying demographic projections and household formation rates.

Planning Practice Guidance ID 2a-017-20140306¹⁰

- 1.22 Consequently, to better understand local circumstances and how they may or may not accord with the assumptions used nationally, the revised SHMA undertook an analysis of the detailed information that 'sits behind' the nationally produced population projections. Whilst the nationally produced population projections for natural growth (i.e. in terms of births and deaths) were consistent with locally based past trends, it was found that there was more variability when the projections for net migration (both internal and international) were considered. For example, the data showed that Epping Forest District gained 1,500 migrants between the 2001 and 2011 Census (an average of 150 per year), whereas the 2012 nationally produced population projections assumed a net gain of 600 migrants in 2012-13 climbing to 970 by 2032-33, with an average gain of 870 each year over the 25 year projection period. The differences were partly due to the use of short term trends and partly due to the projections not taking account of the corrections that ONS make to reconcile the Mid-Year Estimate¹¹ component of change data with the Census.
- 1.23 The differences between the long-term trends in migration based on Census data and the future levels of migration that have been projected in the ONS data are significant. Because of the significance of the differences the revised SHMA undertook 'sensitivity testing' in relation to those migration trends. Whilst the national data suggested that migration rates may have recently increased, given the consistency in population growth recorded between 1991-2001 and 2001-2011 (both periods based on population estimates which take full account of Census information), locally focused data suggested that these lower rates more accurately represent long-term norms. Given that the demographic projections are trend-based, one of the most

¹⁰ <http://planningguidance.communities.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/>

¹¹ The most accurate population data available is provided by the Census. However, as the Census is only undertaken once every 10 years the ONS produces Mid-Year Estimates annually to provide an on-going set of population data. However, the further away from a Census year each Mid-Year Estimate is, the more potential there is for that data to become less robust as the data is based on a range of inputs which can be subject to discrepancies when applied at a local authority level and these inaccuracies can be compounded over time. More information as to how the Mid-Year Estimates are compiled can be viewed at <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/methodologies/methodologyguideformid2015ukpopulationestimatesenglandandwalesjune2016>

critical factors is the period over which those trends are based. The Planning Advisory Service (PAS) technical advice note on OAHN¹² considers this issue (paragraphs 6.22 – 6.25). It sets out that whilst the DCLG household projections provide the starting point, those projections can be very unstable given that they are based on migration trends covering only five years. The technical advice therefore suggests that it is advisable to test alternative scenarios based on a longer reference period, with the suggestion of ‘...probably starting with the 2001 Census.’

- 1.24 On the basis of the issues identified, and taking into account the PAS guidance, a number of options were considered in order to inform the development of the OAHN as follows:

Option	Assessment
To continue with the nationally produced household projections	Using these projections would not reflect local circumstances.
To use locally based 5 – year trend migration scenarios	Using this approach raised concerns regarding reliability as it had the potential to roll-forward short-term trends that were unduly high or low and therefore unlikely to provide a robust basis for long-term planning.
To use locally based intercensal 10-year trend migration scenarios	This approach is more likely to capture both highs and lows and is not as dependent on trends that may be unlikely to be repeated.

- 1.25 Having assessed the above factors and the technical advice available nationally, the revised SHMA considered that 10-year intercensal trend migration scenarios would provide the most robust approach to reflect more accurately local circumstances. The revised SHMA has therefore produced independent population projections based on 10-year migration trends using Census data for the most recent intercensal period 2001-11.
- 1.26 The outputs from this approach show that whilst the nationally produced 2012 Sub-National Population Projections suggested that the population of the HMA would increase from some 425,000 persons to some 523,000 persons by 2033, the projections based on 10-year migration trends suggest that the increase would be to around 490,000 persons (over 30,000 fewer people). For Epping Forest District this showed a difference of a growth of 28,297 persons based on those 2012 Sub-National Population Projections as opposed to 14,540 based on the 10-year migration trend approach (see paragraph 3.39 and Figure 32 of the revised SHMA).
- 1.27 Having considered the outputs from alternative approaches to determining likely population growth, it is considered from the evidence that the approach used in the revised SHMA based on 10-year intercensal migration trends is the most robust, as it is based on trends calculated using robust Census data. Consequently, subsequent analysis that helps to quantify the OAHN for the HMA as a whole and for Epping Forest District specifically, uses the outputs from this 10-year intercensal migration trend approach, i.e. that the population in the HMA is likely to grow from some 425,000 persons in 2011 to some 523,000 persons in 2033 and for Epping Forest District the likely growth is from 124,659 persons to 139,199 persons over the same period.

¹² <http://www.pas.gov.uk/documents/332612/6549918/OANupdatedadvicenote/f1bfb748-11fc-4d93-834c-a32c0d2c984d>

Affordable Housing

1.28 Affordable housing is defined as:

'Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.'

National Planning Policy Framework Annex 2: Glossary¹³

1.29 National guidance sets out the approach that local planning authorities should take in order to calculate affordable housing need. This involves a number of steps as follows:

- establishing the current unmet need for affordable housing;
- establishing future projections of affordable housing need; then
- assessing the supply of affordable housing.

1.30 Based on a detailed analysis of the past trends and current estimates of households considered to be in housing need, the revised SHMA concluded (using a reference point of 2011 as this is the 'start date' for this Local Plan) that there are 5,218 households currently unable to afford to rent or buy market housing and are therefore in housing need. This assessment was based on the criteria set out in the PPG and (as far as possible) avoids double-counting. Of these households, 2,106 currently occupy affordable housing that does not meet the households' current needs, mainly due to overcrowding. Providing suitable housing for these households would enable them to vacate their existing affordable housing, which could then be allocated to another household in need of affordable housing who may require a smaller dwelling. Furthermore, there are 641 households which would not have been counted by the DCLG household projections (which are predominantly formed by concealed households).¹⁴ Taking this into account there are, using the base date of 2011, some 2,471 households across the HMA currently in affordable housing need (5,218 – (2,106 + 641)).

