

NOTE ON LEICESTERSHIRE HOUSING FIGURES AND STANDARD METHODOLOGY

	A	B	C	D	E	F	G		H	I		J	K
	2011	2031	2036	31-11	36-11	Affordability Ratio	Adjustment		31-11 Adj	31-11 SGP		36-11 Adj	36-11 SGP
Blaby	38627	45902	47423	7275	8796	7.52	0.22	8875.5	8876	7400	10731.12	10731	9025
Charnwood	66320	82012	85423	15692	19103	7.3	0.20625	18928.48	18928	20620	23042.99	23043	24850
Harborough	34963	43276	45066	8313	10103	9.66	0.35375	11253.72	11254	10640	13676.94	13677	12850
Hinckley	45310	54982	56830	9672	11520	7.36	0.21	11703.12	11703	9420	13939.2	13939	11350
Leicester	121891	136937	142078	15046	20187	5.99	0.124375	16917.35	16917	33840	22697.76	22698	41700
Melton	21441	23471	23890	2030	2449	7.66	0.22875	2494.363	2494	3720	3009.209	3009	4240
NW Leicestershire	39071	47818	49577	8747	10506	7.24	0.2025	10518.27	10518	9620	12633.47	12633	11200
Oadby	21288	21797	22343	509	1055	7.94	0.24625	634.3413	634	2960	1314.794	1315	3875
Total	388911	456195	472630	67284	83719				81324	96580		101045	117900
Leicestershire County	267019	319257	330501	52238	63482	7.67	0.229375	64220.09	64220		78043.18	78043	

Fig 1. Standard Methodology using 2016 Household Figures.

Figure 1 sets out the housing need predicted for each of the Leicestershire Districts according to the ONS 2016 household projections for 2011 -2031 and 2036. Column A-C are the total household projections. Column D-E the additional projected houses, that is to say the demographic need. (Column B-A gives Column D for 2031 and Column C-A gives Column E for 2036)

The Affordability Ratio (Column F), as required for the Standard Methodology calculation, is taken from the most up to date 2017 Ratio of House Prices to Workplace Earning Tables for 2017. Column G gives the adjustment resulting from application of the standard methodology (See NPPG: <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>).

Column H and J give the adjusted housing need adding the adjustment percentage. They can be compared with Column I and K which are the figures included in the Leicestershire Strategic Growth Plan (SGP).

I have not applied any individual local authority cap to the figures (as set out in the NPPG) but these could further reduce the overall need in Columns H and J.

The figures are calculated at a local authority level and then totaled up across Leicestershire (The Housing Market Area (HMA) for purposes of the SGP). A final row uses the overall Leicestershire County figure (excluding Leicester) calculation, which would lead to a similar result if Leicester is added.

The calculation shows that the 2031 SGP housing need figure is 29,296 (44%) above the predicted demographic need (Total in Column I - Total in Column D) and 15,256 (19%) above the Standard Methodology requirement (which includes an additional allowance for affordability) (Total in Column I - Total in Column H).

The resulting adjusted total annual requirement for the HMA would be 4066 (101044/25)

The calculation shows that the 2036 SGP housing need figure is 34,181 (41%) above the predicted demographic need (Total in Column K - Total in Column E) and 16,855 (17%) above the Standard Methodology requirement (which includes an additional allowance for affordability) (Total in Column K - Total in Column J).

The resulting adjusted total annual requirement for the HMA would be 4042 (81324/20)

The effect of excessive housing numbers is likely to have a disproportionate impact on the need for green field housing development allocations, especially if the supply side criticisms CPRE Leicestershire made of the HEDNA are correct, (which includes underestimating windfalls, for example) since the additional housing in the SGP stretch need beyond the HEDNA's calculation of brownfield supply.

The justification that additional housing is needed to support economic growth is also weakened by the inclusion in the standard methodology of a significant additional amount of housing above demographic need. Since this is happening in other areas as well, there is, of course, a question mark about whether all local authorities can justify housing above their demographic need. Both figures remain significantly above the Economic Requirement for housing identified in the HEDNA (taken from Oxford Econometric calculations) which only showed an annual requirement in the HMA of 3608 dwellings per annum to meet economic need.

