ADVISORY NOTE

Please note, this report has not yet been considered by the Planning Policy Committee. It is an evidence base document, forming a consultant's professional assessment of the matters detailed in the report, but is not intended as a statement of Council policy.

South Essex Housing Needs Assessment

June 2022

Turley

Contents

Preface

This report was commissioned by the South Essex authorities in summer 2021 and was thereafter completed in stages, with much of the baseline analysis concluding in November 2021 before a full draft report was shared in June 2022. Comments were subsequently taken into account before the report was finalised in December 2022.

This was a particularly turbulent time. The last of the restrictions introduced during the COVID-19 pandemic were removed, but the country subsequently started to face a cost of living crisis that is continuing at the time of writing. Inflation has surged to its highest level for more than 40 years, with this being at least partially attributed to Russia's invasion of Ukraine, and the Bank of England has responded by steadily lifting interest rates which currently stand at their highest level for 14 years. The UK has also seen political instability, with the economy now in recession and particularly hit by the so-called "mini-Budget" in September which increased mortgage rates, albeit these have since fallen.

This report could not take all of these events into account, not least because there is always a delay before data showing their local impact becomes available. It has also been unable to incorporate the findings of the 2021 Census, which started to become available at too late a stage and will instead need to be considered through a future update.

Any such update would adhere to guidance in place at that time, which is likely to have evolved from that which currently exists according to a Written Ministerial Statement issued weeks before this report was finalised in December 2022[1]. This confirms an intention to '*retain a method for calculating local housing need figures, but consult on changes*'. It suggests that the plan-making process will still begin with a number but this would be '*an advisory starting point, a guide that is not mandatory*'.

An update would also provide the Councils with the opportunity to monitor emerging trends, relating to hybrid working and changing preferences for example, and collect data that could enable the refinement of key assumptions. There has been a particular lack of reliable data on accessible homes, which could be rectified through a future update that can also take account of the Government's response to its 2020 consultation on raising accessibility standards in new homes, published at too late a stage in July 2022[2].

[1] Update on the Levelling Up Bill: statement made by Michael Gove MP on 6 December 2022

[2] DLUHC (July 2022) Raising accessibility standards for new homes: summary of consultation responses and government response

Executive Summary

1. Turley has been commissioned to prepare a new Housing Needs Assessment (HNA) for the South Essex authorities of Basildon, Brentwood, Castle Point, Rochford, Southend-on-Sea and Thurrock. This is intended to update and replace the Strategic Housing Market Assessment[3] (SHMA) that was previously commissioned by five of the authorities, which was completed in May 2016 and revisited in an addendum report one year later[4].

2. This HNA explores how the housing market of South Essex has changed in the six years since the SHMA was produced, and also introduces Brentwood to a study area that continues to be described as South Essex, consistent with the Association of South Essex Local Authorities (ASELA) which includes each of the six authorities.

Recent trends in South Essex

3. The South Essex housing market has inevitably evolved over recent years, with this report having found that:

    - **The overall rate of housing development was slowing even prior to the pandemic and remains short of the historic peak.** Each of the six authorities has grown its dwelling stock at a slower rate over the past five years than the wider East of England or the country as a whole, and as a result its profile largely remains as previously described with terraced houses dominating everywhere except in Castle Point and Rochford, and smaller housing prevailing in Thurrock and Southend-on-Sea.

    - **The population of South Essex has continued to grow, surpassing 800,000 in mid-2020, but the annual rate of growth has slowed to a level not seen since the mid-1990s.** This cannot be entirely attributed to the pandemic, given that neither the region or country as a whole saw such a pronounced slowing, but it appears to have been caused by the relatively small excess of births over deaths and the recording of a net *outflow* from South Essex to other parts of the UK, for the first time in at least 18 years. This affected all age groups, and came after a period in which South Essex was increasingly attracting families while seeing a net outflow of those aged 45 or above. The number of older people living in South Essex has nonetheless increased, as has the number of children.

    - **House prices have risen in every part of South Essex**, remaining highest in Brentwood but growing since 2014 at comparable rates ranging from 49% in Castle Point to 60% in Thurrock. This may be linked to shrinking supply, with 2021 seeing the fewest sales of any year since at least 2014. The cost of privately renting a home of any size has also risen in recent years.

[3] Turley (May 2016) South Essex Strategic Housing Market Assessment

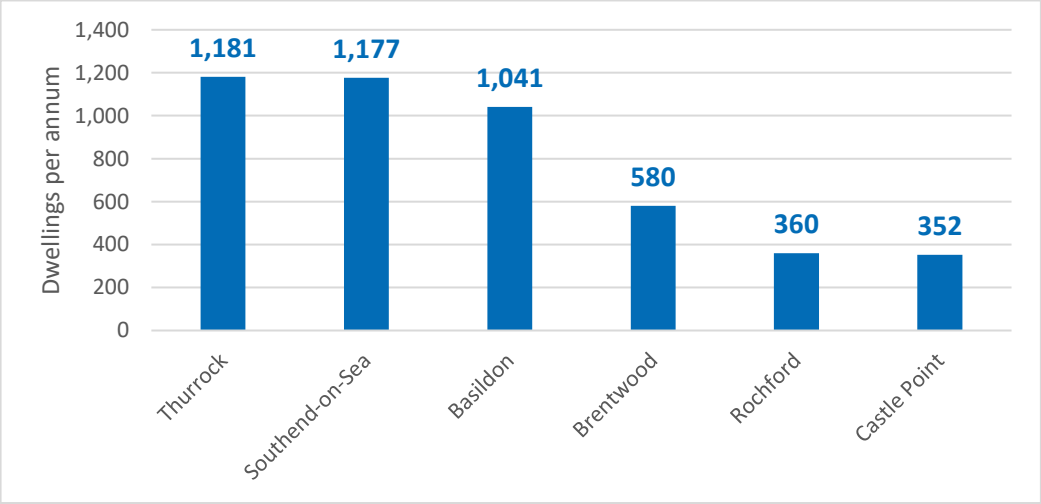
[4] Turley (May 2017) Addendum to the South Essex Strategic Housing Market Assessment

Overall housing need

4. The National Planning Policy Framework (NPPF) has been revised since the SHMA addendum was finalised in May 2017, introducing a standard method for determining '*the minimum number of homes needed*' and confirming that '*strategic policies should be informed by a local housing need assessment*' conducted using this method[5]. The PPG describes this '*unconstrained assessment*' as only '*the first step in the process of deciding how many homes need to be planned for*', also emphasising that the standard method does not necessarily '*produce a housing requirement figure*'[6].

5. While its outcome will change over time, the standard method currently indicates that **at least 4,691 dwellings per annum** are needed throughout South Essex. Figure 1 shows how this is distributed between the six authorities.

Figure 1: Outcome of the Standard Method in South Essex



Source: Turley analysis

6. The standard method is intended to provide only a minimum starting point, with Planning Practice Guidance (PPG) requiring authorities to consider whether it may be appropriate to plan for a higher level of housing need or indeed a lower level of need, albeit the latter would require '*exceptional local circumstances*' which have not been found to exist in any of the six authorities[7]. This report has actually concluded that, based on current evidence, the standard method provides largely reasonable estimates of housing need in each of the South Essex authorities because:

- **There is notable alignment with the conclusions of the previous SHMA addendum**, which identified a need for circa 3,750 to 4,000 dwellings per annum across the five authorities it covered or 4,111 dwellings per annum when their individual figures were summed, the latter *precisely* aligning with the combined outcome of the standard method for the same five authorities. The method does

[5] MHCLG (2021) National Planning Policy Framework, paragraph 61

[6] PPG Reference ID 2a-001-20190220 and 2a-002-20190220

[7] PPG Reference ID 2a-010-20201216 and 2a-015-20190220

now suggest a higher need in Brentwood, which is no longer capped following the adoption of a new housing requirement, but it is still the case that – in the context of the PPG – no previous assessment suggests a '*significantly greater*' need for housing than now implied by the standard method[8];

- **While markedly higher than past delivery, both overall and in each individual authority, this was also the case in previous assessments.** The PPG does not suggest that this can be taken as evidence of a lower need for housing, presumably in recognition of the longstanding national failure to deliver sufficient new homes, with the pattern unlikely to be broken if past delivery is used to moderate housing need figures;

- **While the population of South Essex has not grown at the rate assumed by the 2014-based projections that underpin the standard method, especially over the last reported year to 2020, this is likely to be at least partly due to housing delivery falling short of the level previously found to be needed.** This report has presented modelling which indicates that the population of each authority could have potentially grown at a *faster* rate than anticipated by the 2014-based projections, or indeed more recent projections, had they met their previously evidenced needs in full; and

- **Meeting the minimum need could grow the labour force of an area that, Brentwood aside, has long been designated as a national growth area, supporting a level of job creation which far exceeds baseline forecasts.** Demographic modelling introduced in this report suggests that such a level of housing provision, in combination with changing labour force behaviours, could support the creation of circa 82,500 new jobs throughout South Essex over the period to 2040. This is almost double the number forecast by Experian (c.44,300) and Cambridge Econometrics (c.43,600) albeit it is important to note that these baseline forecasts may not fully capture the impact of growth strategies and planned investments. Provision in line with the standard method would, however, appear likely to provide a considerable amount of headroom beyond these forecasts, such that growth strategies and investments should not necessarily be expected to generate a greater need for housing. This will nonetheless need to be kept under review as the economic evidence base is developed.

7. Demographic modelling indicates that delivery in line with the outcome of the standard method, in combination with other demographic changes, could accelerate the population growth that has been recently seen in South Essex, such that it could have 155,700 additional residents by 2040 having grown by nearly a fifth (19%) to that point. Most of the individual authorities would also see an acceleration of the historic trend if they were to meet their housing needs in full, with Thurrock and Rochford the only exceptions.

8. This population growth would largely be driven by net inward migration, involving either the retention of existing residents or the attraction of new ones. Births

[8] PPG Reference ID 2a-010-20201216

outnumbering deaths would also be expected to have a consistently positive effect on the population of most areas throughout the period to 2040, but not in Castle Point or Rochford where deaths are contrastingly projected to outnumber births.

9. Population growth would likely be distributed across all age groups, albeit with particularly strong growth in the older population aged 65 or above who would in absolute terms be the fastest growing cohort in every authority but Thurrock. They would become increasingly prominent to the point where they would account for circa 22% of the overall population by 2040, rising from 19% today, with all other age groups except one (16-29) accounting for a diminishing share.

Size and type of housing needed

10. Beyond the overall number of homes needed, the NPPF requires assessment of the size and type of housing needed in South Essex. The modelling presented in this report allows overall housing need to be segmented in this way, indicating that there will be substantial growth in the number of households with children if each of the South Essex authorities meets its housing need in full. There would likely be almost as much growth in the number of one-person households, with this group a particularly key driver in Basildon and Southend-on-Sea.

11. Different types of households naturally have varying housing requirements, with the last reported Census in 2011 finding that one-person households in South Essex often – but do not always – occupy smaller homes for example. Households containing dependent children or other adults, like older relatives or non-dependent children, in contrast tend to occupy larger housing. While this is reflective of the situation in 2011, there is no more recent data that is similarly comprehensive or localised, at least until the findings of the 2021 Census become available and confirm whether there has been a major change in preferences.

12. A continuation of these local trends could see some 41% of additional households in South Essex needing three bedrooms, with this size of property the most needed in each authority. Circa 26% could need two bedrooms and roughly half as many (13%) could need one bedroom, with the remaining 20% needing at least four.

13. Meeting this need throughout South Essex could require nearly two in every three new homes (65%) to be houses albeit this could rise as high as 71% in Rochford or as low as 52% in Southend-on-Sea where over a third (37%) of new homes could need to be flats, surpassing the average for South Essex as a whole (23%). Circa 12% of all new homes could need to be bungalows, or as many as 26% in Castle Point, but this is unavoidably influenced by the existing stock profile and does not allow for the prospect of at least some such needs being more efficiently met by flats that offer similar benefits to older people especially.

Table 1: Size and Type of Housing Needed in South Essex (2020-40)

	Property size				Property type		
	1 bed	2 beds	3 beds	4+ beds	House	Flat	Bungalow
Basildon	14%	26%	40%	20%	70%	20%	10%
Brentwood	9%	25%	36%	30%	69%	19%	11%
Castle Point	6%	24%	43%	27%	66%	8%	26%
Rochford	6%	22%	43%	29%	71%	9%	21%
Southend-on-Sea	19%	30%	35%	16%	52%	37%	12%
Thurrock	13%	26%	48%	13%	69%	24%	7%
South Essex	**13%**	**26%**	**41%**	**20%**	**65%**	**23%**	**12%**

Source: Turley analysis *Note: figures may not sum due to rounding*

14. All of the above provides only an illustrative modelling of available evidence, which can be used for guidance and monitoring purposes but should not be prescribed as an explicit requirement for individual sites given the need to respond to changing market demands, local context and viability factors.

Need for affordable housing

15. This report has applied the well-established methodology through which affordable housing needs are separately calculated, as outlined in the PPG and followed by previous studies.

16. The first stage of the calculation establishes the scale and profile of affordable housing need in gross terms, capturing 5,629 households on the Councils' housing registers who are in the greatest need. A further need for circa 3,659 affordable homes could also be expected to arise every year as existing households' circumstances change and new households form, assuming that the overall need implied by the standard method is met. Combined, these factors could generate **a gross need for circa 3,955 affordable homes per annum** over the remaining 19 years to 2040, where the informing data supplied by the Councils relates to summer 2021. This can also be broken down by the size of property required, suggesting a particularly strong need for affordable homes with one or two bedrooms.

17. The PPG subsequently requires supply to be taken into account, allowing for lettings, the release of occupied affordable homes and committed supply. Data supplied by the Councils suggests that approximately **1,543 affordable homes could become available each year**, with this being lower than the estimated gross need such that there is a residual net need for **2,412 affordable homes per annum**. While this reflects South Essex as a whole, there is also a shortfall in each authority, with an annual need for 248 affordable homes in Rochford and 521 in Basildon. There also appears to be a shortfall of every size of property, which is most pronounced for homes with two bedrooms as shown at Table 9.2.

Table 2: Estimated Size of Affordable Housing Needed in South Essex (2021-40)

	1 bed	2 beds	3 beds	4+ beds
Basildon	-2%	84%	10%	9%
Brentwood	49%	36%	14%	1%
Castle Point	48%	30%	21%	0%
Rochford	36%	41%	18%	5%
Southend-on-Sea	26%	45%	24%	5%
Thurrock	56%	32%	7%	5%
South Essex	**33%**	**47%**	**15%**	**4%**

Source: Turley analysis *Note: figures may not sum due to rounding*

18. Meeting the annual need for 2,412 affordable homes would require recent delivery across South Essex to increase by a factor of almost six, with no more than 857 such homes having been delivered in any one of the past thirty years. It could notionally require provision for as many as 7,937 dwellings per annum in total, based on the Councils' current policies – some of which are now relatively dated – with this evidently exceeding the need for 4,691 dwellings per annum suggested by the standard method. There is, however, widely acknowledged to be a complex relationship between market and affordable housing with overlap between the respective calculations of need. It is ultimately for the Councils to consider whether higher housing requirements could help to increase the delivery of affordable housing, which is evidently needed in each part of South Essex.

19. Consideration has also been given to the potential role of different affordable housing products in meeting the gross need that has been locally evidenced in South Essex. The analysis indicates that affordable rent, affordable home ownership or shared ownership products in Basildon, Brentwood, Castle Point and Southend-on-Sea would all require a lower income than would be needed to privately rent at the entry level, such that they could all play a potential role in meeting the need evidenced in this report. The same can only be said of affordable rented products in Rochford, where this report's analysis suggests that the discounts applied through affordable home ownership products are offset by the price premium associated with newly built properties in the district. There is also a similar issue in Thurrock, albeit there a discount of 50% – while rare – could potentially bring the cost of purchase below the cost of market rent.

Specific needs of different groups

20. The NPPF requires the housing needs of different groups in the community to be assessed and reflected in planning policies. This report has therefore considered the specific needs of:

- **Older people**, who are growing in number at a faster rate than the population at large and could grow by a further 40% if each authority meets its minimum

housing need, or by as much as 50% in Thurrock. The modelling assumes that such growth will generate an additional need for circa 112 bedspaces in communal establishments each year, which is excluded from the overall need for dwellings calculated using the standard method. A further 326 units of sheltered or extra care accommodation could also be needed each year, based on an industry toolkit, but this is *included* in the assessed need for dwellings;

- **People with disabilities**, who in this area tend to live in private households rather than institutional accommodation. Around one in every six residents was limited to some extent in their daily activities as of the last reported Census in 2011, but this increases markedly with age such that the growing number of older residents is alone likely to increase the number of residents with disabilities. The Councils should be aware of this growing need in establishing appropriate policies on new housing provision, but the continued adaptation of existing homes – through Disabled Facilities Grants for example – will also be necessary where funding is available given that new homes account for only a fraction of the overall stock;

- **Families with children**, who often own their generally larger homes in this area but also rely to some extent on social housing and the private rented sector. South Essex could accommodate over 30,000 more households with children by 2040 if each authority meets its housing needs in full, emphasising the importance of providing a sufficient number of large homes suitable for families;

- **Privately renting households**, who are likely to increase in number given projected growth in those household types – such as unrelated sharing adults and families – that currently show the greatest tendency to rent in South Essex. This demand could be predominantly met through stock managed by private landlords, but Build to Rent schemes may also play a role where there is believed to have already been some developer interest in this area;

- **Students**, who do not appear to have recently grown in number according to available data which unavoidably includes those in both further and higher education. As of 2021, there are only around 800 properties exempt from paying Council Tax throughout South Essex, albeit this has increased by nearly half (45%) over the past five years; and

- **Self-builders**, who appear relatively small in number given that only 618 households – less than 0.1% of all in South Essex – have joined the Councils' respective registers. The Councils are nonetheless advised to actively monitor the adequacy and number of plots that are available, mindful of the general desire for larger homes amongst those expressing an interest.

1 Introduction

1.1 Turley has been commissioned to prepare a new Housing Needs Assessment (HNA) for the South Essex authorities of Basildon, Brentwood, Castle Point, Rochford, Southend-on-Sea and Thurrock. This is intended to update and replace the Strategic Housing Market Assessment[9] (SHMA) that was previously commissioned by five of the authorities, which was completed in May 2016 and revisited in an addendum report one year later[10].

1.2 This HNA explores how the housing market of South Essex has changed in the six years since the SHMA was produced, and also introduces Brentwood to a study area that continues to be described as South Essex, consistent with the Association of South Essex Local Authorities (ASELA) which includes each of the six authorities.

1.3 The HNA has been prepared in the context of updated national policy and guidance, with the National Planning Policy Framework (NPPF) having first been revised in July 2018 and slightly altered twice since, most recently in July 2021[11]. The latest version retains the '*standard method*' for determining '*the minimum number of homes needed*' that was introduced in 2018, and continues to make clear that '*strategic policies should be informed by a local housing need assessment*' conducted using this method[12]. The related Planning Practice Guidance[13] (PPG) continues to provide further detail on the method, and clarity on the circumstances in which it may be appropriate to plan for a higher – or indeed, though only exceptionally, lower – level of housing need than the standard method suggests.

1.4 The PPG also crucially recognises that the '*unconstrained assessment of the number of homes needed in an area*' is only '*the first step in the process of deciding how many homes need to be planned for*'[14]. It requires this assessment of need to be '*undertaken separately from assessing land availability, establishing a housing requirement figure and preparing policies to address this such as site allocations*'[15]. It subsequently reiterates that the prospect of higher need should be considered '*prior to, and separate from, considering how much of the overall need can be accommodated*[16].

1.5 Beyond the overall number of homes needed, the NPPF also confirms that '*the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies*'[17]. The PPG again continues to provide advice on how the needs of such groups should be assessed[18].

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[9] Turley (May 2016) South Essex Strategic Housing Market Assessment

[10] Turley (May 2017) Addendum to the South Essex Strategic Housing Market Assessment

[11] MHCLG (July 2021) National Planning Policy Framework

[12] *Ibid*, paragraph 61

[13] PPG section 2a – "Housing and economic needs assessment"

[14] PPG Reference ID 2a-001-20190220

[15] *Ibid*

[16] PPG Reference ID 2a-010-20201216

[17] MHCLG (July 2021) National Planning Policy Framework, paragraph 62

[18] PPG sections 63 ("Housing for older and disabled people" and 67 ("Housing needs of different groups")

1.6 This HNA – like the equivalent evidence of many neighbouring areas, summarised at **Appendix 1** – is intended to adhere to this national policy and guidance, providing the South Essex authorities with robust and up-to-date evidence on their housing needs over the period to 2040 and beyond. It has been produced at a point in time and is expected to inform further work as individual Local Plans are developed by the commissioning authorities.