1.31 The revised SHMA then assessed future affordable housing need. This focuses on the proportion of newly forming households who are unlikely to be able to either buy or rent, and the number of existing households who can afford market housing now but are likely to fall into need in the future. The consultants who prepared the revised SHMA used an in-house Housing Mix Model to help quantify this. The Housing Mix Model uses a wide range of secondary data sources and assesses the future number and type of households based on the housing projections, alongside the existing housing stock and the current unmet need for affordable housing.

1.32 There are several assumptions which underpin the modelling work as follows:

¹³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6077/2116950.pdf

¹⁴ That is, a family living in a multi-family household in addition to the primary family, such as a young couple living with parents.

- where households are claiming housing benefit, it is assumed that they cannot afford market housing; and the Model also assumes that households occupying affordable housing will continue to do so;
- households occupying housing they own, and those renting privately who aren't eligible for housing benefit, are assumed to be able to afford market housing; so the Model only allocates affordable housing to those established households that the Government deems eligible for housing support through the welfare system; and
- the Model separately considers the needs of concealed families and overcrowded households (both in market and affordable housing) which can contribute to additional affordable housing need.

1.33 The Model undertakes an assessment of all of the components of change that contribute to the projected level of affordable housing need as follows:

- all new households (newly forming and those migrating into the area);
- all households no longer present (those dissolved following death and those migrating out of the area); and
- change in existing households (those falling into need and those falling out of need).

1.34 More information regarding the use of the ORS Housing Mix Model is set out at various points between paragraphs 4.64 and 4.110 of the revised SHMA.

1.35 Having taken all of these factors into account the revised SHMA identifies that there will be a need to provide affordable housing to support 13,291 further households across the HMA over the 2011-2033 period. This is equivalent to an average of 604 households per year. The revised SHMA then goes on to apportion this across the four local planning authority areas. For Epping Forest District the total need for net additional affordable housing between 2011-2033 is some 3,152 homes, equating to some 143 homes per year. This means that approximately 28% of all the new homes to be built in the District need to be affordable. It should be noted that this 28% is not an overall affordable housing target for all individual sites in the District, since many sites will be too small to provide any affordable housing, which is explained later. It should also be noted that any losses from the current stock (such as demolition, sales through Right to Buy and through the sale of high value empty council homes¹⁵) would increase the number of affordable homes needed by an equivalent amount.

Figure 3 - Overall affordable housing need (in households) 2011-33

	Affordable Housing Need (in households)				
	East Herts DC	Epping Forest DC	Harlow DC	Uttlesford DC	HMA Total
Unmet need for affordable housing in 2011					
Total unmet need for affordable housing	1,632	1,171	1,597	818	5,218
Supply of housing vacated	471	544	849	242	2,106

¹⁵ The Planning and Housing Act 2016 imposes a duty on local authorities to consider selling vacant 'higher value' housing (where such local housing authority keeps a Housing Revenue Account).

Overall impact of current affordable housing need	1,161	627	748	576	3,112
Future need for affordable housing 2011-33	2,967	2,525	2,541	2,148	10,179
Total need for affordable housing 2011-33	4,128	3,152	3,289	2,724	13,291

Market Signals

- 1.36 While demographic trends are a key to the assessment of OAHN, it is also important to consider current Market Signals and how these may affect housing needs. This is because prices or rents rising faster than the national/local average may well indicate particular market undersupply relative to demand¹⁶. Market Signals include:
- land and house prices;
 - rents and affordability;
 - rates of development; and
 - overcrowding.
- 1.37 The above list is not exhaustive and wider market trends have also been considered, particularly where these may indicate undersupply relative to demand and therefore need to be taken into account, which can result in the need to accommodate levels of housing over and above that indicated by the household projections.
- 1.38 As can be seen from Figure 74 of the revised SHMA set out below, whilst house prices have remained relatively stable within the HMA, they are still notably higher than the average for England (although lower than for most of Greater London). Furthermore, rents have increased significantly and there are higher levels of overcrowding than recorded in 2001 (although overcrowding continues to be below the average for England and considerably lower than overcrowding rates in Greater London).

¹⁶ PPG Paragraph: 019 Reference ID: 2a-019-20140306
<http://planningguidance.communities.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/>

Figure BP1.3 - Summary of Market Signals for West Essex and East Herts and selected comparator areas (SHMA, 2015)