And while the change in household projections partly reflects changes in the approach of ONS in terms of the trend period it relies on household formation rates, which may be impacted by the recession period. There may also be underlying societal and housing market changes which will ensure these trends remain. Lower overall housing numbers should not mean that specific areas of housing need are not addressed by the type and tenure of houses provided.

A further problem to note is that the SGP does not only assume this level of housing growth up to 2036, it extends it to 2050, using the assumptions in the 2031 figures, that is to say the higher of the two SGP annual requirement of 4829 (and despite the fact that even in the five years from 2031-2036 this requirement declines). That figure extrapolated over twenty years amounts to 96,580 homes. If that was reduced in line with predicted need to 2031 it would only be 77,254 (4066 x 19) including the standard methodology adjustment. In other words the assumptions to 2050 are an extrapolation of the SGP figures, and so risk exacerbating the exaggeration of need further.

	A	B	C	F	G		H		I		K
	2018	2028	18-28	Affordability Ratio	Adjustment		18-28 Adj	20yr	31-11 SGP	25 yr	36-11 SGP
Blaby	41440	44963	3523	7.52	0.22	4298.06	4298		7400		9025
Charnwood	72123	79752	7629	7.3	0.20625	9202.481	9202		20620		24850
Harborough	38024	42155	4131	9.66	0.35375	5592.341	5592		10640		12850
Hinckley	49083	53789	4706	7.36	0.21	5694.26	5694		9420		11350
Leicester	125486	133702	8216	5.99	0.124375	9237.865	9238		33840		41700
Melton	22266	23225	959	7.66	0.22875	1178.371	1178		3720		4240
NW Leicestershire	42275	46673	4398	7.24	0.2025	5288.595	5289		9620		11200
Oadby	21004	21489	485	7.94	0.24625	604.4313	604		2960		3875
Total	411701	445748	34047				41095	82180	96580	102740	117900

Fig 2. Standard Methodology using 2016 Household Figures (10 year calculation)

Figure 1 compares 20 and 25 year assessments. Figure 2 uses the same calculation but based on a ten year time frame. The result is very slightly higher but leads to a similar conclusion but based on the timescale identified in NPPG.

Figure 3 shows what a similar calculation looks like using the now defunct 2014 housing projections. While it has now superseded I include this for comparison sake.

As was said at the Draft SGP stage by Officers the overall (adjusted) need when using the formula was similar for those projections to the SGP figures (Totals in Columns H and I for 2031 and J and K for 2036).

The difference with the 2016 figures is that, while the impact on individual local authorities varies, the overall HMA total has gone down. What is particularly noticeable is the fall in the projected increase in households generated in Leicester and, therefore, the reduced need to provide compensating housing elsewhere within the HMA.

	A	B	C	D	E	F	G		H	I		J	K
	2011	2031	2036	31-11	36-11	Affordability Ratio	Adjustment		31-11 Adj	31-11 SGP		36-11 adj	36-11 SGP
Blaby	38769	44344	45545	5575	6776	7.52	0.22	6801.5	6802	7400	8266.72	8267	9025
Charnwood	66445	85282	89239	18837	22794	7.3	0.20625	22722.13	22722	20620	27495.26	27495	24850
Harborough	35070	43158	44797	8088	9727	9.66	0.35375	10949.13	10949	10640	13167.93	13168	12850
Hinckley	45498	53113	54617	7615	9119	7.36	0.21	9214.15	9214	9420	11033.99	11034	11350
Leicester	123031	152549	159377	29518	36346	5.99	0.124375	33189.3	33189	33840	40866.53	40867	41700
Melton	21562	24668	25326	3106	3764	7.66	0.22875	3816.498	3816	3720	4625.015	4625	4240
NW Leicestershire	39255	45297	46581	6042	7326	7.24	0.2025	7265.505	7266	9620	8809.515	8810	11200
Oadby	21289	23256	23894	1967	2605	7.94	0.24625	2451.374	2451	2960	3246.481	3246	3875
Total	390919	471667	489376	80748	98457				96409	96580		117512	117900

Fig 3. Standard Methodology using 2014 Household Figures.

$$\text{Adjustment factor} = \left(\frac{\text{Local affordability ratio} - 4}{4} \right) \times 0.25$$

Fig 4. Adjustment formula for Standard Methodology Calculation.