1.7 The report is structured as follows:

- **Section 2 – Recent Trends in the Housing Market** – an overview of the existing housing market in South Essex, highlighting defining characteristics and trends that have emerged since the SHMA and its addendum were produced;

- **Section 3 – Outcome of the Standard Method** – the standard method is followed to calculate the minimum annual need for housing in each authority, and throughout South Essex. The inputs to the calculation are introduced before modelling is presented to estimate the implications of such a level of housing provision for the local population and the economy;

- **Section 4 – Evaluating the Outcome of the Standard Method** – in accordance with the PPG, consideration is given to whether it may be appropriate to recognise and plan for a higher or lower level of housing need than the standard method indicates;

- **Section 5 – Size and Type of Housing Needed** – the overall housing need established in the preceding sections is segmented to estimate the size and type of housing needed, taking account of the age profile and household mix;

- **Section 6 – Affordable Housing Need** – the specific need for affordable housing is calculated, following the well-established stepped methodology that continues to feature in the PPG. Consideration is subsequently given to how this need could be met through different types of affordable housing products;

- **Section 7 – Housing for Older and Disabled People** – specific consideration is given to the housing needs of older and disabled people, groups covered by a standalone section of the PPG;

- **Section 8 – Specific Needs of Other Groups** – analysis of the housing needs of further distinct groups identified by the South Essex authorities, in the context of the NPPF; and

- **Section 9 – Summary and Conclusions** – a concise overview of the findings and implications of this report.

2 Recent Trends in the Housing Market

2.1 The SHMA and its subsequent addendum profiled in detail the housing market of South Essex as then defined, exploring long-term trends relating to the housing stock, market activity and local demographics. While this did not include Brentwood, comparable analysis is contained within its own two-part SHMA, similarly produced in 2016 with the first part updated in 2018[19].

2.2 The dynamic nature of housing markets means that these profiles will have inevitably changed to some extent in the intervening period. This section therefore draws upon the data that was available in November 2021 – or slightly later, in the case of house prices, to reflect that full calendar year – in order to highlight recent trends in the local housing market, updating and unifying the previous analysis.

Growth in the housing stock

2.3 The housing stock has continued to grow since the previous SHMAs were produced, albeit still not at the rate seen historically with delivery having actually slowed in recent years. According to the Councils' monitoring – illustrated at Figure 2.1 overleaf – the rate of development across the whole of South Essex peaked when 2,417 homes were completed in 2005/06, with only 2017/18 since coming close to exceeding this benchmark. The overall rate of delivery has once again slowed since then, being nearly a fifth lower in the subsequent year (2018/19) and falling by another 5% in the following year to March 2020, which was largely unaffected by the coronavirus (COVID-19) pandemic[20]. Given that this briefly led to the closure of construction sites and generally reduced housing delivery nationwide, it is unsurprising that the rate of development slowed once again by circa 10% in the year to March 2021 – this being comparable to the reductions seen nationally (11%) and regionally[21] (8%) – with around 1,675 homes completed over the year[22].

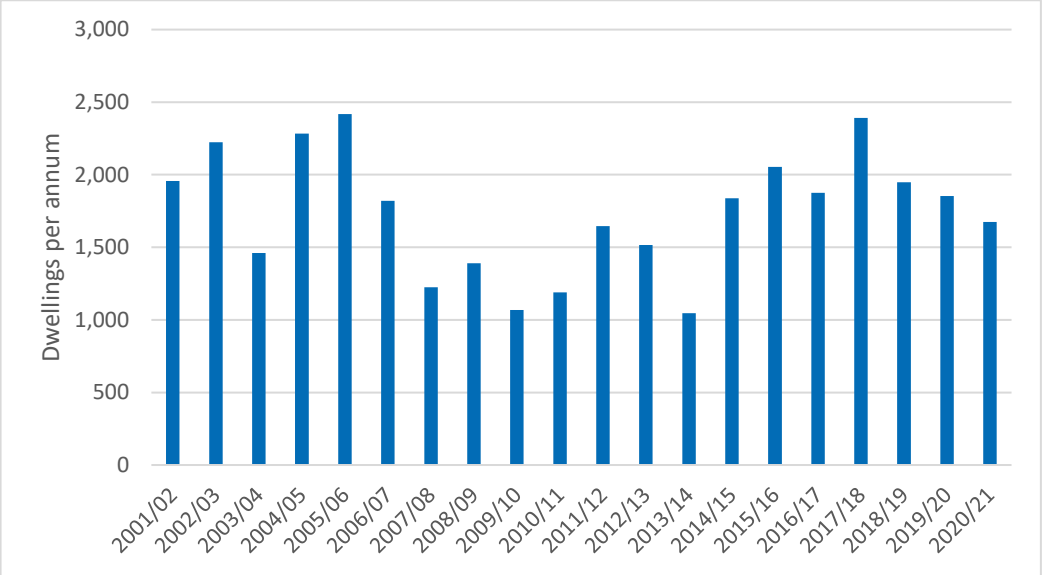
[19] PBA (October 2018) Brentwood Borough Council: Strategic Housing Market Assessment Part One; HDH Planning and Development (June 2016) Brentwood Borough Council: Strategic Housing Market Assessment Part 2 – Objectively Assessed Need for Affordable Housing

[20] The Councils' monitoring is understood to cover years to the end of March, meaning that the figures for 2019/20 include little more than a week after the first national lockdown was announced on 23 March 2020

[21] Department for Levelling Up, Housing and Communities (2021) Table 118: annual net additional dwellings and components, England and the regions

[22] This includes provisional estimates for some authorities, that had yet to finalise completions figures at the time of writing

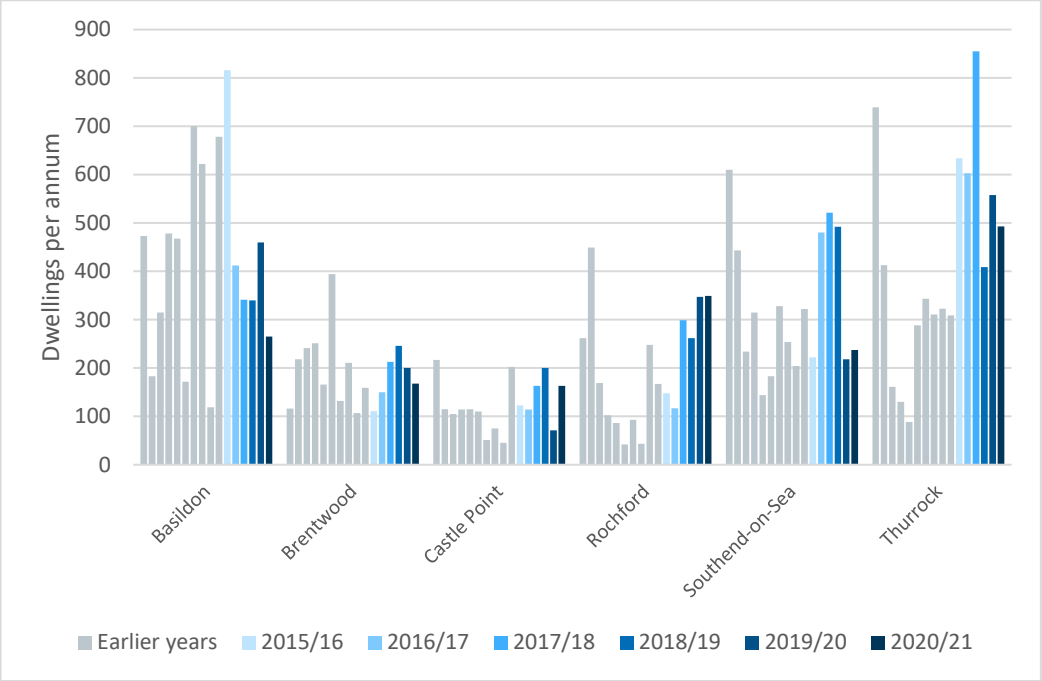
Figure 2.1: Net Housing Completions across South Essex (2001-21)



Source: Councils' monitoring

2.4 The trend seen in each authority since their combined delivery peaked in 2005/06 is illustrated at Figure 2.2, with the latest years shown in increasingly dark shades of blue to aid interpretation. This shows, for instance, that Thurrock and – to a lesser extent – Southend-on-Sea drove the early peak, with the former also appearing to be most responsible for the recent high of 2017/18. Neither peak was sustained, however, as Thurrock delivered less than half as many homes in the following year before experiencing a slight recovery that could not be sustained during the pandemic. Southend-on-Sea saw relatively high rates of housing delivery over three years to 2019, but the annual average has more than halved over the past two years. Basildon and Brentwood have similarly seen a slowing in more recent years, the former delivering as many as 816 homes in 2015/16 but only 265 homes last year, the fewest in seven years. Brentwood saw several years of rising delivery over the period to 2019, but this evidently was not sustained. These areas notably contrast with Rochford, where average delivery in the past two years was some 53% higher than in the three years before. The rate of development in Castle Point, meanwhile, has been more varied, approaching the recent peak in 2018/19 but declining to recessionary levels in the very next year, before partially recovering once again.

Figure 2.2: Net Housing Completions Since Collective Peak (2005-21)

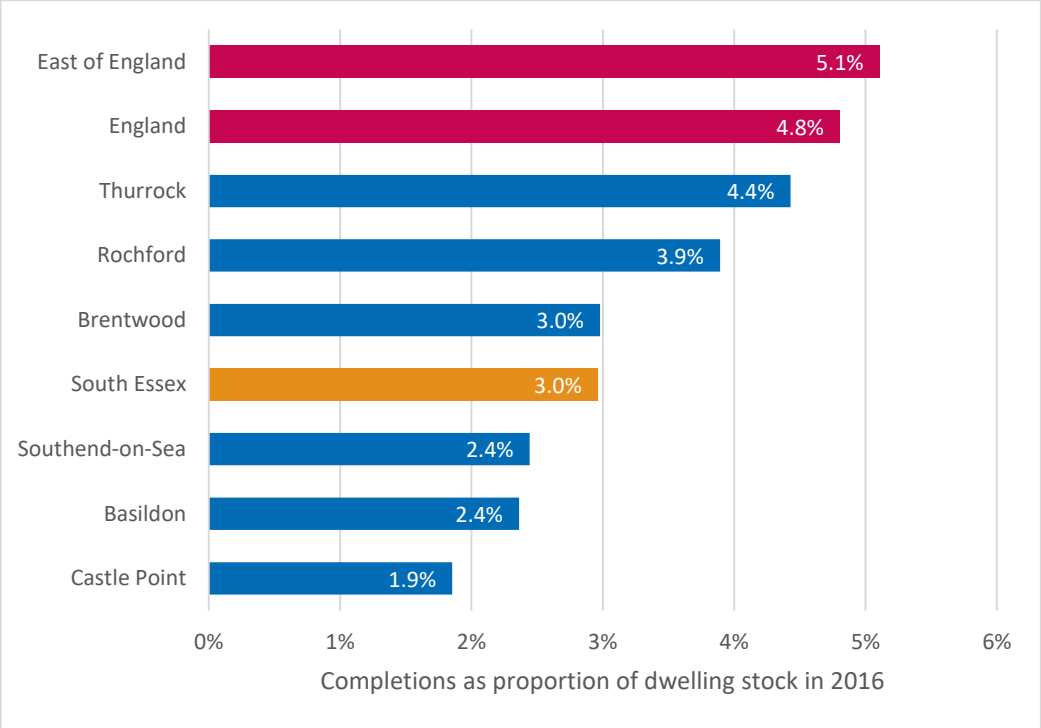


Source: Councils' monitoring; Turley analysis

2.5 Completions over the past five years, since 2016, have effectively grown the housing stock of South Essex by around 3% which is less than the 5% growth seen regionally or nationally[23]. None of the six authorities have individually grown their dwelling stock at such a rate, albeit Rochford and particularly Thurrock have come close. Southend-on-Sea, Basildon and Castle Point have in contrast grown their housing stock at around half the national rate.

[23] Department for Levelling Up, Housing and Communities (2021) Table 118: annual net additional dwellings and components, England and the regions; DLUHC (2021) Table 125: dwelling stock estimates by local authority district: 2001 – 2020

Figure 2.3: Net Completions since 2016 as Proportion of Existing Dwelling Stock



Source: Councils' monitoring; DLUHC

2.6 With completions having only modestly grown the existing housing stock, its profile remains largely as described in the earlier SHMAs, albeit the isolation of bungalows in the latest available data[24] – not explicitly identified in the Census data drawn upon previously[25] – unfortunately prevents direct comparison.

2.7 The latest data – summarised at Table 2.1, with colour coding for each authority to show where it has more (green) or less (red) than the average for South Essex – indicates that terraced houses account for nearly a quarter of all homes in the study area, falling slightly below the regional and national averages and also varying markedly within this geography. Terraced houses account for more than a third of all homes in Basildon and Thurrock but less than 10% in Castle Point and Rochford, where semi-detached homes, detached houses and bungalows prevail. There are similar distinctions with flats, which are almost as prevalent in South Essex as nationally – unlike the wider region – due largely to the number of such properties in Thurrock and particularly Southend-on-Sea. Castle Point can also notably be seen to have a relatively large number of other or unknown property types, the former not able to be broken down further but known to include annexes, mobile homes (including park homes) and caravans[26].

[24] VOA (2021) Council Tax: stock of properties. Bungalows are understood to include dormer bungalows and properties with loft conversions where the family bathroom and at least one bedroom remains on the ground floor.

[25] Turley (May 2016) South Essex Strategic Housing Market Assessment, Figure 8.1; HDH Planning and Development (June 2016) Brentwood Borough Council: Strategic Housing Market Assessment Part 2 – Objectively Assessed Need for Affordable Housing, Figure 2.9

[26] VOA (2021) Council Tax: stock of properties, background information document

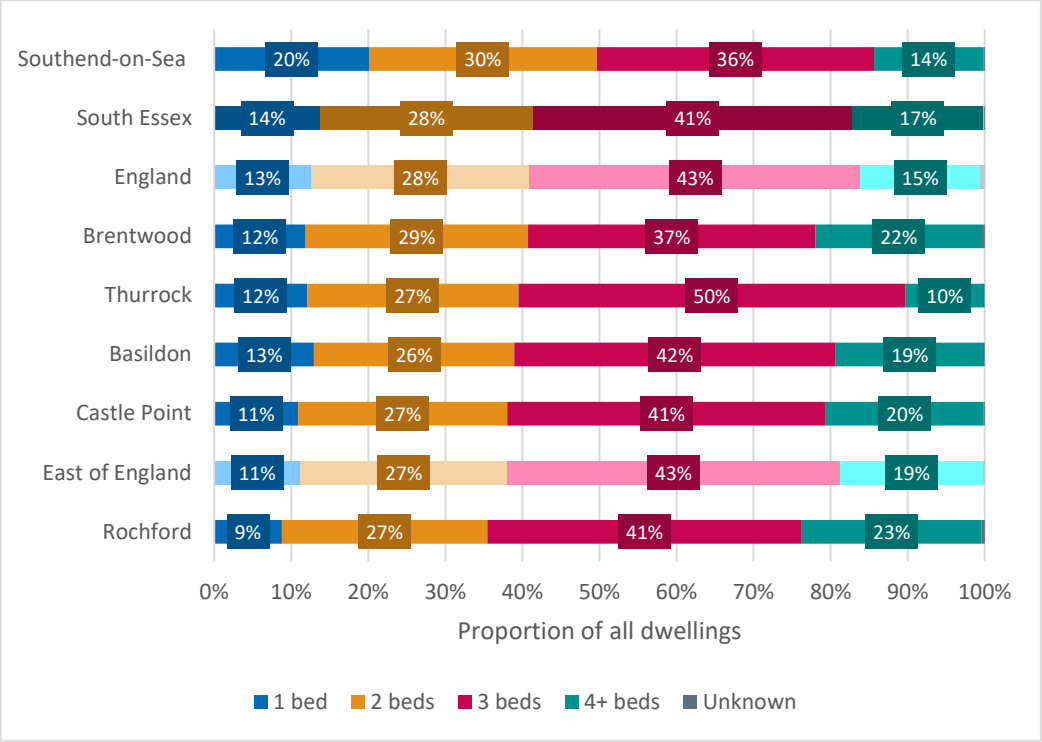
Table 2.1: Existing Housing Stock by Property Type (2021)

	Terraced	Flats	Semi-detached	Detached	Bungalow	Other or unknown
Basildon	37%	19%	17%	17%	10%	1%
Brentwood	17%	23%	23%	24%	12%	1%
Castle Point	8%	10%	23%	25%	29%	5%
Rochford	9%	11%	30%	25%	22%	2%
Southend-on-Sea	20%	38%	20%	10%	11%	0%
Thurrock	36%	24%	24%	9%	7%	1%
South Essex	**24%**	**23%**	**22%**	**16%**	**13%**	**1%**
East of England	25%	18%	22%	20%	13%	2%
England	26%	24%	24%	16%	9%	1%

Source: VOA, 2021

2.8 The prevalence of flats in Southend-on-Sea contributes towards its homes generally having fewer bedrooms than the average for South Essex, with half of its properties having two bedrooms or fewer compared to 42% across this wider geography. In contrast, properties of this size account for barely a third (36%) of the overall housing stock in Rochford, where nearly a quarter of homes (23%) have at least four bedrooms. Brentwood also has a relatively large number of such large properties, but also notably has more smaller properties – with two bedrooms or fewer – than all but one of the South Essex authorities, its main deficiency therefore being of three bedroom homes.

Figure 2.4: Existing Housing Stock by Number of Bedrooms* (2021)

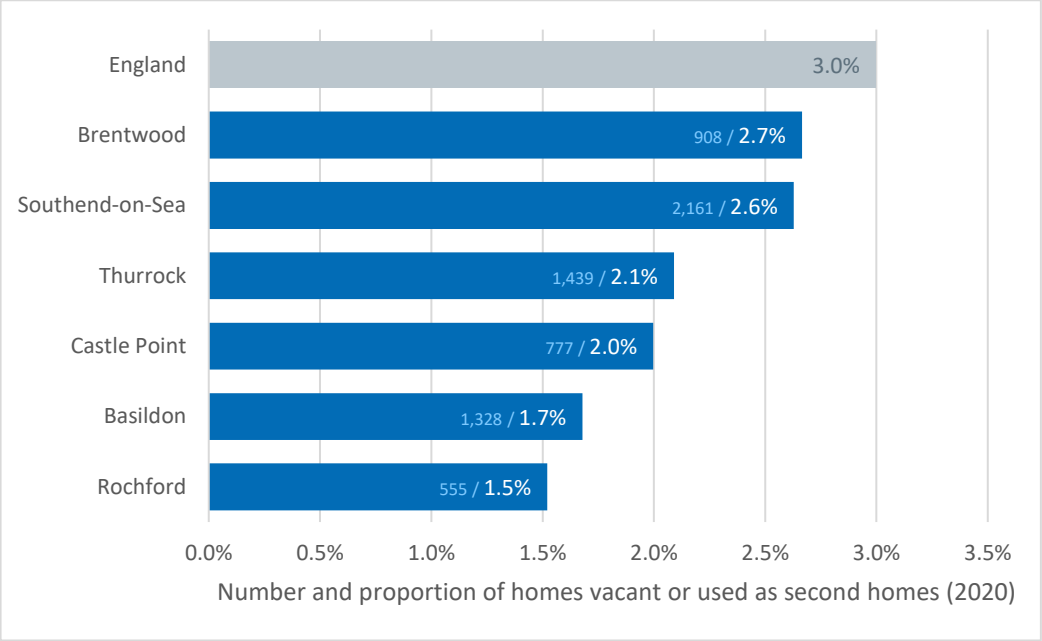


Source: VOA, 2021 ** Ordered based on proportion of homes with 3+ beds*

2.9 Council Tax data separately published by the Department for Levelling Up, Housing and Communities (DLUHC) indicates that the vast majority of homes in South Essex were occupied as of October 2020[27]. As few as 1.5% of dwellings were vacant in Rochford – this, and all subsequent figures, including those used as second homes – while as many as 2.7% were vacant in Brentwood. All six authorities have lower vacancy rates than the national average of 3.0%.

[27] DLUHC (November 2020) Council Taxbase 2020 in England

Figure 2.5: Vacancy Rates (October 2020)



Source: DLUHC, 2021

Growth and change in the resident population

2.10 The SHMA and its addendum, like the equivalent reports for Brentwood, included extensive analysis of the official population estimates produced by the Office for National Statistics (ONS). These continue to be released annually to provide an indication of population change, up to mid-2020 at the time of writing.

2.11 It should be noted that the intervening period has seen the ONS revise its population estimates for the years that immediately followed the last Census (2012-16) in order to capture the effects of methodological improvements and fully take account of previously unavailable data[28]. This retrospectively increased the estimate of the South Essex population in 2015 – the latest available when the SHMA addendum was prepared[29] – by circa 2,023 people, or a relatively modest 0.26%.