		West Essex & East Herts	South West Essex	Stevenage with North Herts	Crawley with Horsham, Mid Sussex, Mole Valley, Reigate & Banstead and Tandridge	Greater London	England
INDICATORS RELATIING TO PRICE							
House prices							
Lower quartile house price	2012- 13 value	£200,600	£155,300	£161,400	£207,500	£230,200	£126,300
	Relative to England	+59%	+23%	+28%	+64%	+82%	-
	2007-08 value	£192,100	£157,700	£164,300	£203,900	£215,000	£127,500
	5-year change	+4%	-2%	-2%	+2%	+7%	-1%
Rents							
Average monthly rent	2013- 14 value	£911	£825	£751	£994	£1,461	£720
	Relative to England	+27%	+15%	+4%	+38%	+103%	-
	2008 value	£627	£596	£539	£630	£775	£500
	5-year change	+45%	+38%	+39%	+58%	+88%	+43%
Affordability							
Lower quartile house price to earnings	2013 ratio	10.1	7.6	7.9	10.5	11.3	6.5
	Relative to England	+57%	+18%	+22%	+62%	+53%	-
	2008 ratio	10.0	8.4	8.8	10.4	10.9	7.0
	5-year change	+1%	-9%	-10%	+1%	+4%	-7%
INDICATORS RELATIING TO QUANTITY							
Overcrowding							
Overcrowded households	2011 proportion	6.6%	7.7%	6.6%	6.5%	21.7%	8.7%
	Relative to England	-24%	-12%	-24%	-26%	+148%	-
	2001 proportion	5.5%	5.9%	5.5%	5.2%	17.3%	7.1%
	10-year change	+22%	+31%	+20%	+26%	+25%	+23%
Rate of development							
Increase in stock	2001-11 change	+8%	+6%	+9%	+8%	+9%	+8%
	Relative to England	-1%	-25%	+7%	+2%	+4%	-

1.39 On the basis of the consideration of Market Signals, the revised SHMA concludes that conditions across the area indicate that the OAHN should be higher than suggested by the household projections based on local trends, in order to provide more homes and thus improve affordability. This is in accordance with the approach set out in the PPG. The analysis of overcrowding has identified that the overall housing need should be increased by 641 households to take account of concealed and homeless households that would not be captured by the household projections (paragraph 5.72). The revised SHMA recommends that this specific adjustment should be incorporated as a response to Market Signals to take account of the unidentified un-met need for housing (i.e. concealed and homeless households), representing an uplift of 1.7% on the baseline household projections. The Council (and the other three local authorities in the HMA) consider that, in the context of the evidence provided in the revised SHMA in relation to Market Signals, it is appropriate to make a specific adjustment in this regard recognising that this has not been captured by the household projections. It should be noted that this is only one consideration when assessing Market Signals as explained in the next paragraph.

1.40 The revised SHMA recommends, based on Market Signals which take into account house prices, rents, affordability, overcrowding and rates of development, that there is a need to provide for an uplift to the number of homes needed over and above the demographic projections. There is no definitive guidance on what level of uplift is appropriate. Having considered the approach taken elsewhere by Planning Inspectors, and in particular in relation to Eastleigh Borough Council's Local Plan Examination, and comparing the housing pressures in that area to those within this HMA, the revised SHMA recommends that there should be an overall uplift of 20%. This would represent an additional 7,676 dwellings over the 2011-2033 period. However, as an adjustment of 641 dwellings has already been included to take account of concealed families and homeless households (and the uplift should not be made twice) the net increase would equate to 7,009 dwellings.

Options considered	Assessment
To include a 10% uplift as per approach taken in respect of the Eastleigh Local Plan	Having reviewed the background information it was considered that this did not reflect the local market conditions for this HMA.
To include a 20% uplift	Having taken into account that there is no nationally defined approach to applying any uplift it is considered, based on evidence, that an uplift of 20% is an appropriate response.

Future Jobs

- 1.41 The demographic projections provide an understanding of the likely size and age profile of the population over the period to 2033. This provides an understanding as to how many people within that population are likely to be of working age and be economically active (i.e. that they are in work or actively seeking work) and whether this would provide for enough people to support the number of future jobs that are projected to exist within the HMA over the same period.
- 1.42 To help understand the likely number of future jobs that could be created over the Local Plan period, the SHMA authorities commissioned further work on the future economy of the area to supplement work previously undertaken using the East of England Forecasting Model (EEFM). The report, titled 'Economic Evidence to Support the Development of the OAHN for West Essex and East Herts' was published in September 2015. (See <http://eppingforest.consultationonline.co.uk/wp-content/uploads/sites/5/2016/08/Chapter-3-joint-economic-report-2015-final.pdf>) This concluded that the overall increase in employment in the area (taking into account the future growth of London Stansted Airport) is likely to generate 41,700 extra jobs over the period 2011-2033.
- 1.43 The demographic projections used in the revised SHMA indicate that the likely growth in the working age population within the HMA who would be economically active would provide for around 18,600 extra workers in the HMA. However, taking into account existing commuting patterns, changes to unemployment recorded over the period 2011-2015, and 'double-jobbing' (i.e. the number of people with more than one job), it is estimated that 26,400 extra workers would be needed within the area to support the likely increase in jobs - a difference of 7,800

workers. This means that additional homes would be needed to ensure that there will be enough workers living in the HMA to support the likely increase in jobs in the area. The extra 7,800 workers identified would need a further 5,600 dwellings to be provided over the 2011-2033 period over and above that indicated by the demographic projections.

- 1.44 Notwithstanding the above, the uplift to the overall housing needed in response to Market Signals would be likely to draw in additional population, which would increase the number of workers to a level over and above that identified as being needed above. As the final conclusions on OAHN already take this in to account no further uplift is required to take account of jobs.

Housing Backlog

- 1.45 The Planning Advisory Service 'Good Plan Making Guide'¹⁷ (September 2014) identifies that SHMAs should 're-set the clock' and provide a new baseline assessment of all housing need, but that the SHMA must take account of any 'backlog'. This is any unmet need for housing that exists at the start of the plan period. The revised SHMA has fully considered the unmet needs of homeless and other households living in unacceptable accommodation (such as concealed families and sharing households) that existed in 2011. In addition the revised SHMA also identifies all new housing need from the baseline date of 2011. Consequently all needs arising over the 22-year period 2011-2033 have been identified and therefore there is no requirement to include additional unmet need for housing within the Local Plan which will have a base date of 2011.