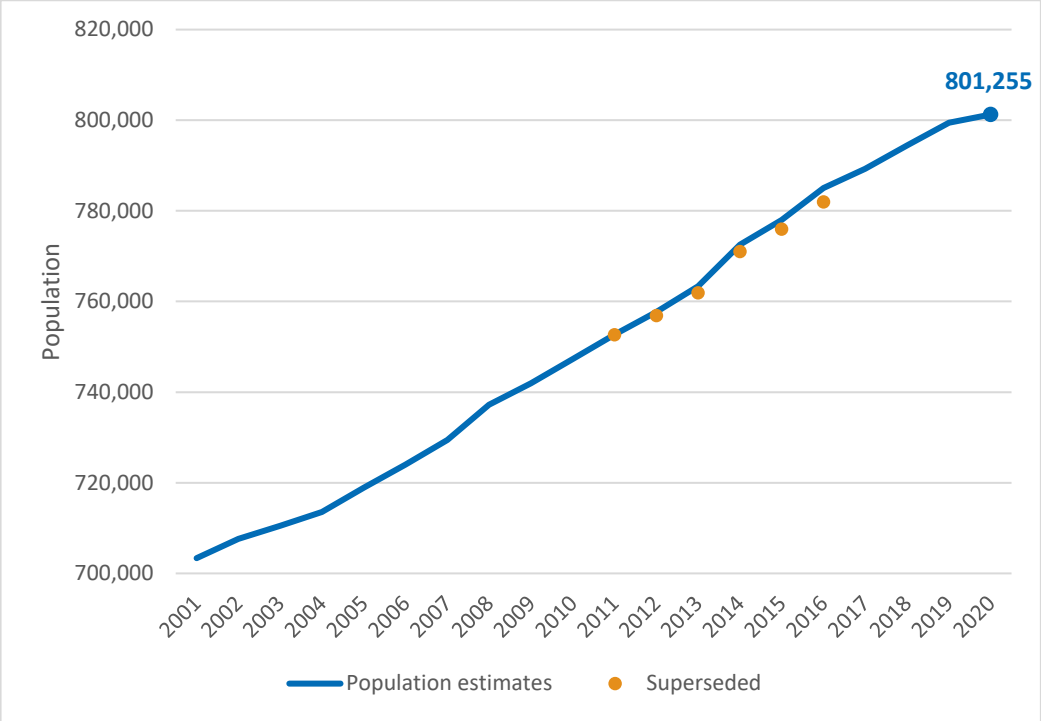
2.12 The latest estimates indicate that there were 801,255 people living the six South Essex authorities as of mid-2020, approximately 3% more than estimated five years earlier[30]. Figure 2.6 does however show that the rate of growth has latterly slowed. It also overlays the original, now superseded, estimates made until 2016 to illustrate the minimal impact of the changes.

[28] ONS (March 2018) Revised population estimates for England and Wales: mid-2012 to mid-2016

[29] Turley (May 2017) Addendum to the South Essex Strategic Housing Market Assessment, paragraph 2.34

[30] ONS (2020) Population estimates, mid-2020

Figure 2.6: Population of South Essex (2001-20)



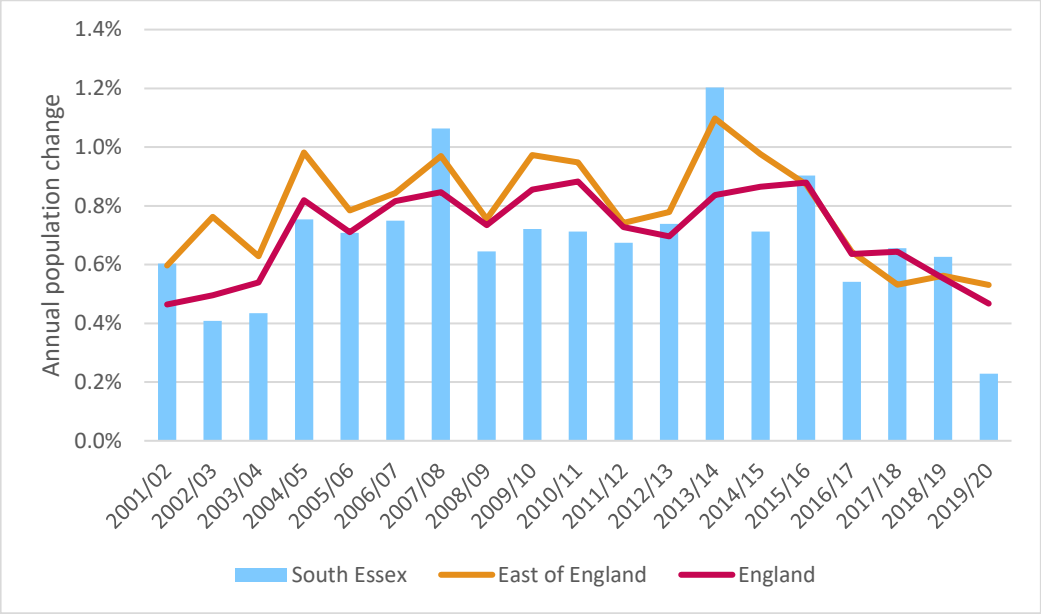
Source: ONS

2.13 This slowing is more evident when considering annual change, summarised and compared to the national and regional trend at Figure 2.7. While 2015/16 saw relatively strong growth – stronger than recorded in all but two of the previous 14 years – this markedly slowed in the subsequent year, mirroring the trend seen regionally and nationally where it was attributed in part to the aftermath of the EU referendum[31]. While this slowing in South Essex was followed by a slight recovery, the rate of growth then reduced once again, the population increasing by only 0.2% in the last year for which data is currently available (2019/20). This is less than recorded in any one of the earlier years shown, with further analysis confirming that such a low rate of population growth has not been recorded in South Essex since the mid-1990s[32]. With the estimate intended to reflect late June, the slowing in the last reported year will have inevitably been influenced to some extent by the early months of the pandemic, when movements were restricted and there were an unusually large number of deaths, but this does not appear to fully explain the trend given that the wider region and country were similarly affected by the pandemic and saw a much less pronounced slowing of population growth during that year.

[31] ONS (2018) Population estimates for the UK, England and Wales, Scotland and Northern Ireland: mid-2017. This observed a 43% fall in the number of people immigrating to look for work compared to the previous year, suggesting that Brexit was likely to be a factor in a person's decision to move to or from the UK

[32] ONS (2020) Population estimates; the overall population of South Essex was estimated to have grown by circa 0.1% in 1995/96, and by more than 0.2% in every year since

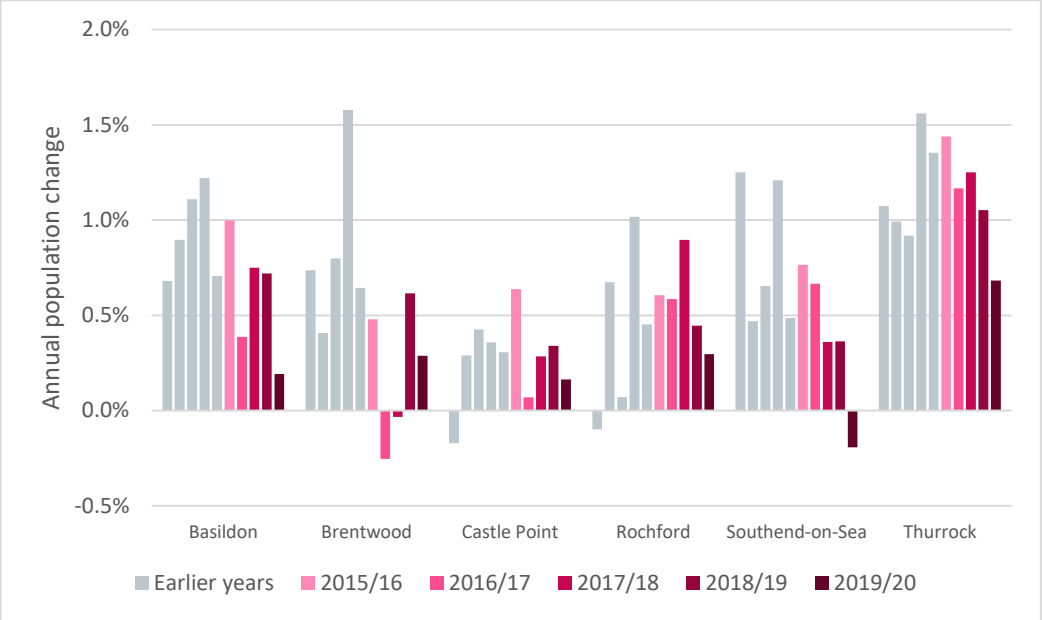
Figure 2.7: Annual Change in Population of South Essex (2001-20)



Source: ONS

2.14 This trend of slowing population growth is apparent both overall and in each of the six South Essex authorities, as shown at Figure 2.8 which illustrates the trend in each area over the last ten years for which data is currently available. This indicates that Southend-on-Sea actually saw population decline in the last reported year, with Brentwood having been the last to experience similar – between 2016 and 2018 – before the rate of growth rebounded to a level that was not then sustained, more than halving in the subsequent year. Castle Point saw a similar slowing in the last reported year, with only Basildon seeing a more pronounced fall from previous levels that had been sustained for two years. The rates of population growth in Thurrock and Rochford in the last reported year were around one third lower than the year before, in the case of the latter reaching a level lower than had been seen in any of the past six years. The rate of population growth in Thurrock had been much more consistent before last year, and was generally the highest of the six authorities in all but two of the ten years shown.

Figure 2.8: Annual Change in Population of South Essex Authorities (2010-20)



Source: ONS

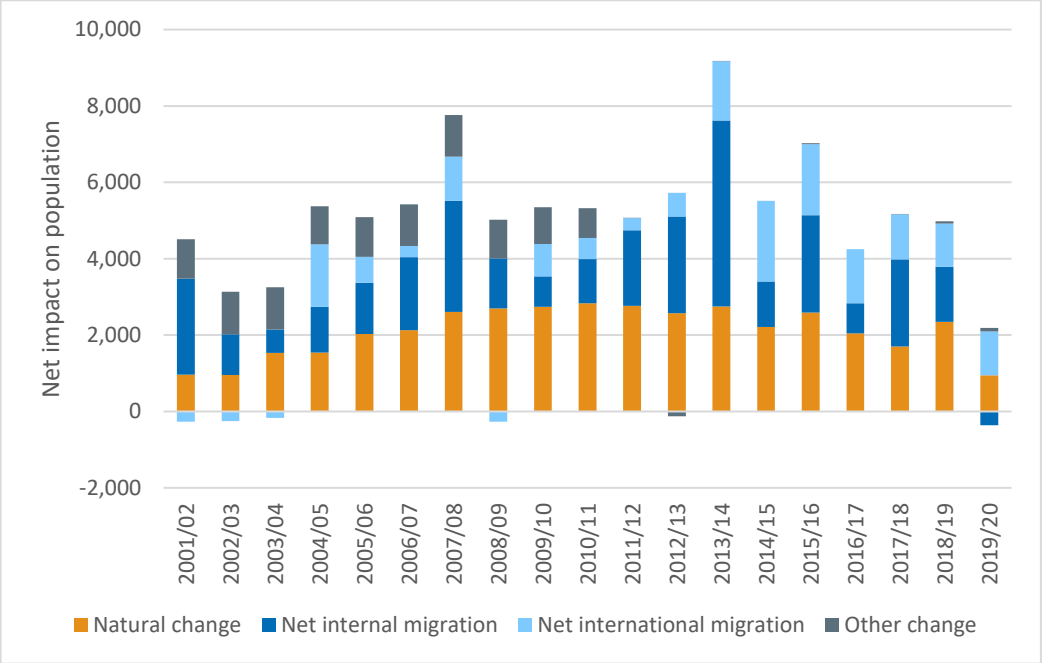
Components of population change

2.15 Further insight into these recent trends can be gained through analysis of the components of population change, which isolate the impact of natural change – the balance between births and deaths – as well as international and internal migration, the latter capturing moves to and from other parts of the UK and appearing from Figure 2.9 to be a key factor behind last year's slowing of population growth. South Essex can be seen to have consistently attracted a net inflow of internal migrants in each year since at least 2001, but notably experienced a small net *outflow* over the year to June 2020. There was also a greater balance between births and deaths in that year than in any other since 2002/03, more than halving the level of natural change in the previous year which had itself notably risen due to there being a relatively small number of deaths[33]. International migration has recently had a much more consistent effect on population growth in South Essex, the net inflow last year closely aligning with the average over the previous two years and being some 45% smaller than recorded at the peak, in 2014/15[34].

[33] There were 10% fewer deaths in 2018/19 than in the year before, and only 1% fewer births, meaning that the former is the driver behind a 38% increase in natural change

[34] The net inflow of 1,153 international migrants in 2019/20 aligns closely with the average of 1,158 over the previous two years, and is 45% lower than the peak net inflow of 2,108 international migrants in 2014/15

Figure 2.9: Components of Population Change in South Essex[35] (2001-20)



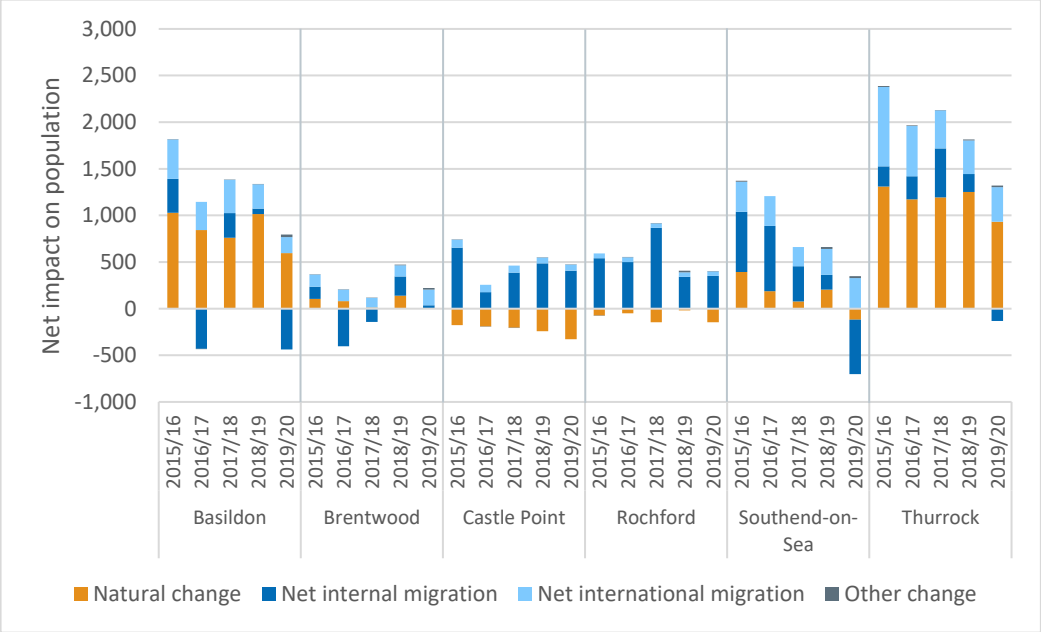
Source: ONS

2.16 Figure 2.10 suggests that Southend-on-Sea, Basildon and Thurrock were largely responsible for the unusual net outflow of internal migrants from South Essex last year, albeit it is of note that all had been seeing diminishing inflows in the years before with Basildon also recording a similarly sized net outflow only three years earlier. There was greater consistency in Castle Point and Rochford, and even in Brentwood where the net flow has been volatile – as the last SHMA also found to be the case historically[36] – but was last year close to the average over the preceding four years. The lessening impact of natural change can be similarly attributed in large part to Southend-on-Sea, Basildon and Thurrock, being more stable in Brentwood and Rochford but having an increasingly negative effect on the population in Castle Point where there have been more deaths than births in all but two of the past 15 years. While international migration has been relatively stable across South Essex, the picture is more mixed at authority level, with Thurrock and Basildon receiving increasingly small net inflows but Southend-on-Sea seeing greater consistency, and Brentwood receiving a growing net inflow.

[35] "Other change", prior to 2011, captures the impact of reconciling earlier estimates with the Census of that year. Post-2011, it includes changes to the size of armed forces stationed in the UK and other so-called "special population adjustments" made by the ONS

[36] PBA (October 2018) Brentwood Borough Council: Strategic Housing Market Assessment Part One, paragraph 4.22

Figure 2.10: Components of Population Change in South Essex Authorities (2015-20)

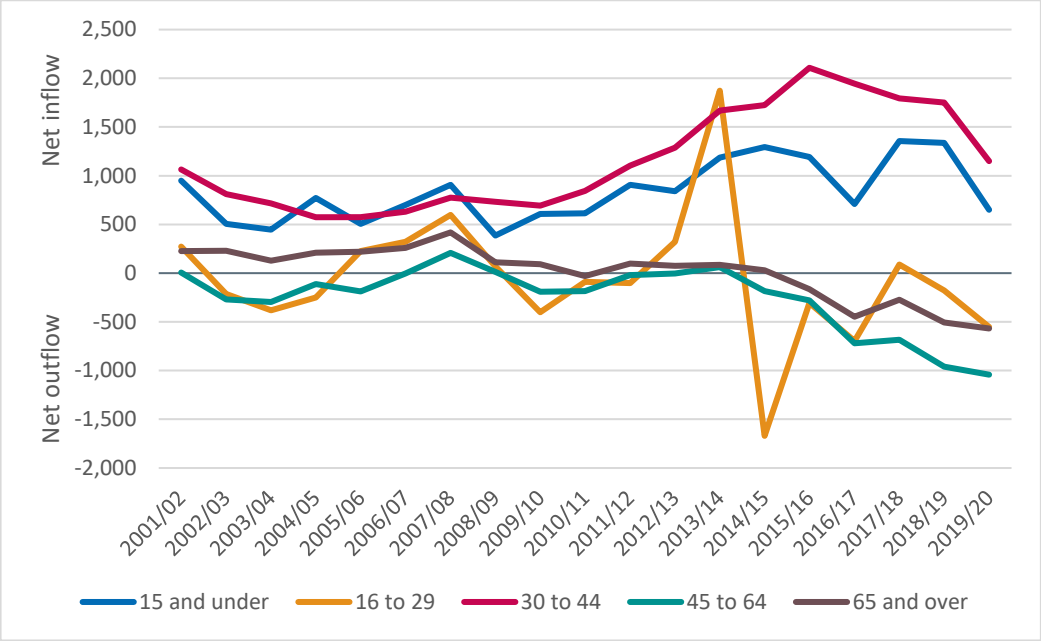


Source: ONS

2.17 The net outflow of internal migrants last year does not appear to have been driven by a single age group, as Figure 2.11 shows that there was a smaller net inflow – or larger net outflow – of every cohort compared to the previous year, from children through to older people. Prior to the last year, it is clear that South Essex was increasingly seeing a net inflow of those aged 30 to 44, with the parallel increase in children indicating that there has been a growing inflow of families. There has also, however, in contrast been a growing net *outflow* of those aged 45 and above over the past five years. The trend amongst those aged 16 to 29 has been much more volatile, with a growing net inflow to 2014 which then reversed in the following year, this stark change having seemingly been validated by the ONS[37]. The net outflow of such residents has generally continued in the years since.

[37] The data for these years was revised by the ONS in March 2018, as noted earlier in this section, with that process understood to have taken account of any robust and quantifiable evidence that was available to improve accuracy

Figure 2.11: Net Annual Flow of Internal Migrants to South Essex by Age (2001-20)

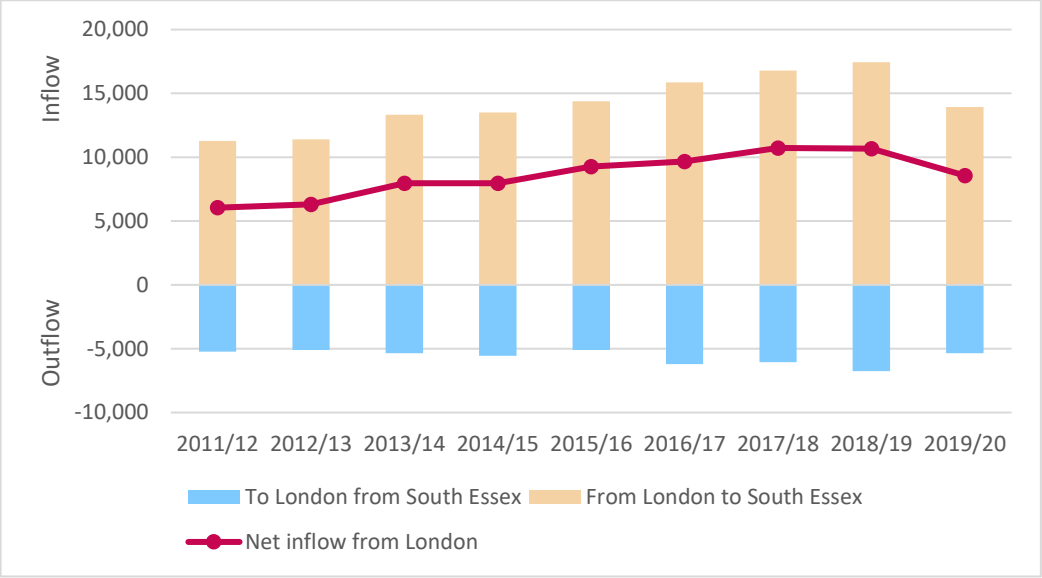


Source: ONS

2.18 The net outflow of last year may, however, have been at least partially driven by an easing of what had been an increasingly large net inflow from London, according to a separate ONS dataset where the origin and destination of migrants is not specified in the official population estimates introduced above[38]. This suggests that the number of people moving to South Essex from the capital increased by more than half (55%) between 2011 and 2019, almost twice the 29% growth in the number moving in the opposite direction, resultantly increasing the size of the annual net inflow to circa 10,700 people. The scale of this net flow did, however, reduce by a fifth – equivalent to circa 2,100 people – in the last year, mirroring the fall in the number of people moving to South Essex from London and vice versa.

[38] ONS (2021) Internal migration: matrices of moves by local authority and region (countries of the UK). This dataset is based on analysis of the NHS Patient Register, the NHS Central Register and data from the Higher Education Statistics Agency

Figure 2.12: Annual Moves Between South Essex and London (2011-20)

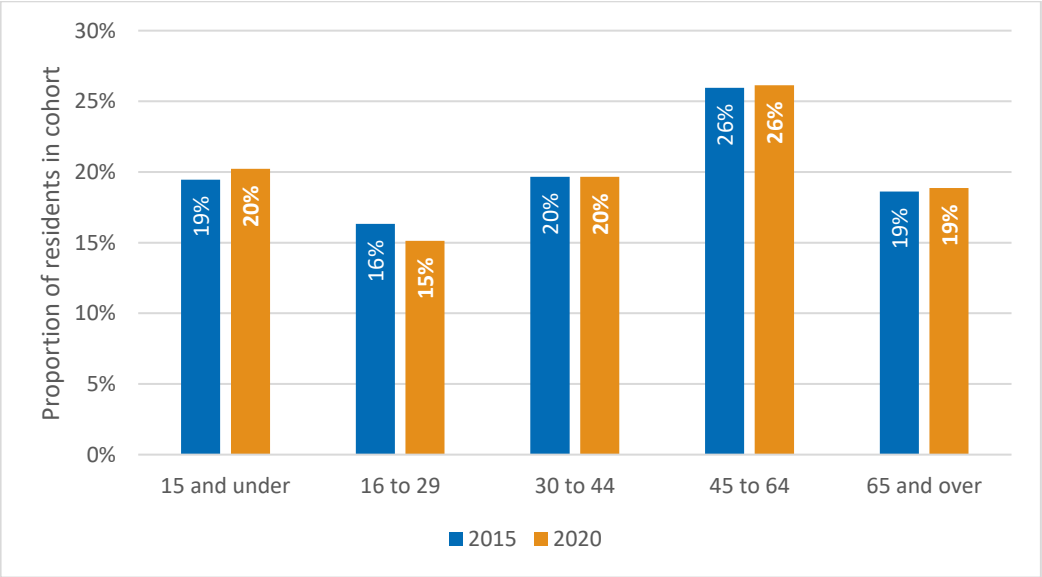


Source: ONS

Age profile

2.19 All of the above, combined with the ageing of the existing population, can be expected to have influenced the age profile of South Essex residents. It is, however, clear from Figure 2.13 that the overall age profile has changed only modestly over the past five years. Those aged 16 to 29 now account for a slightly smaller proportion of the population, with those aged 15 and under accounting for a slightly larger proportion.

Figure 2.13: Change in the Age Profile of Residents (2015-20)



Source: ONS

2.20 There have been more changes at the individual authority level, as shown by Table 2.2 which compares the proportion of residents in each authority who were in the same

cohorts in 2015 and 2020, and highlights growing representation in green, declining representation in red and negligible change – when rounded – in grey. This shows for example that children aged 15 and under have become more prominent – if only slightly so – in Basildon, Brentwood, Southend-on-Sea and Thurrock. Older people aged 65 or above also account for a slightly larger proportion of the overall population of Castle Point and Southend-on-Sea, the latter also seeing a growing share of its residents being aged 45 and 64 and a falling share being 16 to 29.

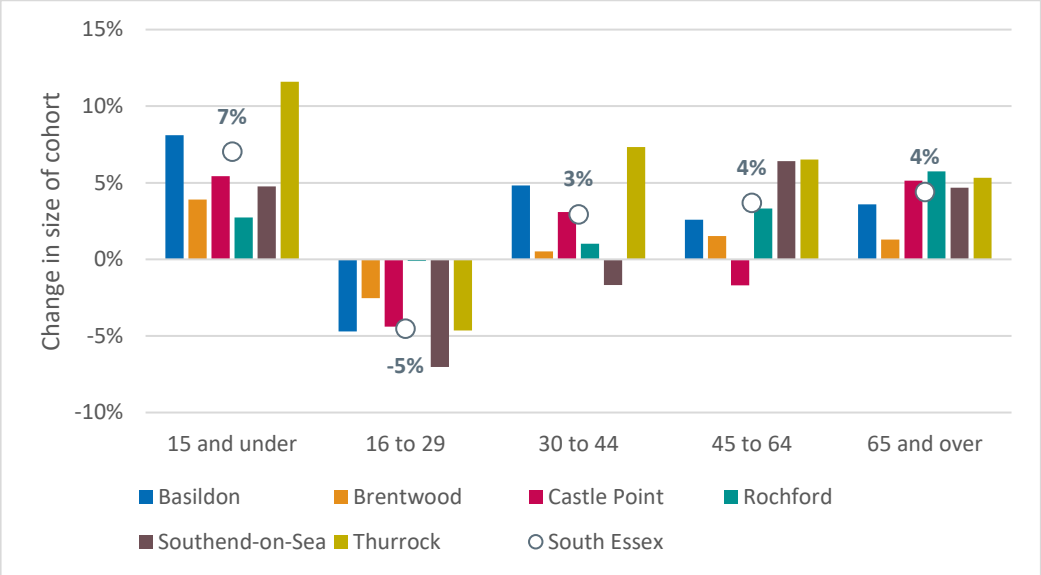
Table 2.2: Change in the Age Profile of South Essex Authorities (2015-20)

		15 and under	16 to 29	30 to 44	45 to 64	65 and over
Basildon	2015	20%	17%	20%	26%	17%
	2020	21%	16%	20%	25%	17%
Brentwood	2015	18%	15%	19%	27%	20%
	2020	19%	15%	19%	27%	20%
Castle Point	2015	17%	15%	16%	28%	25%
	2020	17%	15%	16%	27%	26%
Rochford	2015	17%	15%	17%	28%	23%
	2020	17%	15%	17%	28%	23%
Southend-on- Sea	2015	19%	16%	20%	26%	19%
	2020	20%	15%	20%	27%	20%
Thurrock	2015	22%	17%	22%	24%	14%
	2020	23%	16%	23%	24%	14%
England	2015	19%	18%	20%	25%	18%
	2020	19%	17%	20%	26%	19%

Source: ONS

2.21 These slight changes in profile follow growth and contraction in the absolute size of different cohorts, illustrated at Figure 2.14. The number of residents aged 16 to 29 has reduced over the past five years in every authority, and by 5% across South Essex as a whole, whereas the number of children aged 15 and under has increased by some 7% and almost twice as quickly (12%) in Thurrock, which has also seen pronounced growth in the number aged 30 to 44 to reinforce the suggestion of an increasing number of families. Each authority has also seen a relatively consistent level of growth in its older population aged 65 or above, with the exception of Brentwood where this cohort has increased in size by only 1%.

Figure 2.14: Proportionate Change in Size of Different Age Cohorts (2015-20)



Source: ONS

Ongoing housing market activity

2.22 While no longer an explicit requirement of the PPG, change in the price paid to purchase or privately rent housing in South Essex provides valuable context on the balance between supply and demand in the local housing market, and is therefore considered below. Affordability relative to earnings is considered separately in section 3, reflecting the incorporation of this indicator within the standard method of assessing housing needs that is applied for South Essex in that section.

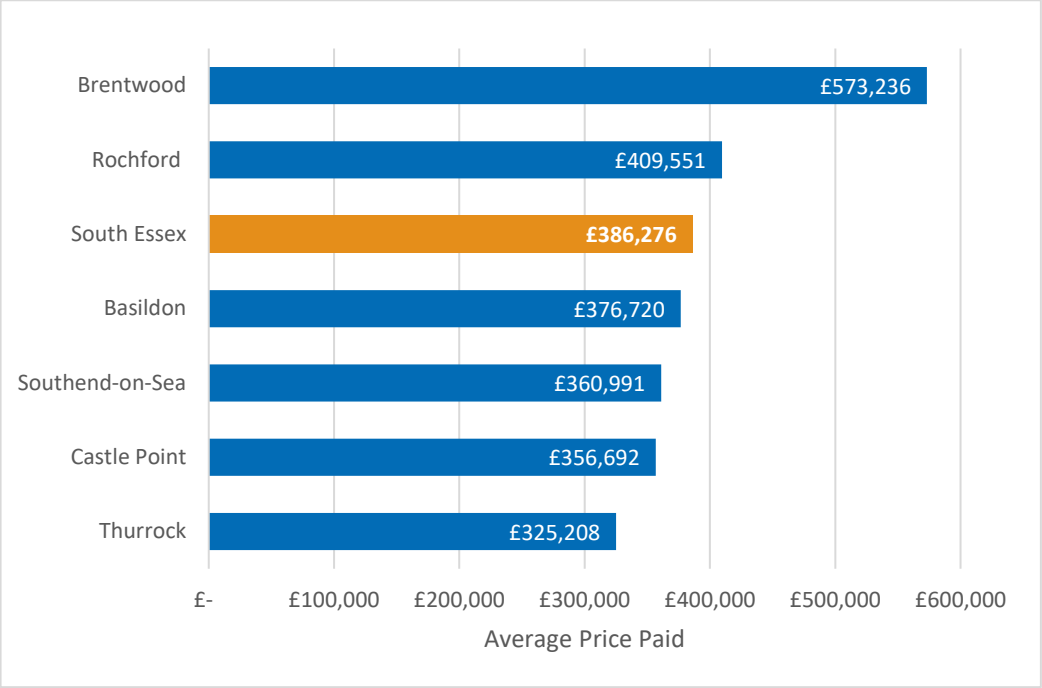
House prices

2.23 Neither the latest version of the Brentwood SHMA or the addendum to the South Essex SHMA considered house prices, which are widely used to measure the balance between supply and demand but will also vary depending on the size of housing available in different areas. The original version of the South Essex SHMA did use Land Registry data to establish the average price paid across all six authorities in 2014, having sought to compare the then-five South Essex authorities with their neighbours. This identified that house prices in Brentwood had long been higher than in the other five areas, where there was a broad consistency in the average price paid and prices were rising faster than in Brentwood from lower bases[39].

2.24 It remains the case, as of 2021 – the last full year for which the equivalent Land Registry data is currently available – that prices in Brentwood are substantially higher than elsewhere in what is now the study area. Rochford continues to see the highest mean prices of the other five authorities, as the SHMA found to be the case in 2014 and even in 2001, but prices even there are typically almost 30% lower than in Brentwood.

[39] Turley (May 2016) South Essex Strategic Housing Market Assessment, Figure 5.4

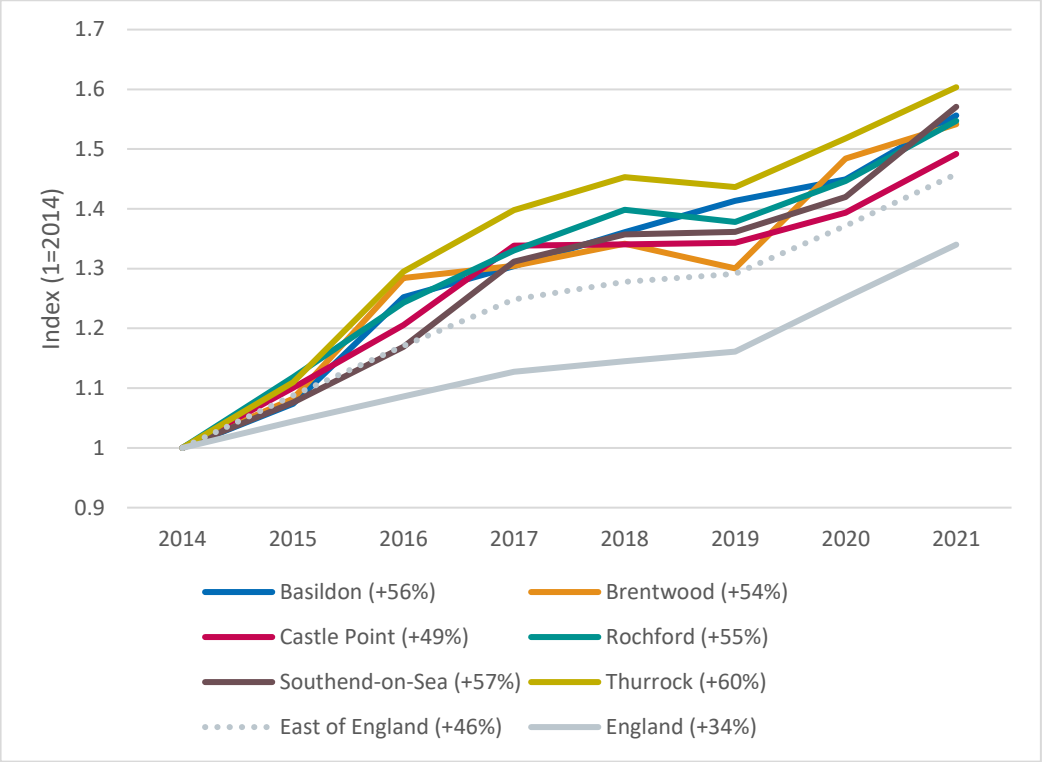
Figure 2.15: Mean Price Paid in South Essex Authorities (2021)



Source: Land Registry; Turley analysis

2.25 It is clear when indexing annual change, at Figure 2.16, that there have been times since the SHMA was prepared when this gap was appearing to narrow, particularly when the average price paid in Brentwood slightly reduced by 3% between 2018 and 2019 and the average in Rochford was resultantly only 25% lower, rather than the circa 30% difference shown in the SHMA and again above. This was not sustained, however, because prices in Brentwood subsequently increased by some 14% over the following year (2019-20). This was more than double the 6% increase seen in Thurrock, as the highest of the other five authorities – which did all see rises – to reinstate the gap observed above. Each area saw a further increase to 2021, with the sharpest rise seen in Southend-on-Sea, with the result that all six have seen comparable price growth since 2014 ranging from 49% in Castle Point to 60% in Thurrock. All saw price growth beyond that recorded at the regional and national level over the same period.

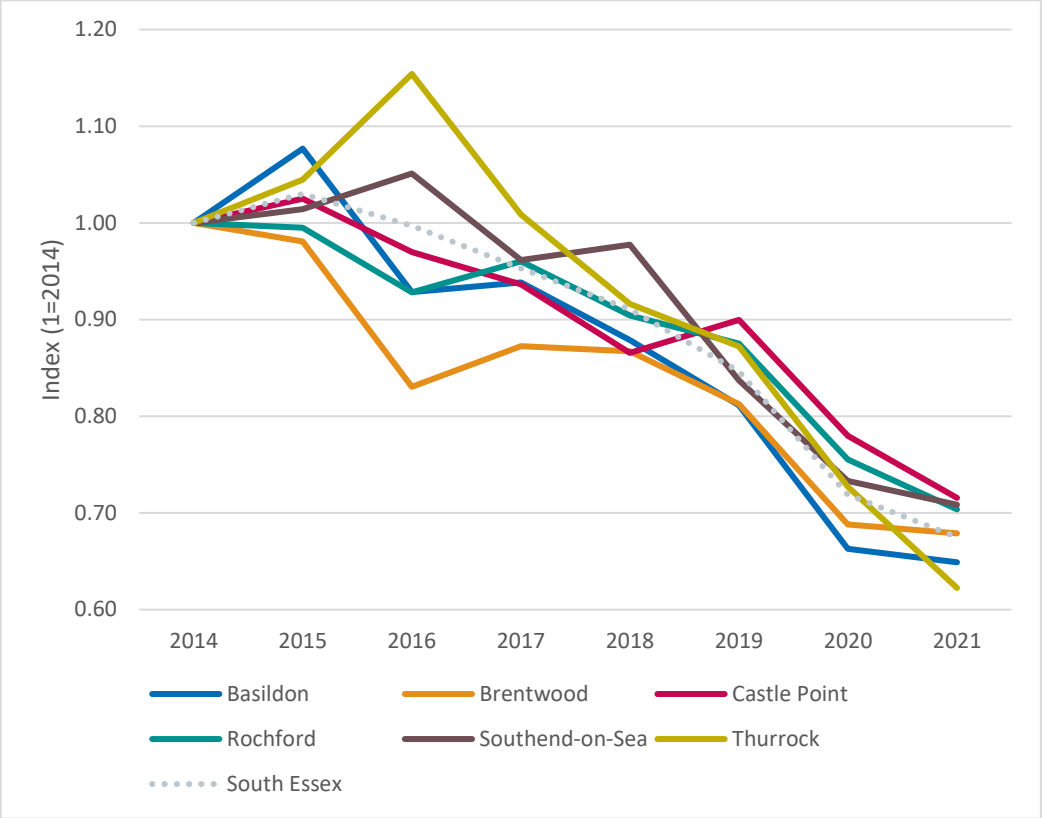
Figure 2.16: Indexed Change in Mean House Prices (2014-21)



Source: Land Registry; Turley analysis

2.26 The rise in prices over the year to 2021 came despite, or even potentially because of, the number of sales remaining relatively subdued. There does not appear to have been any increase from the previous year, which was affected by the pandemic, with a continuation instead of the longer-term trend of decline.

Figure 2.17: Indexed Change in Number of Transactions (2014-21)



Source: Land Registry; Turley analysis

Private rents

2.27 The South Essex SHMA also referenced data then published by the Valuation Office Agency (VOA) on the cost of privately renting over the year to March 2015, both on average and at the lower quartile[40]. Equivalent data is now published by the ONS, with the latest release at the time of writing covering the year to March 2021[41]. This continues to suggest that Brentwood has the highest rents on average with Southend-on-Sea having the lowest, both overall and for each size of property.

[40] *Ibid*, Figure 5.6

[41] ONS (2021) Private Rental Market Statistics

Table 2.3: Average Monthly Rents (April 2020 – March 2021)

	1 bed	2 beds	3 beds	4+ beds	All
Brentwood	£901	£1,132	£1,506	£2,193	£1,223
Basildon	£760	£975	£1,170	£1,616	£1,018
Rochford	£719	£917	£1,173	£1,558	£1,002
Castle Point	£728	£914	£1,166	£1,468	£997
Thurrock	£746	£935	£1,181	£1,576	£978
Southend-on-Sea	£664	£872	£1,119	£1,445	£865

Source: ONS

2.28 Table 2.4 shows that the same is true at the lower quartile, taken as being representative of the entry level of the private rental market. Costs are general higher in Brentwood and lower in Southend-on-Sea, with relative consistency across the other four authorities.

Table 2.4: Lower Quartile Monthly Rents (April 2020 – March 2021)

	1 bed	2 beds	3 beds	4+ beds	All
Brentwood	£825	£995	£1,250	£1,713	£925
Basildon	£695	£895	£1,050	£1,300	£825
Castle Point	£675	£825	£1,050	£1,325	£800
Rochford	£650	£825	£1,050	£1,375	£798
Thurrock	£700	£850	£1,060	£1,400	£795
Southend-on-Sea	£600	£775	£975	£1,200	£675

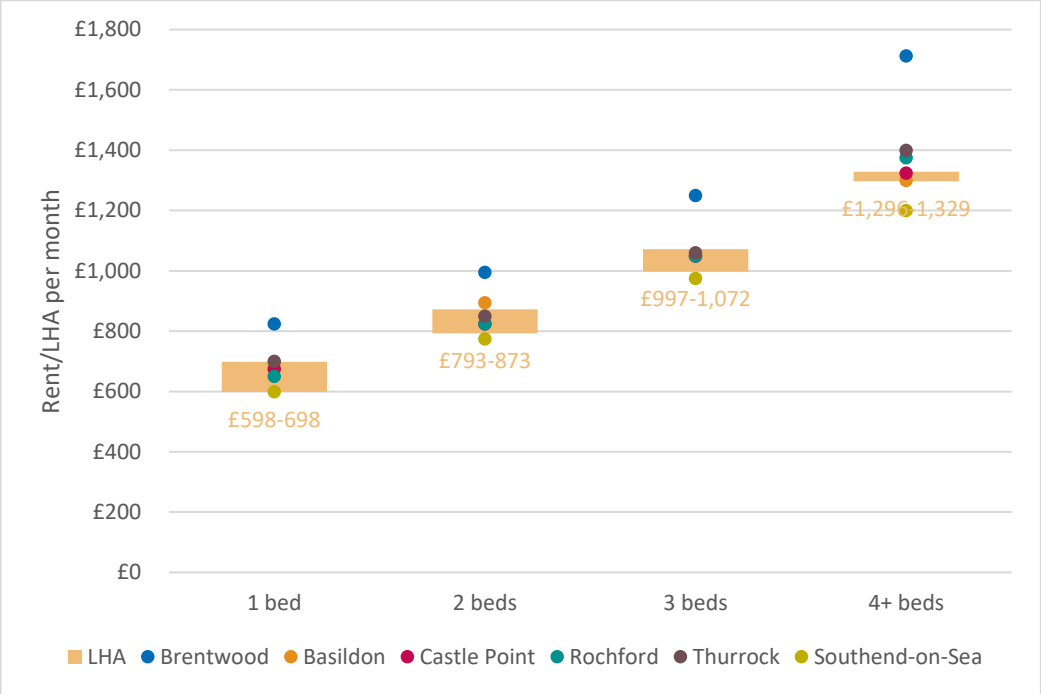
Source: ONS

2.29 Some of these entry level rents notably exceeded the value of Local Housing Allowance[42] (LHA) as of the same point, in March 2021. South Essex is largely covered by two Broad Rental Market Areas[43] (BRMAs) meaning that LHA rates do vary therein, but it can be generally observed that entry level rents for properties of all sizes in Brentwood are considerably higher than the LHA rates set for the South West BRMA, which covers much of the borough. The same is true for larger properties in Rochford and Thurrock, as well as two-bed properties in Basildon.

[42] https://lha-direct.voa.gov.uk

[43] The "South West Essex" BRMA generally covers Basildon, Brentwood and Thurrock, whereas the "Southend" BRMA covers Southend-on-Sea, Castle Point and Rochford

Figure 2.18: Benchmarking Entry Level Rents against LHA (March 2021)



Source: VOA; ONS

2.30 Rents can also be benchmarked against those presented for all six authorities in the South Essex SHMA, then covering the year to March 2015. This confirms that average and lower quartile rents have since risen both overall and for nearly all types of property, in each authority. Rents appear to have generally risen slowest for larger properties with at least four bedrooms, especially in Basildon and Brentwood, while properties with three bedrooms have generally seen the most pronounced increases.