Epping Forest District's Objectively Assessed Housing Need

- 1.46 Having taken into account all of the above factors, the revised SHMA quantifies a need for a total of 46,100 additional homes across the HMA for the period 2011-2033. The Epping Forest District part of this total is a figure of 11,300 net additional homes for the period 2011-2033. This equates to 514 net additional dwellings per year. This is not the Local Plan housing target but is an important step to establishing one. Of those net additional dwellings the revised SHMA identifies that there will be a need for 3,152 of these homes to be affordable (c. 28% of the total overall housing need for the District). This equates to some 143 homes per year. Again, this is not an overall affordable housing target for all individual sites, since many sites will be too small to provide any affordable housing. The breakdown for the OAHN in each of the four HMA districts, together with the type and size of housing likely to be required is set out in the table below.

¹⁷ <http://www.pas.gov.uk/documents/332612/6363137/FINAL+PAS+Good+Plan+Making+.pdf/2916aa6b-8cec-4fba-8684-08aa36c4b1e0> FAQs page 49.

Figure 4 - Market and affordable housing mix by Local Authority (SHMA, 2015)

		East Herts	Epping Forest	Harlow	Uttlesford	TOTAL
MARKET HOUSING						
Flat	1 bedroom	710	430	170	140	1,400
	2+ bedrooms	810	450	30	80	1,400
House	2 bedrooms	1,510	1,020	610	690	3,800
	3 bedrooms	5,640	4,090	1,690	4,290	15,700
	4 bedrooms	2,740	1,580	50	3,110	7,500
	5+ bedrooms	770	510	-	1,410	2,700
Total Market Housing		12,200	8,100	2,500	9,700	32,500
AFFORDABLE HOUSING						
Flat	1 bedroom	820	570	100	320	1,800
	2+ bedrooms	470	450	550	330	1,800
House	2 bedrooms	1,210	710	940	850	3,700
	3 bedrooms	1,410	1,180	1,400	1,060	5,100
	4+ bedrooms	310	310	360	220	1,000
Total Affordable Housing		4,200	3,200	3,400	2,800	13,600
TOTAL DWELLINGS		16,400	11,300	5,900	12,500	46,100

- 1.47 It is important to recognise that the housing mix set out above relates to the District as a whole rather than being site specific. The mix of housing on individual sites will need to reflect the individual characteristics and location of each site, the existing housing stock in the area and viability. In addition the Council would expect the affordable housing mix on individual sites to reflect the market housing mix (in terms of size of units), although local evidence may indicate that on some sites a different approach needs to be taken.

The needs of different groups in the community

- 1.48 As well as providing an overall understanding of the quantitative change in the population and household composition, the revised SHMA also helps explain what may happen to the age profile of the population, and what size and type of household is likely to be needed across the area. This helps to identify if there is any need to develop more detailed policies within the Local Plan to ensure that the needs of different sections of the future population of Epping Forest District are properly catered for. This is in line with the NPPF which states that:

'The Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which:

Addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes),.....'.

- 1.49 The revised SHMA has assessed the needs of a number of these specific groups as set out below.

Older People and people with specific needs

- 1.50 In line with national trends, the revised SHMA highlights that there is likely to be a significant increase in the number of people aged 65 and over within the District and the proportion in relation to remainder of the future population. In addition to this increase, the revised SHMA clarifies that the identified OAHN of 46,100 dwellings across the HMA does not include any projected increase in people living in institutions. This is normally considered over and above the OAHN figure. The revised SHMA quantifies that the projected increase in the institutional population represents a growth of 1,773 persons over the 22-year period 2011-33. Institutions range from children's homes through to extra care housing and traditional care homes. Consideration will therefore need to be given to institutional needs including for older people.
- 1.51 Enabling older people to live in their own homes for longer is a key ambition of both the Government and Essex County Council's Adult Services Directorate. The way that new homes are designed can help to support this ambition.
- 1.52 Changes to the Building Regulations in 2015 (Approved Document M: Volume 1 (Access to and use of dwellings)) requires that all new dwellings comply with 'Category 1: VISIBLE dwellings', covering accessibility to all properties. However, 'Category 2: Accessible and adaptable dwellings' and 'Category 3: Wheelchair-user dwellings' are optional. It is therefore the role of the Local Plan to identify whether a proportion of dwellings in new developments should comply with the requirements for Category 2 and Category 3 dwellings.
- 1.53 The demographic projections in the revised SHMA indicates that the number of people aged 65 or over is projected to increase by around 47,200 persons over the 22 year period. This is some 73% of the overall growth within the area over the period. This includes around 13,500 persons aged 85 or over (some 21% of the total increase). Whilst many older people may continue to live in their current homes those that do move are likely to need accessible housing. Ensuring that new housing is accessible and adaptable may help to encourage some older people to 'down-size' into more manageable accommodation and enable them to remain at home for as long as possible. Enabling older people to down-size could also free up some larger-sized housing for younger families.
- 1.54 In addition to the future access needs of older people, available data from the Department of Communities and Local Government shows that currently around 1 in 30 households in England (3.3%) have at least one wheelchair user, although the rate is notably higher for households living in affordable housing (7.1%). It is also important to recognise that these proportions are likely to increase over the period to 2033 in the context of the larger numbers of older people projected to be living in the area.
- 1.55 Taking into account the above evidence the Council considers that all new homes (both market and affordable) should be built to Category 2 'Accessible and adaptable dwellings'. This is subject to further site-specific viability testing to ensure that such an approach does not compromise the deliverability of development. Taking such an approach would provide greater flexibility and choice for residents, in terms of the type, size and location of dwelling, and enable them to have a home which is capable of meeting their existing or potential future needs (as all new homes would be capable of adaptation).