Table 2.5: Recent Change in Mean and Lower Quartile Rents (2014/15 – 2020/21)

	1 bed	2 beds	3 beds	4+ beds	All ↓
Lower quartile					
Thurrock	21%	21%	14%	0%	26%
Basildon	22%	19%	26%	8%	19%
Castle Point	21%	18%	29%	29%	19%
Rochford	16%	19%	22%	8%	19%
England	**20%**	**20%**	**18%**	**18%**	**18%**
Southend-on-Sea	24%	21%	18%	14%	17%
Brentwood	17%	11%	21%	6%	9%
Median					
Castle Point	19%	21%	27%	22%	22%
Southend-on-Sea	21%	21%	21%	18%	20%
Rochford	18%	20%	21%	10%	19%
Basildon	23%	17%	20%	7%	15%
Thurrock	26%	20%	11%	-3%	15%
England	**15%**	**16%**	**16%**	**9%**	**14%**
Brentwood	16%	10%	15%	4%	2%

Source: VOA; ONS

Summary

2.31 There has inevitably been an evolution in the profile of the housing market in South Essex since the previous SHMAs were prepared, given its dynamic nature. Such changes will continue and require ongoing monitoring by the Councils.

2.32 New homes continue to be delivered throughout South Essex, but the overall rate of development remains short of the historic peak and has actually slowed in recent years, even prior to the pandemic. This has resulted in the housing stock growing at a slower rate than seen regionally or nationally over the past five years, both overall and in each authority, meaning that its profile largely remains as described previously. Terraced houses are the most prevalent overall, being particularly common in Basildon and Thurrock but far less so in Castle Point and Rochford where semi-detached homes, detached houses and bungalows dominate. South Essex differs from the wider region in having a comparable proportion of flats to the country as a whole, principally due to the number of such properties in Thurrock and especially Southend-on-Sea where homes tend to have the fewest bedrooms. Brentwood and Rochford, in contrast, possess a relatively high number of large properties with at least four bedrooms. The vast majority of houses are occupied with vacancy rates below the national average.

2.33 The population of South Essex continues to grow, surpassing 800,000 in mid-2020 – the last year for which data is currently available – having grown by around 3% over the preceding five years. The rate of growth has, however, latterly slowed both overall and in each authority, with the 0.2% growth seen across South Essex last year the lowest since the mid-1990s. While this will have inevitably been influenced to some extent by the early months of the pandemic, this does not appear to fully explain the trend given that the wider region and country were similarly affected and saw a much less pronounced slowing of population growth during that year. Net international migration into South Essex remained in line with the recent trend during that year, having fallen since 2015, but it notably saw a smaller excess of births over deaths than had previously been recorded in South Essex since 2003 and also saw a net *outflow* of people to other parts of the UK for the first time in at least 18 years, potentially linked to a sharp fall in what had been an increasingly large net inflow from London. A fall was apparent across all age groups, with South Essex having previously seen a growing net inflow of families and a growing net *outflow* of those aged 45 or above, the trend amongst younger adults (16-29) being more volatile and no doubt contributing towards a recent reduction in the number of such residents. The number of children and older people living in South Essex has increased, in contrast, albeit without substantially changing the overall age profile.

2.34 House prices have risen substantially since 2014, the last year covered in the previous SHMA, with Brentwood continuing to be characterised by its higher prices but all areas seeing rates of growth. Fewer sales have been recorded in recent years, even prior to the pandemic, with 2021 recording the lowest annual number of transactions in each authority since 2014. The overall figure for South Essex in 2021 is almost a third lower than the 2014 level. The cost of privately renting any size of property has also risen in recent years, most notably for those with three bedrooms.

3 Outcome of the Standard Method

3.1 This section provides an overview of the standard method currently set out within the NPPF and PPG, which is applied to determine the minimum annual need for housing in each authority and across South Essex. It subsequently draws upon demographic modelling produced by Edge Analytics to consider how such a level of housing delivery may affect the size and profile of the local population, and support the creation of new jobs in this area.

Background

3.2 The South Essex SHMA and its addendum were produced in the context of the original NPPF, published in March 2012. The latter report was, however, prepared after the Government had produced its 2017 Housing White Paper, in which a newly standardised approach to assessing housing needs was proposed as one of several '*radical*' reforms that were intended to address the housing crisis and '*get more homes built right now and for many years to come*'[44]. A standard method was therefore anticipated in the addendum, albeit with a lack of detail at that time on the form that this could ultimately take.

3.3 In September 2017, the Government published a proposed method as part of its consultation on '*planning for the right homes in the right places*'[45]. This drew upon the official 2014-based household projections – then the latest available – as a baseline, with an adjustment then formulaically applied to take account of the relationship between median house prices and earnings. The overall scale of adjustment was proposed to be capped 40% above recently adopted housing requirements, or by the same amount above household projections if higher than requirements adopted more than five years ago.

3.4 The Government referred to the same formula in a subsequent consultation on draft revisions to the NPPF, which also included proposed changes to the PPG[46].

3.5 The NPPF was formally revised in July 2018 and included the following statement, as indeed it still does after two subsequent reviews:

> *"To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals…"*[47]

3.6 There was a prolonged period of uncertainty after the method was first introduced in July 2018, with the Government aware that its outcomes were likely to '*significantly*'

[44] DCLG (2017) Fixing our Broken Housing Market: housing white paper, p7

[45] DCLG (2017) Planning for the right homes in the right places: consultation proposals

[46] MHCLG (2018) National Planning Policy Framework: draft text for consultation; MHCLG (2018) Draft Planning Practice Guidance

[47] MHCLG (2021) National Planning Policy Framework, paragraph 61

reduce following the release of new 2016-based household projections that autumn[48]. Such a reduction was felt to conflict with the Government's objective of building more homes, and it therefore consulted on – and eventually opted for – an approach that retained the 2014-based household projections while a new method was devised[49].

3.7 The Government eventually consulted on a new approach in August 2020, which would have combined the latest available 2018-based household projections with data on the number of dwellings already in an area before applying larger uplifts that took account of worsening affordability over time[50]. It ultimately opted not to proceed with this approach, however, instead retaining '*the standard method in its current form*' for all but the twenty most populated cities and urban centres where a further 35% uplift was to be applied as a final step[51].

3.8 The PPG therefore continued to make clear that the 2014-based household projections should form the baseline for the standard method, in order to:

"…provide stability for planning authorities and communities, ensure that historic under-delivery and declining affordability are reflected, and to be consistent with the Government's objective of significantly boosting the supply of homes"[52]

3.9 The baseline continues to be adjusted to reflect the affordability of an area, inputting the most recent median workplace-based affordability ratios produced by the ONS into a specified formula[53]. This adjustment is still seen to be necessary on the basis that '*household growth on its own is insufficient as an indicator of future housing need*', because:

- Household formation is constrained to the supply of available properties, such that new households cannot form if there is nowhere for them to live; and
- People may want to live in an area in which they do not reside currently, for example to be near to work, but be unable to find appropriate accommodation that they can afford[54].

3.10 The cap relative to housing requirements adopted in the past five years, or earlier requirements if higher than the household projections, is designed to ensure that the minimum figures generated through the standard method are '*as deliverable as possible*'[55]. The PPG confirms, however, that while the cap reduces the numbers generated through the method it '*does not reduce housing need itself*', meaning that authorities where strategic policies are adopted with a cap may require early review

[48] MHCLG (2018) Government response to the draft revised National Planning Policy Framework consultation: a summary of consultation responses and the Government's view on the way forward, p26-27

[49] MHCLG (2018) Technical consultation on updates to national planning policy and guidance, paragraphs 19-20

[50] MHCLG (2020) Changes to the current planning system: consultation on changes to planning policy and regulations

[51] MHCLG (2020) Government response to the local housing need proposals in "Changes to the current planning system"

[52] PPG Reference ID 2a-005-20190220

[53] PPG Reference ID 2a-004-20201216

[54] PPG Reference ID 2a-006-20190220

[55] PPG Reference ID 2a-007-20190220

and updating '*to ensure that any housing need above the capped level is planned for as soon as reasonably possible*'[56].

Inputs to the calculation

3.11 There are three key inputs to the standard method, these being the 2014-based household projections, the latest affordability ratio and the most recently adopted housing requirement. These inputs are introduced for each of the South Essex authorities below.

2014-based household projections

3.12 The 2014-based household projections continue to form the demographic baseline for the standard method[57]. The PPG requires average annual household growth to be calculated over ten years from the current year, giving a baseline of **circa 3,274 households per annum** across South Essex as of early 2022. This is very slightly less than an equivalent figure calculated over ten years from 2021, when this study was originally commissioned and the first stakeholder workshop was held.

Table 3.1: Projected Household Growth (2014-based; 2022-32)

	2022	2032	Change	Average annual change 2022-32	Average annual change 2021-31
Basildon	81,860	89,312	7,452	**745.2**	**746.8**
Brentwood	34,192	37,496	3,304	**330.4**	**327.8**
Castle Point	38,809	41,324	2,515	**251.5**	**253.8**
Rochford	36,300	38,874	2,574	**257.4**	**258.5**
Southend-on-Sea	83,522	91,927	8,405	**840.5**	**843.2**
Thurrock	71,348	79,839	8,491	**849.1**	**849.3**
South Essex	**346,031**	**378,772**	**32,741**	**3,274.1**	**3,279.4**

Source: DCLG

Affordability ratios

3.13 The ONS annually publishes ratios which measure the relationship between median house prices and the earnings of people working in local authority areas. The PPG confirms that the latest such ratio[58] – published in March 2022 – should be used to formulate the affordability adjustment, applied at the second step of the standard method.

3.14 Figure 3.1 identifies the current ratios for the South Essex authorities, also highlighting how they have changed over time and compare with the regional and national

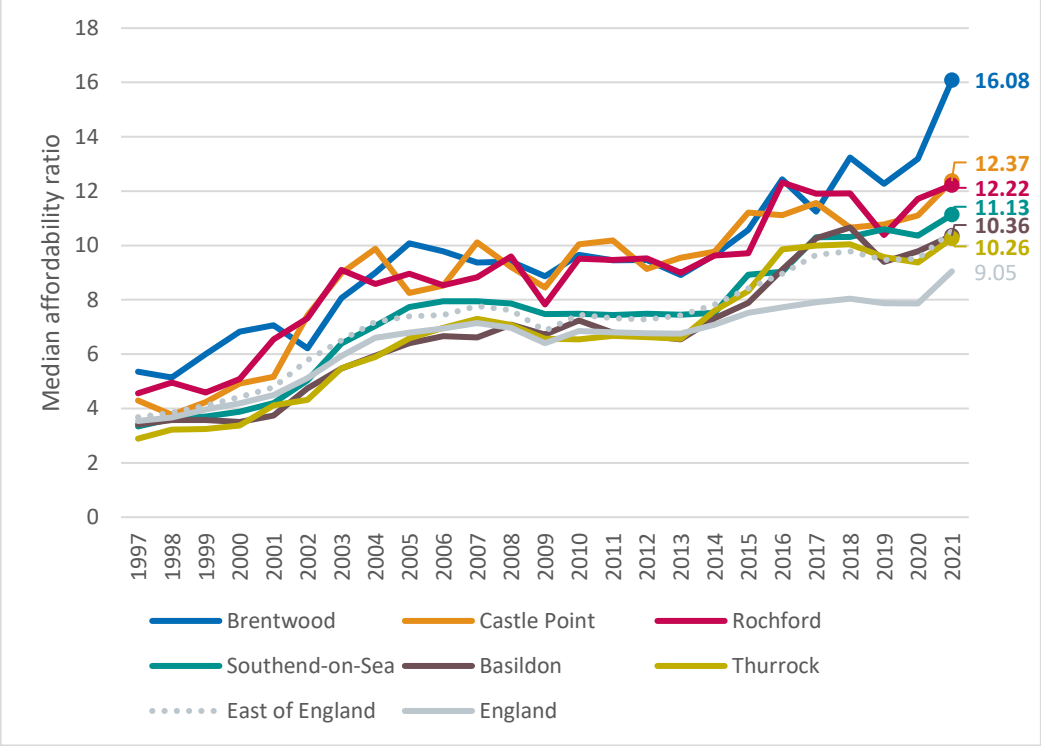
[56] *Ibid*

[57] PPG Reference ID 2a-004-20201216

[58] ONS (2022) Housing affordability in England and Wales: house price to workplace-based earnings ratio

averages (which were respectively 10.53 and 9.05 as of 2021). This shows that the affordability of housing in Brentwood has historically been comparable to Rochford and Castle Point, but this has markedly changed over the past four years with the borough now clearly the least affordable of the six authorities in South Essex. Its divergence initially coincided with a relatively pronounced reduction in the ratios for Rochford and Castle Point, albeit both have since worsened once again to the point where the latter – like Brentwood – recorded its highest ever ratio last year. The same is also true of Southend-on-Sea and Thurrock, the former having latterly deviated from a regional average that it had closely followed previously. Basildon has seen its ratio rise in each of the last two years such that it is now approaching the record high of 2018. All authorities have a greater imbalance between median house prices and earnings than recorded nationally, as has been the case for each of the past eight years.

Figure 3.1: Median Affordability Ratios in Historic and Wider Context



Source: ONS

3.15 The latest ratios for all six authorities are higher than reported last year, reaching levels that technically – before applying the cap – require sizeable uplifts to be applied according to the formula that features in the standard method[59]. These adjustments range from 39% in Thurrock to some 76% in Brentwood, and in each case are greater than were required last year based on lower ratios for 2020 that have now been superseded.

[59] Adjustment factor = ((ratio-4)/4)*0.25

Table 3.2: Change in Affordability Ratio and Resultant Uplift (2020-21)

	2020 ratio	Adjustment	2021 ratio	**Adjustment**	Change in adjustment
Brentwood	13.22	58%	16.08	**76%**	+18%
Castle Point	11.17	45%	12.37	**52%**	+7%
Basildon	9.55	35%	10.36	**40%**	+5%
Thurrock	9.42	34%	10.26	**39%**	+5%
Rochford	11.57	47%	12.22	**51%**	+4%
Southend-on-Sea	10.62	41%	11.13	**45%**	+4%

Source: ONS

Existing housing requirements

3.16 An existing housing requirement adopted within the past five years, at the point of calculation, is used to limit the increase that an individual authority can face when calculating its housing need using the standard method[60]. Only one of the six authorities is currently in this position, with Brentwood having recently – on 23 March 2022 – adopted a Local Plan that contains a requirement for 456 dwellings per annum[61]. Prior to this, Rochford and Thurrock were the last to have adopted Core Strategies, both doing so in December 2011, and while the latter undertook a review in 2015 this is still more than five years ago.

3.17 Older requirements can continue to feature in the calculation for the purposes of applying the cap, if higher than the demographic baseline, but this is the only the case in Thurrock where the adopted requirement for 925 dwellings per annum[62] exceeds the 849 households projected to form annually within the baseline. The higher figure therefore forms the basis for the cap in Thurrock.

3.18 The most recent housing requirements for Rochford (250dpa) and Southend-on-Sea (325dpa) are lower than their respective baselines of 257 and 841 households per annum, meaning that the latter figures form the basis for the cap. The Government's own calculations indicate that there are no existing requirements that can be reasonably incorporated for Basildon or Castle Point, and as such it is understood that the household projections – as the demographic baseline – should form the basis for the cap in these areas.

[60] PPG Reference ID 2a-004-20201216

[61] Brentwood Borough Council (2022) Brentwood Local Plan 2016-2033, Strategic Policy MG01: Spatial Strategy, p36

[62] Based on the allocation of the East of England Plan over the period from 2001 to 2021, which featured in the Government's own indicative calculation of its then-proposed standard method in September 2017

Outcome of the calculation

3.19 The inputs introduced above have been drawn together to apply the standard method as follows:

- Projected annual household growth over ten years from 2022 forms the demographic baseline at Step 1 of each calculation, summing to **circa 3,274 households per annum across South Essex** as shown by the earlier Table 3.1;

- Upward adjustments – ranging, as shown at Table 3.2, from 39% in Thurrock to 76% in Brentwood – are applied at Step 2 to take account of the latest available affordability ratios, which indicate that house prices in this area equate to between 10.26 and 16.08 years' earnings. These adjustments elevate the baseline to suggest that **a minimum of 4,790 dwellings per annum are needed throughout South Essex**;

- Housing need in Brentwood and Thurrock can be no more than 40% higher than their existing requirements for 456 and 925 dwellings per annum, respectively. Housing need elsewhere can be no more than 40% higher than the demographic baseline, established using the 2014-based household projections. This reduces housing need, even if only slightly, in half of the six authorities – Basildon, Brentwood and Thurrock being the exceptions[63] – with the result that **a minimum need for some 4,691 dwellings per annum is implied across South Essex**; and

- While there is a final step to the standard method which applies a 35% uplift to the twenty most populated cities and urban centres, none of the South Essex authorities are classified as such – with Southend-on-Sea, the highest ranking of the commissioning authorities, only 28th as of 2020[64] – and none are therefore required to apply this uplift.

3.20 The calculation is summarised in the following table, confirming – as of April 2022 – that the standard method currently indicates a minimum need for **4,691 dwellings per annum across the six South Essex authorities**.

[63] Housing need in Brentwood cannot exceed 638 dwellings per annum, this being 40% higher than its recently adopted requirement for 456 dwellings per annum, but the previous stages of the method suggest a need for only 580 dwellings per annum (330+75.5%) meaning that the cap is not triggered. This is also true in Thurrock, where the earlier stages suggest a need for 1,181 dwellings per annum (849+39.1%) which falls below its cap of 1,295 dwellings per annum, 40% higher than its most recently adopted requirement for 925 dwellings per annum. Housing need in Basildon approaches the borough's cap of 1,043 dwellings per annum, this being 40% higher than the demographic baseline (745.2) but falls slightly short – at 1,041 dwellings per annum – so is ultimately not affected.

[64] ONS (2021) Population estimates – small area based by single year of age, for "major towns and cities"

Table 3.3: Current Outcome of the Standard Method for South Essex

		Basildon	Brentwood	Castle Point	Rochford	Southend-on-Sea	Thurrock	South Essex
1	Baseline: annual household growth 2022-32; 2014-based	745.2	330.4	251.5	257.4	840.5	849.1	3,274
2	Median affordability ratio, 2021	10.36	16.08	12.37	12.22	11.13	10.26	–
	Adjustment factor*	39.8%	75.5%	52.3%	51.4%	44.6%	39.1%	–
	Baseline with adjustment	**1,041**	**580**	**383**	**390**	**1,215**	**1,181**	**4,790**
3	Latest adopted requirement[65]	n/a	456	n/a	250	325	925	–
	Higher of baseline or latest adopted requirement	745.2	456	251.5	257.4	840.5	925	–
	Cap 40% higher than above	1,043	638	352	360	1,177	1,295	–
	Minimum housing need, capped if applicable^	**1,041**	**580**	**352**	**360**	**1,177**	**1,181**	**4,691**
4	Cities & urban centres uplift	n/a	n/a	n/a	n/a	n/a	n/a	–
	Minimum annual need	**1,041**	**580**	**352**	**360**	**1,177**	**1,181**	**4,691**

Source: MHCLG; ONS; Turley analysis

** rounded, but unrounded in calculation*
^ underlined where affected by cap

3.21 The outcome of the standard method will unavoidably change, principally due to its moving demographic baseline – continuously calculated from the '*current year*' onwards – and the need to incorporate affordability ratios that are released every March. The minimum need identified above may therefore differ from calculations previously presented by the Councils, with a slightly lower need for **4,499 dwellings per annum**[66] having been implied as recently as December 2021 for example.

Potential implications of meeting the minimum need

3.22 With the standard method intended to provide only a starting point for understanding local housing need, it is important to consider the potential impact of such a level of

[65] As interpreted by the former Ministry of Housing, Communities and Local Government (MHCLG) except for Brentwood, which only recently adopted a new Local Plan

[66] Basildon = 1,006 dwellings per annum; Brentwood = 459 dwellings per annum; Castle Point = 355 dwellings per annum; Rochford = 362 dwellings per annum; Southend-on-Sea = 1,180 dwellings per annum; Thurrock = 1,137 dwellings per annum

housing provision for each authority's population and local economy, as well as for South Essex as a whole. This precedes an evaluation, in section 4, of the extent to which the standard method provides a reliable estimate of the full need for housing in each area, as is required by the PPG.

3.23 While the PPG is prescriptive on the method itself, it does not specify how plan-makers should translate any calculated need into population growth, albeit it does refer to the demographic impact of its affordability adjustment to suggest that any additional homes provided above the baseline are intended to be occupied[67]. The adjustment is therefore implied to allow for a combination of reasonable improvements to household formation rates – particularly amongst those who have been constrained as a result of affordability issues – and increases in migration, where the provision of new homes enables this to occur.

3.24 It is acknowledged that the standard method itself makes implicit assumptions on how the population will change during the period over which its baseline is calculated. This cannot, however, be simply reconciled with the period required to be covered by this study (2020-40) and nor does it take account of population change that has occurred since the 2014 base of the projections.

3.25 Given these limitations, this study seeks to align with the principles of the PPG and uses demographic modelling – produced as in the last SHMA by Edge Analytics – to estimate how the population of each area, and of South Essex as a whole, could change if housing provision was to consistently align with the outcome of the standard method over the period to 2040. An indication of change to 2050 has also been requested by the Councils and equivalent analysis for this longer period is therefore presented at **Appendix 2**. The modelling is in each case based to 2020, as the last year for which official population estimates are currently available.

3.26 The methodology is detailed at **Appendix 3**, but in summary uses official demographic datasets to first account for the gradual ageing of the existing population, who can themselves absorb the supposedly additional capacity brought by new homes because older households tend to contain fewer people on average[68]. This means that growth in the number of older people will reduce the size of the average household, with the result that more homes are needed simply to accommodate an ageing population irrespective of whether there is growth in the *overall* population.

3.27 The modelling also applies assumptions on the changing rate at which different age groups are projected to form households. These assumptions are derived from the official 2014-based household projections, rather than the admittedly more recent 2018-based projections that persist with a method deemed unreliable for the purposes of assessing housing need by the Government[69]. Some of the assumptions made by the 2014-based household projections have, however, been positively adjusted where necessary to allow for a recovery in younger household formation, offsetting any implicit and increasingly negative assumptions about younger residents' ability to form

[67] PPG Reference ID 2a-006-20190220

[68] The 2011 Census found that older households in South Essex, in which all residents were aged 65 or above, contained an average of 1.42 people while the average across all households was 2.40 people

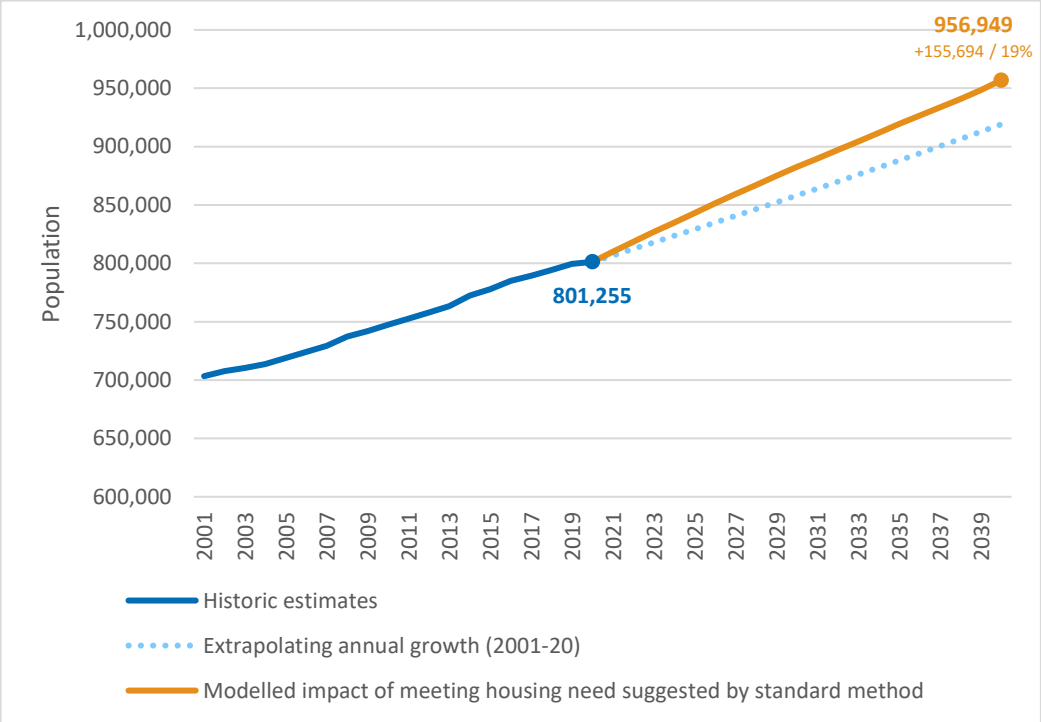
[69] MHCLG (2018) Technical consultation on updates to national planning policy and guidance

households that were previously highlighted by the SHMA addendum[70]. While it is accepted that guidance has since changed, such adjustments are considered to remain justified in principle given continued recognition of the consequences of worsening affordability and the Government's general desire to help younger people to access the housing market.

3.28 The modelling makes allowance for international migration, drawing assumptions from the official 2018-based sub-national population projections (SNPP) – the latest available at the time of writing – before deriving its own assumptions on domestic migration to reflect remaining availability in the dwelling stock once other demographic factors have been taken into account. This means, in simple terms, that an individual is assumed to be unable to move to or remain in an area if local demographics meant that a home was not available, and such individuals are instead assumed to move elsewhere in the UK.

3.29 Edge Analytics' modelling suggests that the provision of 4,691 dwellings per annum in South Essex, from 2020 onwards, could lead to there being around 155,700 additional residents by 2040. This represents population growth of almost one fifth (19%) or circa 0.9% per annum on average, the latter slightly exceeding the average of 0.7% per annum recorded historically back to 2001.

Figure 3.2: Population Impact of Aligning with Standard Method in South Essex



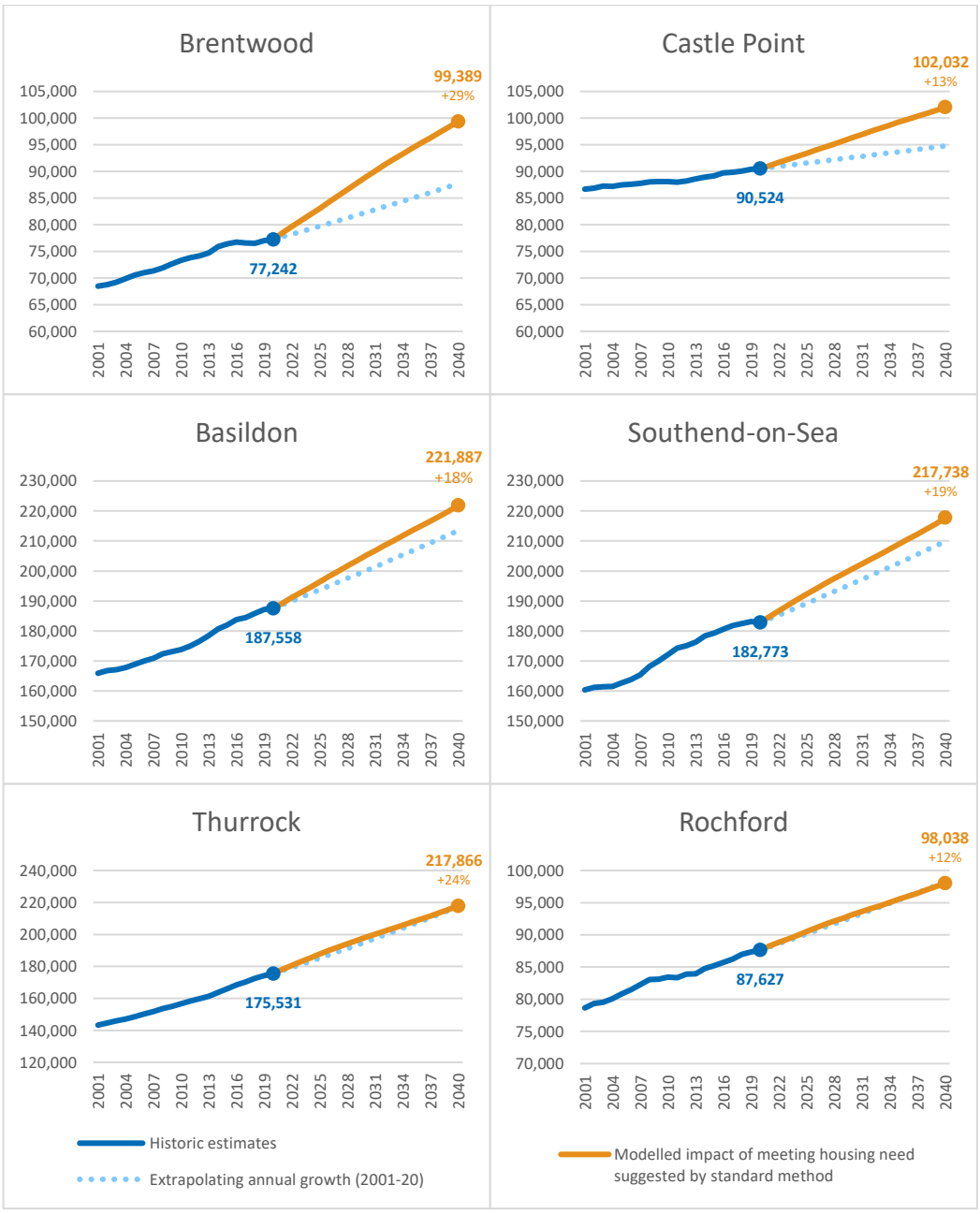
Source: ONS; Edge Analytics

3.30 When reviewing the outputs for individual authorities, summarised at Figure 3.3, it can be seen that this acceleration from the historic trend would be most pronounced in

[70] Turley (May 2017) Addendum to the South Essex Strategic Housing Market Assessment, p31-33

Brentwood, with the borough's population estimated to grow by some 29% – accommodating around 22,150 extra people by 2040 – if it was to itself fully meet the housing need suggested by the standard method. This would be the highest rate of population growth of the six authorities, ahead of Thurrock where the population would be expected to grow by nearly a quarter (24%) albeit it is of note that – unlike in Brentwood and across South Essex as a whole – this would effectively represent a continuation of its historic rate of growth. This is also the case for Rochford, where its 12% growth – the lowest of the six authorities – would align closely with the historic trend. Castle Point, meanwhile, would be expected to see a slightly higher rate of growth (13%) that would markedly exceed the historic trend. The same applies but to a lesser extent for Basildon and Southend-on-Sea which would both be expected to see a similar rate of population growth to each other (18-19%) if meeting their own housing needs in full, also aligning closest with the trend for South Essex as a whole.

Figure 3.3: Population Impact of Aligning with Standard Method

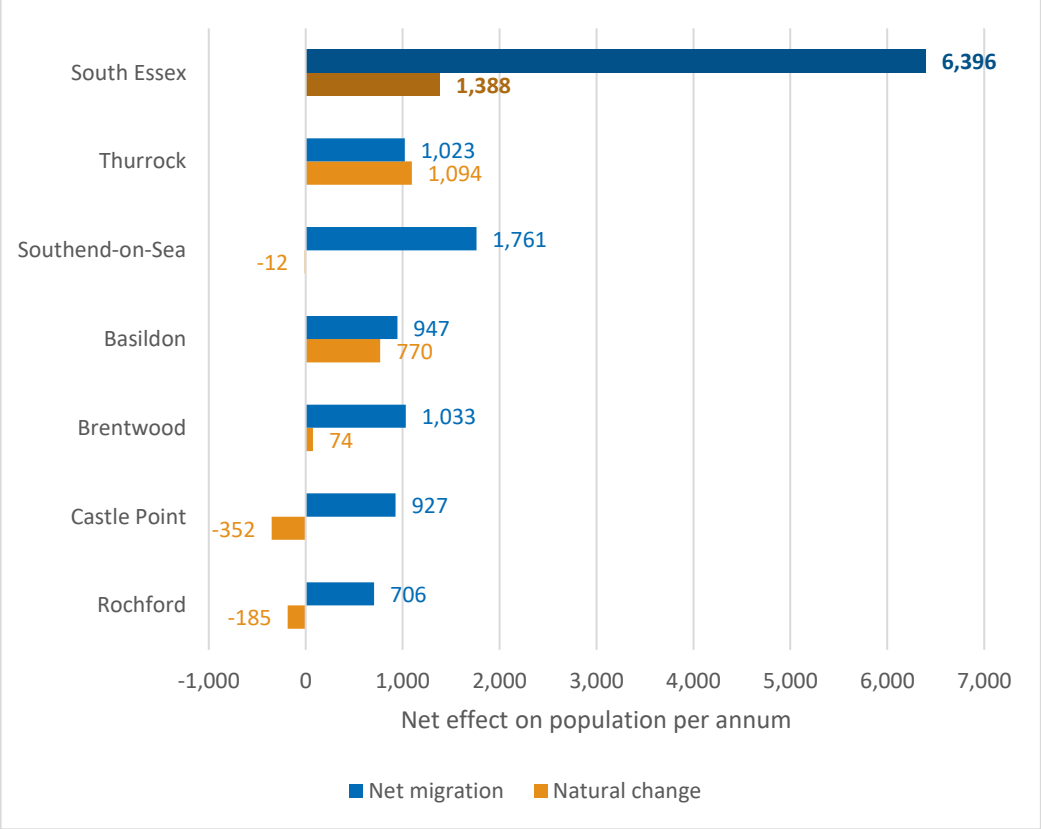


Source: ONS; Edge Analytics

3.31 The modelling suggests that this population growth would largely be driven by net inward migration, which would either result from retaining people in South Essex or attracting new residents. It suggests that housing growth in line with the outcome of the standard method could enable a net inflow of nearly 6,400 residents each year, considerably above the average inflow of circa 2,700 residents over the past five years (2015-20). This would not be the only driver of population growth, however, as natural change – the surplus of births over deaths – would also be expected to keep having a positive effect on the population throughout the period to 2040. Figure 3.4 does notably show that this is not the case for all six authorities, however, with both Castle Point and Rochford projected to see a clear excess of deaths over births – resulting in

negative natural change – and Southend-on-Sea also expected to see deaths just outnumber births. Brentwood would likewise be expected to see a relatively balanced position, albeit with slightly more births than deaths. The net inflow of migrants from elsewhere would in contrast be a more consistent feature across all six authorities.

Figure 3.4: Projected Impact of Migration and Natural Change if Meeting Housing Needs Suggested by the Standard Method (2020-40)



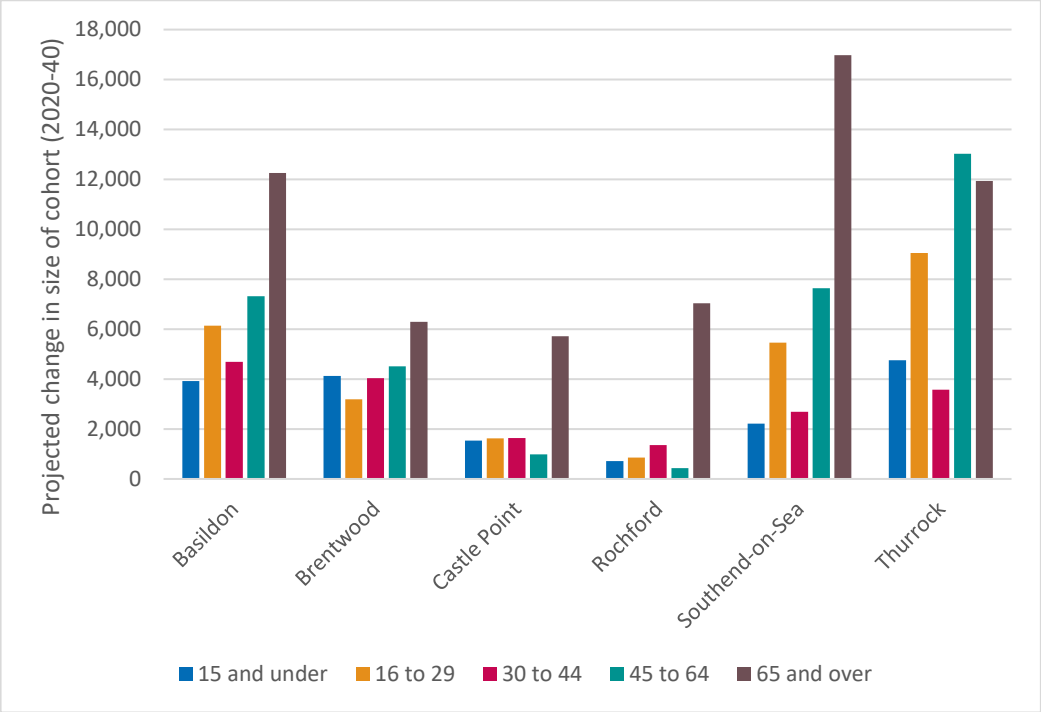
Source: Edge Analytics

Effect on the age profile

3.32 These dynamics, alongside the ageing of existing residents, would be expected to grow the number of residents within each of the age cohorts defined in section 2, with this also being the case in each of the six authorities. There would, however, be particularly strong growth in the older population aged 65 or above, not necessarily as a result of housing provision but rather due to the ageing of existing residents aged 45 and above[71]. The oldest cohort is generally expected to grow faster than any other in absolute terms with Thurrock the only exception, being implied to see its population aged 45 to 64 grow to a slightly greater extent.

[71] See Figure 2.13

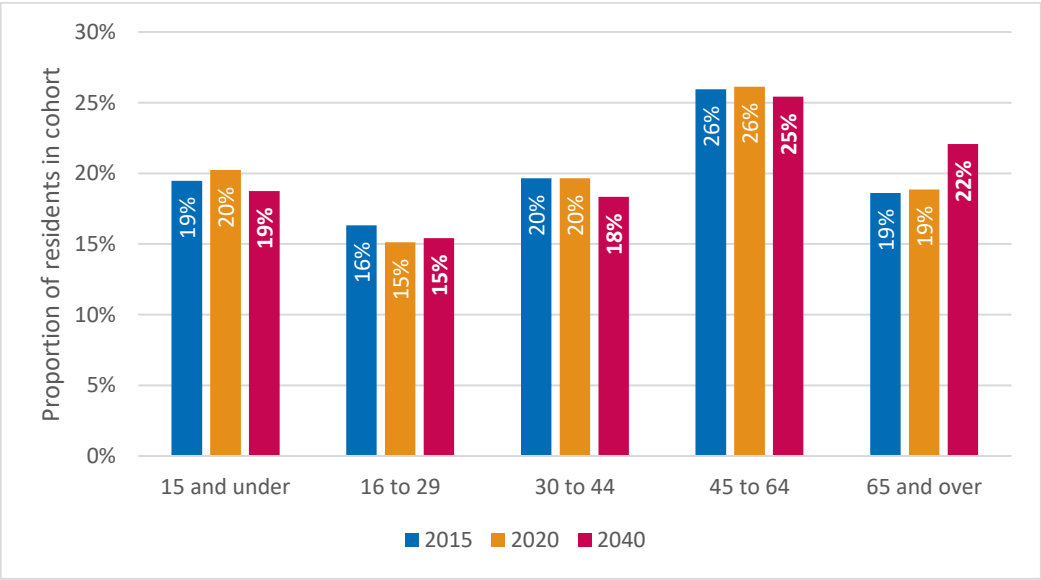
Figure 3.5: Assumed Age of Additional Residents if Housing Needs Met in Full



Source: Edge Analytics

3.33 This growth would further increase the proportion of South Essex residents who are aged 65 or above, continuing the recent trend observed at the earlier Figure 2.13. All other age groups, except for those aged 16 to 29, would account for a slightly smaller share of the overall population than is currently the case.

Figure 3.6: Projected Change in the Age Profile of South Essex Residents



Source: ONS; Edge Analytics

3.34 All six authorities would likewise be expected to see those aged 65 or above account for a growing proportion of their populations, with Table 3.4 – a continuation of the earlier Table 2.2 – suggesting that the most pronounced changes will be seen in Rochford and Southend-on-Sea. This is generally accompanied by those aged 45 to 64 accounting for a diminishing share, except in Basildon – where the proportion is unchanged – and Thurrock where this cohort is also expected to become more prominent. All other cohorts, in every authority, would be expected to either maintain or reduce their share of the population, with the sole exception of those aged 16 to 29 in Thurrock.

Table 3.4: Projected Change in Age Profile of South Essex Authorities (2020-40)

	Basildon		Brentwood		Castle Point		Rochford		Southend-on-Sea		Thurrock	
	2020	2040	2020	2040	2020	2040	2020	2040	2020	2040	2020	2040
15 and under	21%	20%	19%	19%	17%	17%	17%	16%	20%	17%	23%	21%
16 to 29	16%	16%	15%	15%	15%	15%	15%	14%	15%	15%	16%	17%
30 to 44	20%	19%	19%	19%	16%	16%	17%	16%	20%	18%	23%	20%
45 to 64	25%	25%	27%	26%	27%	25%	28%	26%	27%	26%	24%	26%
65 and over	17%	20%	20%	22%	26%	28%	23%	28%	20%	24%	14%	17%

Source: ONS; Edge Analytics

Effect on the labour force

3.35 A growing population and changing age profile would have implications for the size of the resident labour force and their ability to support job growth, when reasonable assumptions on their behaviour – detailed in **Appendix 3** – are applied. In summary:

- **Unemployment** in each authority is assumed to align with the averages recorded over the last five years for which official local data was available at the time of modelling[72] (2016-20);
- **Economic activity rates** amongst residents aged 16 to 89 are initially derived for each authority from the last reported Census in 2011, and are thereafter – as in the SHMA addendum – assumed to change in line with the latest national forecasts produced by the Office for Budget Responsibility[73] (OBR). These forecasts are relied upon by the Government to inform long-term budgetary planning, and are widely used to provide a robust and consistent basis for understanding long-term changes in labour force behaviour at the local level;
- The proportion of residents holding more than one job ('**double jobbing**') is assumed, as in the SHMA addendum, to align with the long-term averages

[72] ONS (2021) Model-based estimates of unemployment

[73] OBR (2018) Fiscal Sustainability Report

recorded in each authority over the past ten years by the Annual Population Survey; and

- **Commuting** has again – as in the SHMA and its subsequent addendum – been held fixed at the rates recorded by the last reported Census in 2011, reflecting the balance between the number of workers living in each authority and the number of jobs available therein. While acknowledged to be increasingly dated, there remains a lack of robust or similarly comprehensive data from which to formulate a more up-to-date position.