People wishing to build their own homes (custom/self-build)

- 1.56 The Housing and Planning Act 2016 places requirements on local planning authorities in respect of custom and self-build housing. However, information taken from the 'Self-Build Portal' run by the National Custom and Self Build Association (NCaSBA) as of July 2015, and the relatively small number of people who have registered their interest on the Council's 'Custom and Self Build Register' indicate extremely limited demand for self-build plots within the District (which was 16 as at 30 April 2016). Consequently it is considered that there is no evidence of sufficient demand to demonstrate that a specific policy or allocations with regard to custom/self-build housing should be included in the Local Plan, but rather that this is included within a wider policy which supports provision based on need. If demand increases over the period of the plan then opportunities for serviced plots could be made available within strategic allocations to take account of any changes in evidence.

Housing Supply

- 1.57 Having established the OAHN for the District the Council needs to understand what sites are available for development, whether they are suitable and achievable, and whether they are developable and deliverable. This then enables the Council to understand what choices it has in respect of allocating sites which best fits its overall strategy and objectives; what may need to be done to enable that housing to come forward; and whether sufficient levels of housing can be delivered to fully accommodate its OAHN unless any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in the NPPF taken as a whole.¹⁸
- 1.58 The supply of housing comes from a range of sources, comprises various sizes, and is usually identified by a developer or landowner as being a site that they would wish to see being included for development as part of the Council's supply of housing land. This assessment is done, in part, by undertaking a Strategic Land Availability Assessment (SLAA). The Council commissioned a SLAA in 2012. The most recent update was completed in July 2016 and forms the basis of site considerations for this Local Plan. See <http://eppingforest.consonline.isready.co.uk/wp-content/uploads/sites/5/2016/08/Chapter-3-12991-Final-2016-EFDC-SLAA-Report.pdf>
- 1.59 The SLAA does not allocate land for development or indicate that the Council would support its development. Its purpose is to identify the potential of land for development against agreed criteria and is not intended to be a proxy for a site allocations document within the Local Plan. The SLAA site assessments use an agreed, objective and consistent methodology which seeks to capture information on factors, opportunities and constraints as they exist now. It should be noted that the SLAA assesses potential sites for housing, employment and retail uses. However, this Background Paper focuses only on the outputs in relation to potential housing sites.

¹⁸ NPPF paragraph 14

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6077/2116950.pdf

- 1.60 An initial assessment was undertaken to identify potential sites from a variety of sources including;
- i) sites put forward by local landowners and developers through the Call for Sites exercises undertaken from 2008 to 2011. Many parties who submitted sites in 2008 subsequently resubmitted them, although many had variants on the size of the site and/or number/mix of uses. Additionally many sites were submitted by more than one party with variants on site boundaries, although all of these sites fed into the process initially. The Call for Sites has remained 'open'. The July 2016 SLAA has taken into account all sites identified through this route up to 31 March 2016;
 - ii) sites identified from other evidence base studies, including the Council's Employment Land Review, and Settlement Capacity Study as well as development briefs that have been, or are being prepared including for Loughton Broadway and St John's Road, Epping and the North Weald Bassett Masterplan;
 - iii) unimplemented permissions and known sites by EFDC officers including pre-application enquiries and refused planning applications;
 - iv) potential sites from a review of EFDC land ownership identified within the EFDC Land Terrier Database;
 - v) other registers of land and buildings, including the Homes and Communities Agency (HCA) register of surplus public sector land and national brownfield land database; and
 - vi) a review of all broad areas adjacent to and surrounding each of the main settlements within the District, to create a ring around each settlement to ensure all broad options and directions of growth were assessed.
- 1.61 The approach set out above, which includes all potential sites with a yield of 5 or more dwellings, demonstrates that a very comprehensive site review has been undertaken.
- 1.62 The following steps were then undertaken:
- **initial site sieving:** an initial sieving process whereby any sites initially identified were removed where it was considered that there were overriding factors that meant sites were not appropriate for development (for example sites wholly within Flood Zones 3a and 3b, and sites within areas having national/international nature conservation designations);
 - **site visits:** visits were undertaken for assessment in order to review physical attributes and where possible verify information provided by the site promoter;
 - **assessing Suitability for development:** the sites were subjected to an analysis of their 'suitability' for development, i.e. whether they offered a suitable location for development and would contribute to the creation of sustainable, mixed communities;
 - **assessing Site Availability for development:** the planning history of the site was listed; details were submitted regarding site ownership and the owner's intentions for the site; and the extent to which it was being actively promoted for development was considered. This helped indicate whether the site was likely to come forward for development within the allotted timeframe;
 - **assessing Site Achievability for development:** a judgement was made about the likely viability of a site for development, over a certain period. This involved seeking commercial views from key bodies on matters of achievability as part of wider external

stakeholder workshops, as well as the appraisal of key criteria concerning market, cost and delivery factors;

- **assessing whether and when sites are likely to be developed:** drawing upon the preceding analysis, a judgement was made regarding whether the identified sites can be considered currently deliverable, developable or not. This included providing an indication of likely forms of development (including if the site was only suitable for a certain type of development), phasing, identification of constraints and measures necessary to overcome them; and
- **review of the Assessment:** drawing together the results of the analysis, the overall development capacity of the sites was ascertained.

1.63 In total the 2016 SLAA identified that Epping Forest District contained potential sites with an overall land capacity for 88,529 dwellings, if all sites assessed as suitable were built out. However, only 2,640 of those dwellings are within the parameters of existing Local Plan policy (as reflected in the adopted Local Plan 'saved policies'). Table 5 provides a summary of the sites and dwellings that are considered to be deliverable and developable, and those that are not.

Figure 5 - Deliverability and Developability of sites as at 31 March 2016

Source: Table ES1: Epping Forest District Strategic Land Availability Assessment July 2016

	Site Classification	No. of Sites	Dwelling Yield	Commercial/employment yield (B Class) (m ²)	Retail Yield (m ²)
	Suitable Within Current Policy, Available & Achievable	136	1,726	6,900	18,016
	Suitable Outside Current Policy, Available & Achievable	294	46,610	873,388	6,000
	Deliverable (0-5 Years) Sub Total:	430	48,336	880,288	24,016
	Suitable Within Current Policy, Available in Future & Achievable	16	232	~	601
	Suitable Outside Current Policy, Available in Future & Achievable	26	6,175	128,100	~
	Suitable Within Current Policy, Available/Available in Future & Unknown/Marginal Achievability	8	226	2,200	3,800
	Suitable Outside Current Policy, Available/Available in Future & Unknown/Marginal Achievability	22	7,998	438,357	~
	Developable (5 Years Onwards) Sub Total:	72	14,631	568,657	4,401
	Suitable Within Current Policy, Unknown Availability, Achievable	22	450	10,140	~
	Suitable Outside Current Policy, Unknown Availability, Achievable	67	24,168	151,640	400
	Suitable (Within/Outside Current Policy), Unknown Availability & Unknown/Marginal Achievability	10	682	33,660	~
	Not Deliverable or Developable on Current Information Sub Total:	99	25,300	195,440	400
	Suitable & Available but Not Achievable	1	~	4,000	2,000
	Suitable but Not Available	4	262	~	~
	Not Suitable - Local or Site Specific Constraints	24	~	~	~
	Not Suitable - Strategic Constraints	30	~	~	~
	Not Deliverable or Developable Sub Total:	59	~	~	~
	Grand Total	660	~	~	~
	Of Which Suitable	606	88,529	1,648,385	30,817
	Of Which within current Planning Policy	189	2,640	23,246	24,423

1.64 It is important to acknowledge that it is highly unlikely that the total development yield of all sites indicated in the SLAA could be built-out across the area. To do so would require a considerable change in the demand and supply dynamics for development in the District, including an increase in demand (as opposed to need) so as to not flood the market with properties that wouldn't be able to be sold or occupied. Additionally, to deliver such increased levels of development would be dependent upon other factors which will affect the overall delivery of sites, such as the need to make substantial investment in local infrastructure to support growth, as well as environmental and other constraints. Therefore, it is important to emphasise that the SLAA remains the starting point for the Council in preparing its Local Plan to ensure that there is an adequate development land supply to meet the objectively assessed development needs of the area.

1.65 Despite the above demonstrating a supply that is potentially far in excess of Objectively Assessed Housing Need there are a number of key issues and constraints which the SLAA

process has highlighted which will be a key consideration in some of the choices that the Council faces, in planning for growth in the future, including the need to review the extent of the Green Belt within Epping Forest District.

Green Belt

- 1.66 The majority of the sites fully assessed within the SLAA are within the Green Belt and of those the majority are greenfield sites. This includes sites which take on characteristics of previously developed land associated with their previous agricultural uses (e.g. derelict nurseries) but are in fact specifically excluded from the definition of previously developed land within the NPPF.
- 1.67 Paragraph 83 of the NPPF¹⁹ outlines the national policy on Green Belt stating that:
“Local planning authorities with Green Belts in their area should establish Green Belt boundaries in their Local Plans which set the framework for Green Belt and settlement policy. Once established, Green Belt boundaries should only be altered in exceptional circumstances, through the preparation or review of the Local Plan. At that time, authorities should consider the Green Belt boundaries having regard to their intended permanence in the long term, so that they should be capable of enduring beyond the plan period.”
- 1.68 The SLAA provides an objective assessment of many Green Belt sites which, in making any alterations to the Green Belt boundaries through the preparation of the Local Plan, could meet development needs in the District.
- 1.69 In addition to the level of potential housing that currently lies within the Green Belt there is also a limit on the capacity of non-Green Belt land to accommodate development, as well as further factors relevant to non-Green Belt sites such as allocation as local open space or recreational land. Having undertaken a detailed Settlement Capacity Study the Council is of the view that there is no other option, if it is able to support the delivery of anywhere near the level of housing indicated by its OAHN, but to release a small quantum of land from the Green Belt. The SLAA identifies that there are numerous potential suitable development locations throughout the District that might warrant consideration for Green Belt alterations.
- 1.70 The sites identified by the SLAA has been used as the starting point for the site selection work undertaken during 2016. See http://eppingforest.consultationonline.co.uk/wp-content/uploads/sites/5/2016/08/Report-on-Site-Selection_FINAL.pdf

Windfalls

- 1.71 The NPPF allows windfalls to be included within prospective supply. Windfalls are new dwellings that are located across the District on sites not identified in the SLAA. Consequently it is appropriate to consider the extent to which windfalls could contribute to supply beyond the sites identified in the SLAA. It is estimated that around 35 dwellings per annum could be delivered as windfalls. This would not necessarily be a constant level of delivery as it would be anticipated that windfalls would be lower in the early part of any Local Plan period and higher in

¹⁹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6077/2116950.pdf

the latter part of any Local Plan period. It does, however, provide a smoothed average which could be anticipated over the course of the Local Plan.