3.36 When applying these assumptions, the modelling suggests that meeting the minimum need for housing suggested by the standard method could – in combination with changing behaviours – support the creation of approximately **82,500 jobs** throughout South Essex over the period from 2020 to 2040. This is equivalent to circa 4,120 jobs per annum, around half of which (52%) would be in Thurrock and Basildon. Such a level of job growth would far exceed that currently forecast by Experian and Cambridge Econometrics, as two of the leading forecasting houses, with further modelling by Edge Analytics suggesting that the latter for example could be supported if only 3,303 homes per annum were provided throughout South Essex. This is not in itself a reason to plan for less than the minimum need for 4,691 homes per annum indicated by the standard method, however, and it is also important to acknowledge that these represent only baseline forecasts which may not fully capture the impact of planned investments.

Table 3.5: Employment Growth Supported by Standard Method (2020-40)

	Job growth supported by meeting minimum housing need	Job growth forecast by…		Homes needed per annum to support Cambridge Econometrics forecast[74]
		Experian (March 2022)	Cambridge Econometrics (2022)	
Thurrock	**21,651**	13,600	11,444	744
Basildon	**21,220**	13,700	12,397	700
Southend-on-Sea	**17,964**	11,000	9,013	762
Brentwood	**13,350**	4,000	5,032	266
Castle Point	**4,216**	900	2,648	257
Rochford	**4,056**	1,100	3,073	304
South Essex	**82,456**	**44,300**	**43,607**	**3,033**

Source: Edge Analytics; Experian; Cambridge Econometrics; Turley analysis

[74] Indicatively modelled by Edge Analytics using an employment-led approach described at **Appendix 3**, which varies the level of net internal migration depending on the number of jobs available in any one year and also allows for improvements to younger household formation

Summary

3.37 The NPPF states that the standard method should be used to determine the minimum number of homes needed, drawing upon the 2014-based household projections which are adjusted to reflect the relationship between house prices and earnings before the level of adjustment is then capped, relative either to the projections or existing housing requirements. The standard method also has a final step, in which a 35% uplift is applied for the twenty most populated cities and urban centres, but none of the South Essex authorities are classified as such.

3.38 While its outcome is subject to change, the standard method currently indicates that **at least 4,691 dwellings per annum** are needed throughout South Essex. This is inclusive of an annual need for 1,181 homes in Thurrock, 1,177 homes in Southend-on-Sea, 1,041 homes in Basildon, 580 homes in Brentwood, 360 homes in Rochford and 352 homes in Castle Point.

3.39 Modelling presented in this section suggests that such a level of housing provision in South Essex, in combination with other demographic changes, could lead to an acceleration of the population growth that has been recently seen in this area, growing the population by nearly one fifth (19%) with around 155,700 additional residents by 2040. Most of the individual authorities would also see an acceleration of the historic trend if they were to meet their housing needs in full, with Thurrock and Rochford the only exceptions.

3.40 This population growth would largely be driven by net inward migration, which is expected across South Essex and in each individual authority and would involve either the retention of existing residents or the attraction of new ones. Births outnumbering deaths would also be expected to have a consistently positive effect on the population of most areas throughout the period to 2040, but not in Castle Point or Rochford where deaths are contrastingly projected to outnumber births.

3.41 Population growth would likely be distributed across all age groups, albeit with particularly strong growth in the older population aged 65 or above who would in absolute terms be the fastest growing cohort in every authority but Thurrock. They would become increasingly prominent to the point where they would account for circa 22% of the overall population by 2040, rising from 19% today, with all other age groups except one (16-29) accounting for a diminishing share.

3.42 A growing population and changing age profile would have implications for the resident labour force and its ability to support job growth, when applying reasonable and evidence-based assumptions on economic participation and behaviour. The modelling suggests that housing provision in line with the standard method, in combination with changing behaviours, could support the creation of **circa 82,500 new jobs** throughout South Essex over the period to 2040, roughly half of which would be in Thurrock or Basildon. This notably exceeds the job growth anticipated by Experian and Cambridge Econometrics, which could theoretically therefore be supported with lower levels of housing provision, but it is important to note that these baseline forecasts may not fully capture the impact of planned investments in this area.

4 Evaluating the Outcome of the Standard Method

4.1 The standard method – applied in the previous section – indicates that there is a need for 4,691 dwellings per annum throughout South Essex, but the PPG is clear to emphasise that the method provides only '*a minimum annual housing need figure*'[75]. It is intended to represent '*a minimum starting point in determining the number of homes needed in an area*', with the Government firmly encouraging '*ambitious authorities who want to plan for growth*' and requiring all to consider whether it may be appropriate to plan for a higher level of need given that the standard method:

"…does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. Therefore, there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates. This will need to be assessed prior to, and separate from, considering how much of the overall need can be accommodated…"[76]

4.2 The PPG identifies some of the circumstances that could lead to increased housing need beyond the past trends embedded in the standard method – such as where deliverable growth strategies are in place, or when strategic infrastructure improvements are likely to drive an increase in local housing need – but this is not meant to be exhaustive or viewed as a closed list[77].

4.3 The PPG equally recognises that there may '*occasionally*' be situations where past delivery and previous assessments of need are '*significantly greater*' than the outcome of the standard method. Where this applies, authorities are encouraged to '*take this into account when considering whether it is appropriate to plan for a higher level of need than the standard model indicates*'[78].

4.4 The PPG also confirms that use of the standard method is not necessarily mandatory, '*if it is felt that circumstances warrant an alternative approach*', but there is clearly '*an expectation*' that it will be used and the PPG proceeds to state that:

"Where an alternative approach results in a lower housing need figure than that identified using the standard method, the strategic policy-making authority will need to demonstrate, using robust evidence, that the figure is based on realistic assumptions of demographic growth and that there are exceptional local circumstances that justify deviating from the standard method. This will be tested at examination"[79]

4.5 This section responds to this guidance by considering whether there is evidence to suggest that housing need in any one of the South Essex authorities is likely to be

[75] PPG Reference ID 2a-002-20190220

[76] PPG Reference ID 2a-010-20201216

[77] *Ibid*

[78] *Ibid*

[79] PPG Reference ID 2a-003-20190220; PPG Reference ID 2a-015-20190220

higher than the standard method indicates, or indeed whether there are '*exceptional local circumstances*' that could be reasonably expected to result in a lower level of need[80].

Previous assessments of need

4.6 The PPG recognises that there may be situations where previous assessments, in a '*recently-produced Strategic Housing Market Assessment*' or similar, identified a '*significantly greater*' need than implied by the standard method. It confirms that, where this applies, it will need to be taken into account '*when considering whether it is appropriate to plan for a higher level of need than the standard model suggests*'[81].

4.7 The SHMA addendum, completed in May 2017, represents the latest such assessment of housing need for five of the six commissioning authorities, with the equivalent study for Brentwood – the exception – completed in October 2018. While it is admittedly debateable whether these studies qualify as being '*recently-produced*', they are nonetheless considered to provide helpful context to the figures now generated by the standard method, to be built on through the further analysis in this section.

4.8 The SHMA addendum concluded that 3,750 to 4,000 dwellings per annum would be needed across the area then described as South Essex, in order to accommodate a continuation of recent demographic trends, respond to market signals and – at the upper end of the range – support anticipated job growth. The standard method – which similarly incorporates the 2014-based projections, albeit over a different period and with different adjustments – now suggests a need for at least 4,111 dwellings per annum across the same five authorities, surpassing the upper end of the stated range by circa 3%.

4.9 The SHMA did, however, also proceed to identify the need in each individual authority, noting that this would be required for individual Local Plans[82]. While the lower end of the range reported for South Essex was preserved through this process, there was found to be a need to apply greater responses to market signals when certain authorities were considered in isolation, such that the uppermost estimates of need – where some received ranges – actually summed to circa 4,111 dwellings per annum[83]. Coincidentally, this is exactly in line with the need for 4,111 dwellings per annum now suggested as a minimum across the same geography by the standard method.

4.10 When reviewing these individual conclusions for each authority, such consistency is also apparent for Rochford and Thurrock, where – as Figure 4.1 overleaf shows – the outcome of the standard method currently falls within the ranges previously reported. The outcome of the method is at most 13% higher than the range or specific figure previously reported for any one authority, this being the case in Castle Point, with Southend-on-Sea now receiving a figure that is 10% higher and Basildon a figure 6% higher than the upper end of its range.

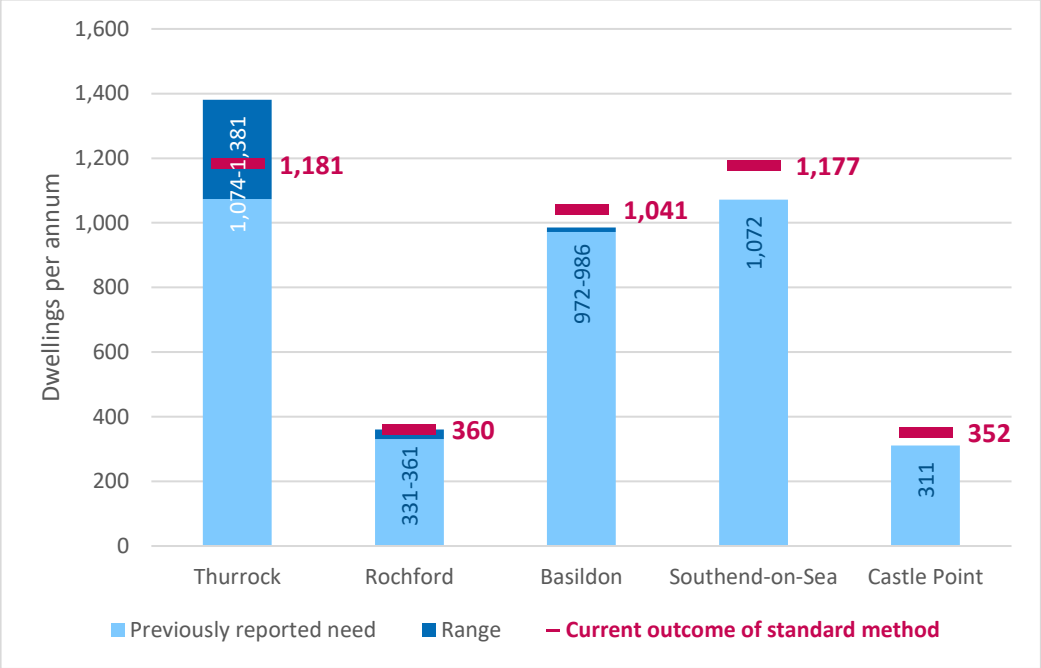
[80] PPG Reference ID 2a-015-20190220

[81] PPG Reference ID 2a-010-20201216

[82] Turley (May 2017) Addendum to the South Essex Strategic Housing Market Assessment, paragraph 4.54

[83] *Ibid*, paragraph 4.56; Tables 4.3, 4.4, 4.5, 4.6 and 4.7

Figure 4.1: Benchmarking Outcome of Standard Method against Conclusions of SHMA Addendum (excludes Brentwood)

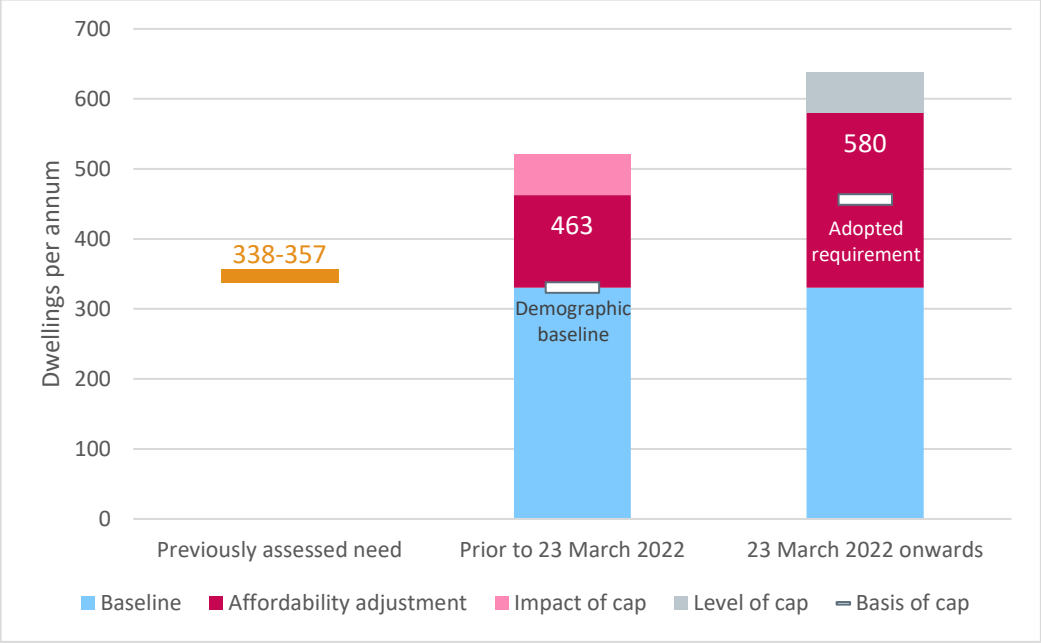


Source: Turley analysis

4.11 There is, however, much less alignment in the case of Brentwood. When its housing need was last assessed using the approach that predated the standard method, there was found to be a need for between 338 and 357 dwellings per annum within the borough[84]. The standard method now suggests a need for circa 580 dwellings per annum, some 62% more than concluded previously. It is of note that such a pronounced divergence has occurred only recently, with the adoption of the Local Plan on 23 March 2022 having raised the cap that previously restricted the borough's housing need to 463 dwellings per annum, only 30% above the previously assessed need. This is illustrated in Figure 4.2.

[84] PBA (October 2018) Brentwood Borough Council: Strategic Housing Market Assessment Part One, paragraph 8.28

Figure 4.2: Benchmarking Outcome of Standard Method for Brentwood against Previously Assessed Need



Source: PBA; Turley analysis

4.12 While this provides valuable context to the figures currently generated by the standard method, it is apparent that none of the six authorities were previously found to have a '*significantly greater*' need than it now suggests[85]. Previous assessments therefore do not in isolation suggest, in the context of the PPG, that it would be justified for any to plan for a higher level of need.

Previous levels of housing delivery

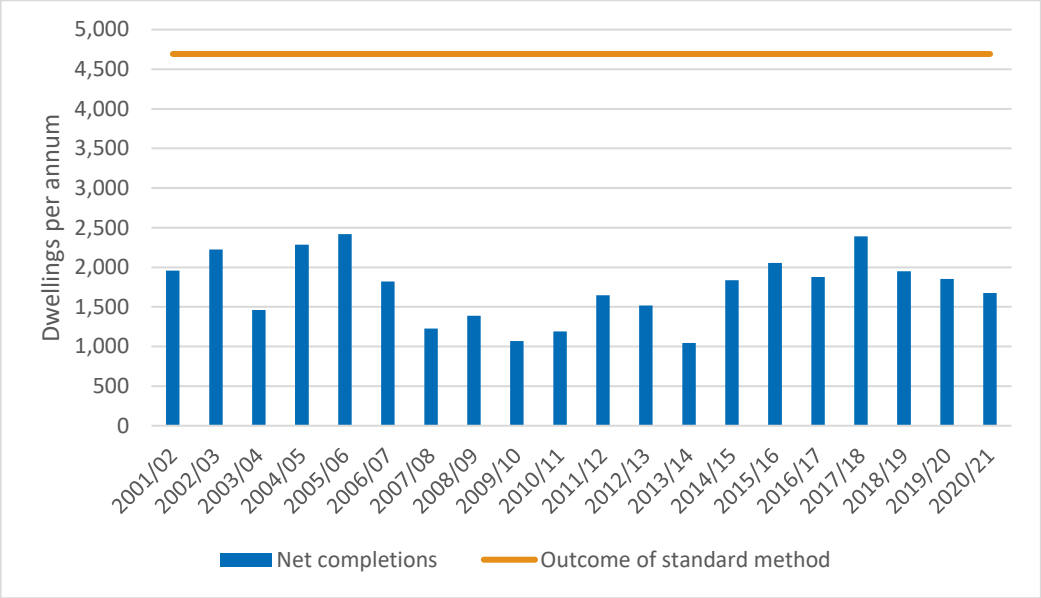
4.13 The PPG also requires the outcome of the standard method to be compared against previous levels of housing delivery, confirming that significantly higher delivery should be taken into account when considering whether it is appropriate to plan for a higher level of need[86].

4.14 This is clearly not the case when considering South Essex as a whole, where the suggestion of a need for at least 4,691 dwellings per annum far exceeds past delivery. The six authorities have collectively delivered a maximum of 2,417 homes in any one year, this occurring in 2005/06 and being some 48% lower than the outcome of the standard method. It is also of note that only 1,675 dwellings per annum were completed in 2020/21, the last year for which data is currently available, with this being nearly two thirds (64%) lower than the outcome of the method.

[85] PPG Reference ID 2a-010-20201216

[86] *Ibid*

Figure 4.3: Outcome of the Standard Method Relative to Past Delivery



Source: Councils' monitoring; Turley analysis

4.15 Housing delivery across South Essex over the past twenty years has not come close to the level now suggested as being needed by the standard method, and the same can also be said of most of the individual authorities in isolation. Table 4.1 shows that only Rochford has previously delivered at the scale now implied to be needed, and even this occurred only on one occasion – in 2006/07 – with the district annually delivering less than half as many homes on average over the period since, albeit with an improvement having been seen over the past five years[87]. Thurrock is the only other authority to have seen delivery approach the current need, coming within 1% in 2004/05, with Castle Point the next closest and seeing a peak – emboldened and underlined in the table for all six authorities – that was some 18% lower. Basildon and Brentwood have at best delivered 22% and 32% fewer homes than are respectively implied to now be needed, while Southend-on-Sea has delivered some 48% fewer. It is of note that even if each one of the authorities simultaneously matched their historic peaks, these having previously been achieved at different points, delivery would remain – at circa 3,726 dwellings per annum – over a fifth (21%) short of the level needed across South Essex as a whole according to the standard method, requiring a 26% boost to be met in full.

[87] Rochford reportedly delivered 449 new homes in 2006/07, but has subsequently seen an average of 177 dwellings per annum completed between 2007 and 2021

Table 4.1: Outcome of the Standard Method Relative to Past Delivery

	Basildon	Brentwood	Castle Point	Rochford	Southend-on-Sea	Thurrock
Need	**1,041**	**580**	**352**	**360**	**1,177**	**1,181**
2001/02	221	181	171	129	350	906
2002/03	280	264	173	165	384	957
2003/04	114	209	157	197	307	477
2004/05	135	151	**290**	59	481	**1,167**
2005/06	473	116	217	262	**610**	739
2006/07	183	218	115	**449**	443	413
2007/08	315	241	105	169	234	161
2008/09	478	251	114	102	315	130
2009/10	468	166	115	86	144	88
2010/11	172	**394**	110	42	183	288
2011/12	700	132	51	93	328	343
2012/13	622	211	75	43	254	311
2013/14	119	107	45	248	204	323
2014/15	678	159	202	167	322	309
2015/16	**816**	111	123	148	222	634
2016/17	412	150	114	117	480	603
2017/18	341	213	163	299	521	855
2018/19	340	246	200	262	492	409
2019/20	460	200	71	347	218	558
2020/21	265	168	163	349	237	493
Annual averages and quartiles						
2001-21	380	194	139	187	336	508
2011-21	475	170	121	207	328	484
2016-21	364	195	142	275	390	584
U quartile	474	224	172	262	452	660

Key	<25%	25-50%	50-75%	75-100%	>100%

Source: Councils' monitoring; Turley analysis

4.16 While there is clearly a sizeable gap between the number of homes completed in each authority and the number now suggested as being needed, this is not in itself a reason to believe that fewer homes are necessarily required. The PPG encourages consideration of past delivery only to check that this is not '*significantly greater*' and thus a sign of a *greater* need for housing than the standard method indicates[88]. It does not, in contrast, suggest that historically lower delivery should be used as evidence of a lower need, presumably in recognition of the longstanding national failure to deliver sufficient new homes and the risk that this pattern would not be broken if past delivery rates were given undue weight and used to moderate housing need figures.

4.17 Such an approach would equally fail to recognise that there has long been evidence – introduced earlier in this section – that more homes are needed in South Essex than have been recently delivered. The SHMA addendum, produced in 2017 for five of the commissioning authorities, acknowledged that meeting even its lower estimate of need for that area would require the long-term annual rate of delivery to more than double, and the pre-recession record – which still stands – to be bettered by some 63%[89]. The Brentwood Local Plan, meanwhile, references a need for 456 dwellings per annum which is some 16% higher than the recent peak, and more than double the 194 homes delivered annually on average over the past twenty years. This reaffirms why it would not be appropriate or reasonable to now reduce housing need in this area on the basis of past delivery alone.

Demographic baseline

4.18 The outcome of the standard method is heavily influenced by its demographic baseline, drawn from the official 2014-based household projections. While the PPG does not necessarily require this to be scrutinised in detail, it does emphasise that any alternative assessment would need to adequately reflect '*current and future demographic trends*' while making '*realistic assumptions of demographic growth*'[90]. It is arguably therefore appropriate to consider the demographic assumptions made in the baseline in further detail, to ensure that they are realistic and broadly reasonable.