Approach to Delivery

- 1.72 The Council's preferred approach with respect to the scale and distribution of housing is in accordance with the Draft Plan's Spatial Strategy set out in Chapter 3. The approach provides a range of sites in terms of both scale and location. Taking such an approach helps to support the delivery of housing needs in relation to the District's towns and villages whilst minimising the need to use Green Belt land, as well as supporting the provision of major residential development in close proximity to Harlow in order to meet the needs of the wider housing market area whilst supporting economic development and the regeneration of Harlow.
- 1.73 Land is a finite resource and it is therefore critical that land for development is used in an efficient and effective way. Consequently the Council will expect new development to maximise densities on housing sites, whilst recognising that different density levels will be appropriate for different sites in different locations. Having had regard to the range of evidence developed, and in line with national policy and good practice, it is considered that in order to make the best use of land that the following approach is taken:
- a greater intensity of development at places with good public transport accessibility;
 - densities above 50 dwellings per hectare in town and large village centres and along main transport routes and close to transport nodes;
 - in the areas outside town and large village centres, new residential development should achieve densities of between 30 and 50 dwellings per hectare, and enhance the distinctive character and identity of the area; and
 - lower density developments may be appropriate in certain areas of the District. Some parts of the urban areas and some villages are particularly sensitive to the impact of intensification and redevelopment because of the prevailing character of the area and the sensitive nature of the surrounding countryside or built form.

Housing Mix and Types

- 1.74 Housing development within the District should provide for the needs of all sectors of the community, including those with specialist requirements or who have the desire to build their own homes.

- 1.75 The revised SHMA sets out that, in terms of market housing, the greatest need is for houses rather than flats. The market housing mix identified for Epping Forest District is as follows:

Market Housing		
Flats	1 bedroom	430
	2+ bedrooms	450
Houses	2 bedrooms	1,020
	3 bedrooms	4,090
	4 bedrooms	1,580
	5+bedrooms	510

Total Market Housing		8,100
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- 1.76 The revised SHMA does, however, make it clear that there is also a need to consider the most appropriate location for both market and affordable housing, and the type and size of properties to be provided in different areas. In providing housing, different locations and sizes of sites will provide different opportunities for achieving a mix, particularly when also taking into account the need to make best use of land, and to create mixed and balanced communities. However, generally, the Council expects the housing mix and property types for affordable housing on individual sites to reflect the mix and property types for market housing on the site, in terms of the ratio of flats to houses, and bedroom numbers.
- 1.77 It is also important that the Local Plan takes account of the need for specialist accommodation for all ages and to ensure that the future housing stock takes account of the needs of those with mobility problems and support needs across all ages. In addition there are those who wish to have the opportunity to build their own homes but who have difficulty in competing for sites. The Council will therefore support this desire.

Affordable Housing

- 1.78 As set out above the level of affordable housing likely to be needed over the Local Plan period (2011-2033) within Epping Forest District is 3,152 homes. This equates to some 143 homes per year. This provides the starting point for the Council to set its policies regarding the contribution that the private sector should make to the delivery of affordable housing. The approach to the provision of affordable housing, including on rural exception sites, and the rationale for the approach is set out below.
- 1.79 In developing its affordable housing policies the Council recognises that not all development sites that come forward will be capable of delivering affordable housing on-site, and that in some instances this may not be desirable in terms of the form and location of development. Conversely, some of the District's smaller villages and hamlets have a real need for the provision of affordable housing, despite the fact that in normal circumstances housing proposals would be refused planning permission, in order to support the maintenance of mixed, sustainable communities. As a result the Council is clear that it should not adopt a 'one-size fits all' approach to affordable housing provision.
- 1.80 It is important to recognise that not all private sector developments that come forward for housing will necessarily contribute to the delivery of affordable housing. This includes, for example, where housing has been delivered through 'Office to Residential' conversions, which are specifically precluded from the need to provide affordable housing, and small sites. Furthermore, some proposals for market housing, because of site-specific complexities and costs would not generate sufficient development 'value' to be viable if the proportion of affordable housing sought were to be provided. The Council will therefore take a balanced approach to the provision of affordable housing so that:
- the level of affordable housing that is needed is delivered;
 - the level of affordable housing sought is viable and does not prevent the delivery of homes; and

- sufficient flexibility is built in to take account of site-specific circumstances.

- 1.81 To help understand what level of affordable housing would be appropriate on sites, whilst ensuring that those developments would still be viable, the Council commissioned a 'Stage 1 Assessment of the Viability of Affordable Housing, Community Infrastructure Levy and Local Plan' report, which was completed in June 2015.
<http://eppingforest.consultationonline.co.uk/wp-content/uploads/sites/5/2016/08/Chapter-3-stage-1-assessment-of-the-viability-of-affordable-housing-cil-and-lp-june-2015.pdf> The report considered the level of affordable housing that could reasonably be sought from developments across the District, taking into account the possibility of the Council introducing a Community Infrastructure Levy (CIL) if considered appropriate. The report assessed this against a range of options for affordable housing and CIL levels, site sizes and locations for development (both geographic, and in relation to greenfield and brownfield sites).
- 1.82 The Council recognises that there needs to be sufficient land value to generate a sufficient surplus to developers once all the costs of development have been met. The assumptions used in the report take into account not only planning obligations (e.g. Section 106 agreements), CIL and affordable housing but also any policy requirements that may have a cost impact on development – including sustainability, density, unit mix, affordable housing type/tenure and housing standards. The methodology basis is the same for all parts of the study – it uses residual land valuation techniques.
- 1.83 The outcomes of the study indicate that an affordable housing target of 40% on all sites across the District of 11 or more dwellings would support the delivery of a meaningful level of affordable housing as identified in the Council's OAHN. In addition, there would also be sufficient scope to achieve a reasonable combination of both affordable housing and CIL on some sites in those areas of the District with higher values, bearing in mind that CIL rates would need to be "buffered" and well within the apparent maximum rates identified in the 2015 Viability report.
- 1.84 The Council's 'default' position for the provision of affordable housing on all sites of 11 or more homes will be that it should be provided on-site as part of the development. However, there may be exceptional circumstances that would justify a financial or other contribution towards the provision of the required element of affordable housing on another site in the District.
- 1.85 Financial contributions towards the provision of affordable housing off-site will be calculated on the basis of anticipated property sales values, construction and other costs and a reasonable developer's profit, both with and without the cost of providing the required affordable housing on the site; in so doing, account will be taken of the potential enhanced value of not making the provision on-site. For sites of 11 plus dwellings, off-site contributions will only be accepted where the developer can demonstrate exceptional reasons for not providing the affordable housing on site. If a developer considers that this route is the only realistic option then it is strongly recommended that early negotiations take place with the Council to determine the sufficiency of the justification and the timing for, and level of, the contribution to be sought.
- 1.86 As set out in the Council's District-wide Viability Report, there may be occasions where a site would not be deliverable if the required level of affordable housing and tenure split were sought.

In such cases the applicant will be expected to provide a full financial appraisal (in accordance with both national guidance **and** any local guidance) to demonstrate their case and the level and type of affordable housing that could viably be provided. This will be validated (or otherwise) by an expert (appointed by the Council), the cost of which will be borne by the applicant.

- 1.87 If the Council is satisfied that the viability appraisal confirms that the affordable housing cannot be provided in line with Draft Policy H 2, the Council will agree either an alteration in the tenure split requirement or a reduction in the overall affordable housing requirement, whichever the Council considers is most appropriate. The Council will apply this approach until the proposal is considered viable. The Council may also require the inclusion of a viability review mechanism to be secured through a planning obligation at appropriate stages of the development.
- 1.88 It is expected that all affordable homes provided under draft Policy H 2 will be secured for use with priority given to those in housing need registered on the Council's Housing Register, with affordable rented homes to be provided in perpetuity (subject to statutory constraints, such as the Right to Buy). In view of the safeguards provided to both the Council and tenants by the Government's Housing Regulatory Framework, with which all Registered Providers (RPs) must comply, the affordable housing will be required to be transferred to an RP, which will be expected to be a specified "preferred partner" of the Council, in order to ensure the proper long-term management of the stock and the compliance with agreed District-wide nomination agreements for the occupation of the accommodation. If, in exceptional circumstances an RP is not to be involved, then detailed mechanisms for the control of the affordable housing mirroring all of the requirements of the Housing Regulatory Framework which the affordable housing provider will be expected to meet, will need to be set out in a legal agreement.
- 1.89 As identified in the revised SHMA, the priority need for affordable housing within the District is for affordable rented accommodation. Having taken into account viability considerations, the starting point for negotiation in respect of the tenure split for affordable housing will be that at least 70% will be provided as affordable rented housing (as defined by the Homes and Communities Agency's Affordable Rent Framework or successive guidance) and, subject to the Council meeting the requirements of the Housing and Planning Act 2016 with regard to the provision of starter homes, that no more than 30% will be provided as intermediate housing (as defined by the NPPF). However, the precise split attributed to the various different tenures will be the subject of negotiations and may vary between sites depending on the types of need prevalent in a particular locality, the financial viability of sites and site characteristics. Consequently, developers are encouraged to engage in early discussions with the Council at the pre-application stage to establish the appropriate mix. The detailed arrangements for the provision of shared ownership, or any similar form of intermediate housing, should comply with the Council's agreed affordable housing policies in being at the time of application.
- 1.90 To ensure that affordable housing is actually delivered on development sites, the Council will generally require that no more than 50% of market housing provided on a site can be occupied until all of the affordable housing has been practically completed. In addition, affordable housing should be provided on different parts of a development site. On large sites, of 100 units and above, or for any proposed phased developments, developers will need to provide a phasing plan for the provision of affordable housing across the site in order to ensure that

affordable housing is provided in appropriate locations on the site and across all planned phases.

Rural Exception Sites

1.91 The NPPF (paragraph 54) sets out that:

'In rural areas, exercising the duty to cooperate with neighbouring authorities, should be responsive to local circumstances and plan housing development to reflect local needs, particularly for affordable housing, including through rural exception sites where appropriate. Local planning authorities should in particular consider whether allowing some market housing would facilitate the provision of significant additional affordable housing to meet local needs.'

1.92 Epping Forest District is predominantly rural in character and over 92% of it is currently designated as Green Belt. This provides potential constraints on the delivery of small scale residential developments that are needed to support the sustainability and vitality of rural communities. There is a need for affordable housing across the more rural parts of the district where the Council's Local Plan policies would normally preclude the provision of housing. Recognising the difficulties of accessing affordable housing within these existing rural communities it is considered that a managed approach to affordable housing delivery in these areas is vital to support the vitality and sustainability of rural communities, and that this can be achieved through a 'Rural Exceptions' housing policy.