4.19 The 2014-based household projections that form the baseline for the standard method were released in July 2016 and are intended to show:

> *"…the number of households there would be in England if a set of assumptions based on previous demographic trends in population – births, deaths and migration – and household formation were to be realised in practice"*[91]

4.20 The precise figure generated through the standard method is therefore intrinsically linked to the official 2014-based sub-national population projections (SNPP) which were released two months earlier in May 2016. This incidentally allowed them to be

[88] PPG Reference ID 2a-010-20201216

[89] Turley (May 2017) Addendum to the South Essex Strategic Housing Market Assessment, paragraph 4.50

[90] PPG Reference ID 2a-015-20190220

[91] ONS (October 2018) What our household projections really show

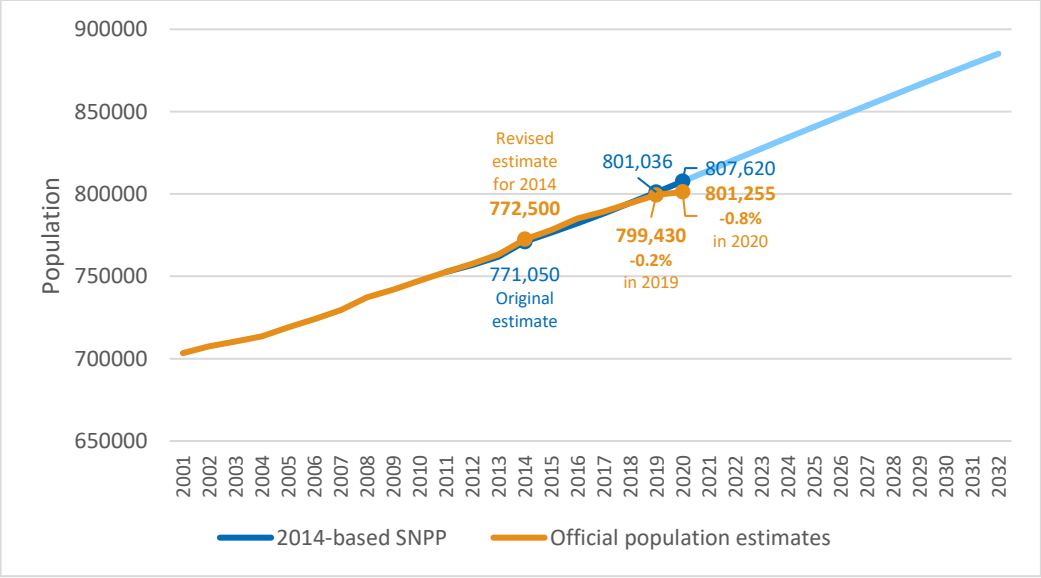
taken into account and scrutinised in the last SHMA addendum, being found to offer a '*reasonable*' demographic starting point for the five authorities then covered[92].

4.21 The 2014-based SNPP estimate how births, deaths and migration might affect the population of local authorities like those in South Essex. They took account of official population estimates up to and including 2014 – since modestly revised by the ONS, as introduced in section 2 – and make assumptions on future changes based on trends recorded in the preceding five year period[93] (2009-14).

4.22 The ONS continues to estimate the population of every local authority each year, with the latest estimates – introduced in section 2 – relating to mid-2020. This enables a process of comparison with the level of population growth suggested in the initial six years of the 2014-based SNPP, to test the reliability and suitability of their assumptions at a high level.

4.23 The 2014-based SNPP anticipated that the population of South Essex would grow by around 36,570 persons between 2014 and 2020. The ONS has subsequently estimated that the population has actually grown by approximately 28,755 persons, albeit from a base that was 1,450 persons higher following revisions to the initial estimate for 2014. This nonetheless suggests that the population of South Essex has grown at slightly over three quarters (79%) of the anticipated rate, with the population in 2020 around 0.8% smaller than projected as a result. It is important to recognise, however, that this divergence has only recently emerged, as 90% of the population growth anticipated in South Essex to 2019 was believed to have occurred and the population in that year was within 0.2% of the projection.

Figure 4.4: Comparing Projected and Actual Population Growth in South Essex



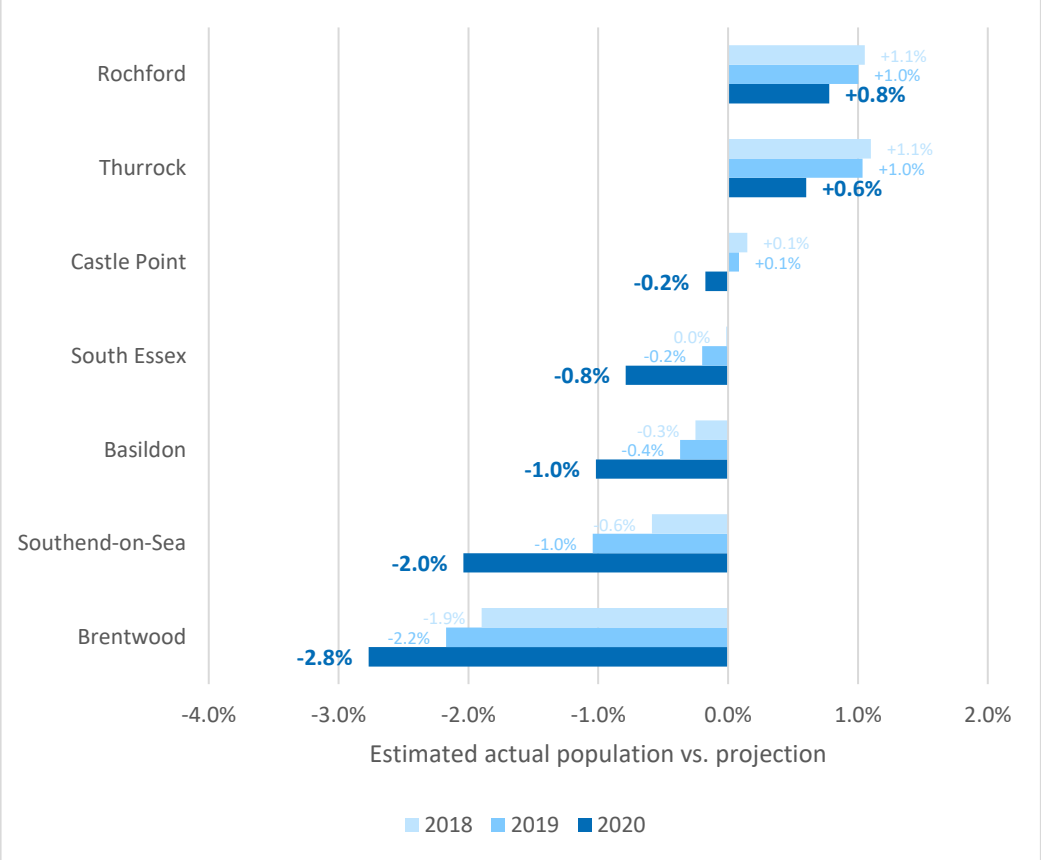
Source: ONS

[92] Turley (May 2017) Addendum to the South Essex Strategic Housing Market Assessment, paragraph 4.12

[93] ONS (May 2016) Methodology used to produce the 2014-based subnational population projections for England

4.24 Not every authority has seen its population grow at a slower rate than anticipated by the 2014-based SNPP. Rochford and Thurrock are believed to have seen *stronger* rates of growth, to the point where their populations in 2020 were respectively 0.8% and 0.6% above the level of projected in that year. Population growth in Castle Point has also aligned closely with the projection, whereas Basildon, Southend-on-Sea and particularly Brentwood have all seen their populations grow more slowly than projected. Figure 4.5 shows that these divergences became more pronounced over the last year, albeit even in 2018 – when Basildon and Southend-on-Sea were more closely aligned to the projection – the population of Brentwood was some 1.9% smaller than anticipated. The population of South Essex as a whole was notably within 0.01% of the 2014-based projection at that point, being only 114 persons lower.

Figure 4.5: Comparing Projected and Actual Population in 2018, 2019 and 2020



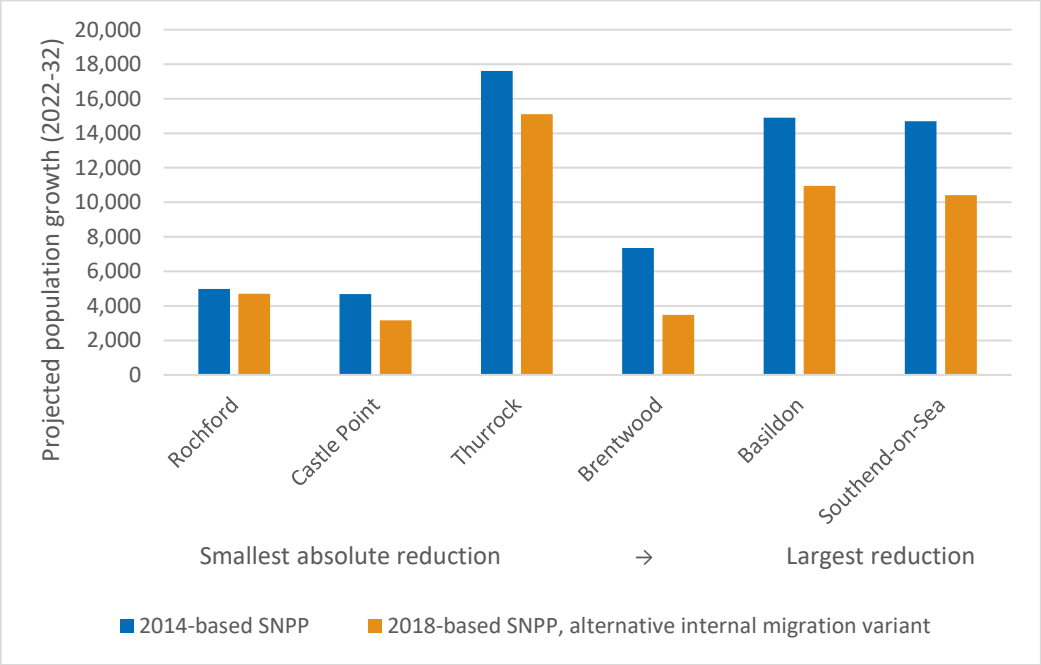
Source: ONS

4.25 The degree of alignment in 2018, across South Essex as a whole, is notable where this forms the base date of what remain the latest official projections, which were released in March 2020. The most comparable of the variants that are now produced – which like the 2014-based SNPP takes account of migration trends over a period of five years[94] – nonetheless downgraded the level of population growth that was projected

[94] The "principal" 2018-based SNPP exceptionally bases its internal migration trends on a period of only two years (2016-18) and is thus more prone to extrapolating shorter-term trends that may be less representative. This analysis therefore uses the "alternative internal migration" variant, which like the 2014-based SNPP is based on a period of five years (2013-18)

over the period for which the baseline is currently calculated (2022-32) both across South Essex and in each individual authority. The biggest reduction, in absolute terms, was seen in Southend-on-Sea, but Brentwood saw the greatest proportionate reduction with the projected level of population growth in the borough more than halved (-53%). This was more than double the 26% reduction implied across South Essex.

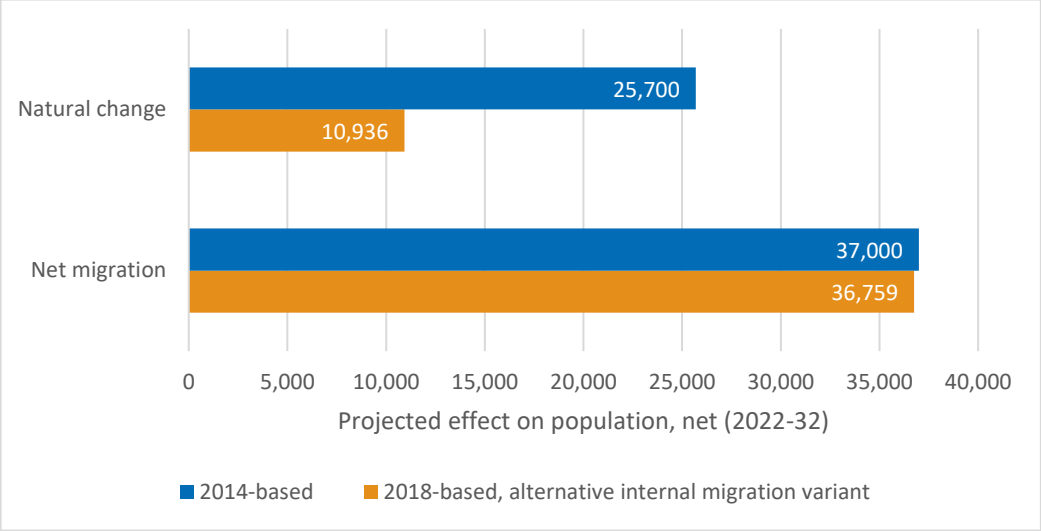
Figure 4.6: Comparing Growth Projected by 2014-based and 2018-based SNPP



Source: ONS

4.26 The reduction for South Essex is entirely attributable to an assumption that there will be a greater balance between births and deaths, and thus less pronounced natural change in the population. It is of note – and shown at Figure 4.7 – that the assumed scale of net migration into South Essex is extremely consistent between the two projections, particularly when acknowledged that the reported figures from the 2014-based SNPP are unavoidably rounded.

Figure 4.7: Comparing Drivers of Projected Population Growth in South Essex (2022-32)



Source: ONS

4.27 While the ONS now expects natural change to have a lesser effect on the population of South Essex than previously thought, it is important to recognise that this has been a recurring feature of recent official projections for much of England[95]. The Government will have undoubtedly been aware of this trend but has still twice opted to retain the 2014-based household projections as the baseline of its standard method, first in October 2018 – following the release of lower 2016-based projections[96] – and again in December 2020, after it had considered but dismissed an approach that used 2018-based projections[97]. It clearly did so '*in the interests of stability for local planning and for local communities*', avoiding '*the substantial change in the distribution of housing need that would arise*' if projections based on more recent trends were to be preferred[98].

4.28 Part of the Government's justification for retaining the 2014-based projections within the standard method was that '*household projections are constrained by housing supply*', such that a failure to deliver sufficient household can serve to restrict household formation and thus artificially affect any projections that are based on that trend[99]. The same logic can be reasonably extended to the population estimates on

[95] ONS (October 2019) National population projections: 2018-based. This confirms an assumption that '*women will have fewer children*' reflecting '*the recent fall in total fertility rates, which has continued in the two years*' since 2016-based projections were produced. It also confirms an assumption that '*life expectancy increases less than in the 2016-based projections…as a consequence of the continued limited growth in life expectancy over the last two years*'

[96] MHCLG (October 2018) Technical consultation on updates to national planning policy and guidance

[97] MHCLG (December 2020) Government response to the local housing need proposals in "Changes to the current planning system"

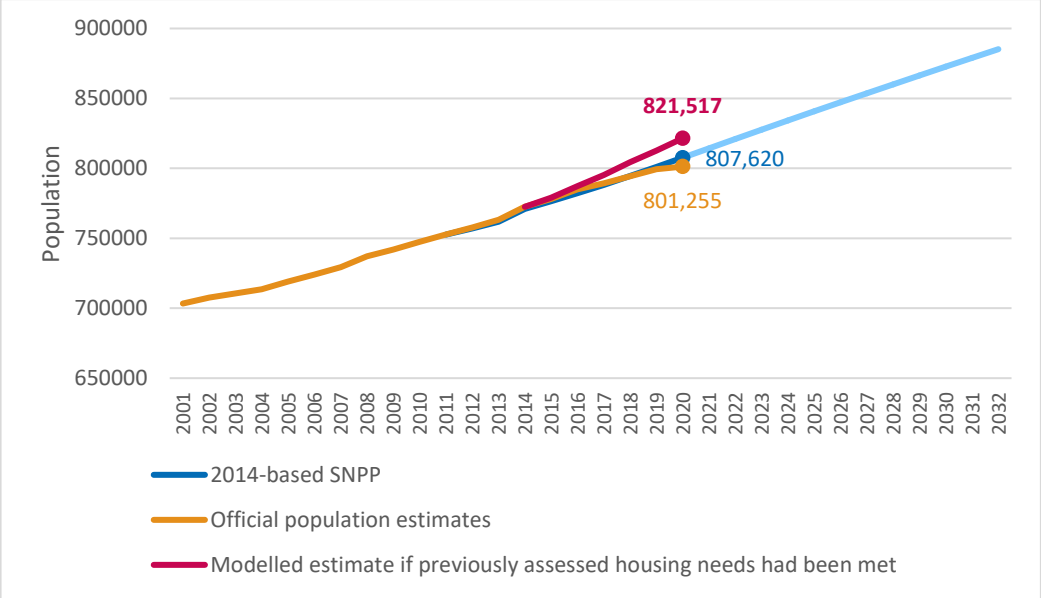
[98] *Ibid*

[99] MHCLG (October 2018) Technical consultation on updates to national planning policy and guidance, paragraph 11

which household projections are based, because population growth can be suppressed if there are insufficient homes to allow people to stay in or move to an area.

4.29 This is clearly a relevant consideration in South Essex, where assessments that predated the standard method – introduced earlier in this section – identified a total need for more than 4,088 dwellings per annum but no more than 2,417 homes have actually been delivered in any year for at least two decades. The population could have arguably grown faster if housing needs had been met in full, closing the gap when comparing to the 2014-based projections by allowing more people to stay in or move to South Essex. Indeed, modelling developed by Edge Analytics – intended to show how the population could have potentially changed from 2014 onwards if housing needs were met in full, using an approach that is introduced in **Appendix 3** – suggests that population growth could have even surpassed the level anticipated by the 2014-based SNPP in such circumstances, as illustrated at Figure 4.8 below.

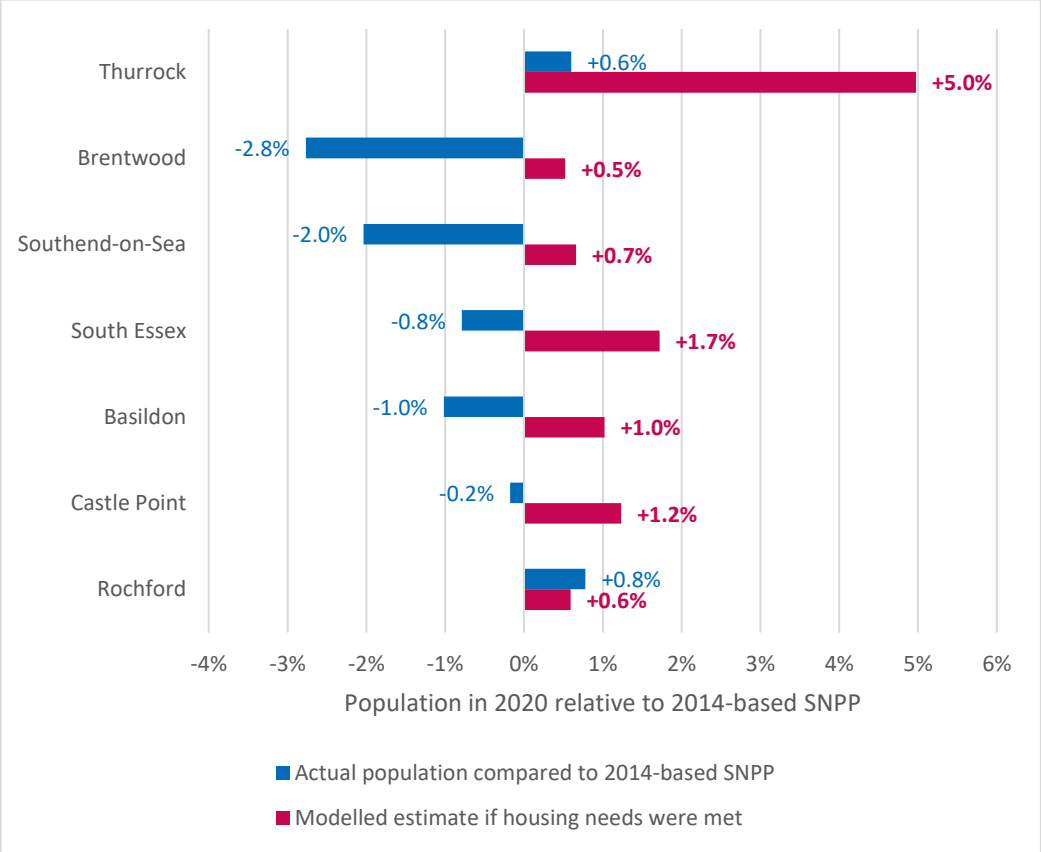
Figure 4.8: Modelling Population Growth in South Essex if Housing Needs Met in Full Between 2014 and 2020



Source: ONS; Edge Analytics; Turley analysis

4.30 This is also true for each of the six authorities, all of which could – according to this modelling – have potentially had larger populations in 2020 than suggested by the 2014-based projections if they had met their respective housing needs in full. The population of Brentwood, for example, could have potentially been 0.5% larger than suggested by that projection, rather than 2.8% smaller.

Figure 4.9: Benchmarking Modelled Estimates of Population in 2020 if Housing Needs Met in Full (2014-20)



Source: ONS; Edge Analytics; Turley analysis

4.31 This is not considered to warrant an upward adjustment to the demographic baseline of the standard method, but it equally suggests – in the context of the Government's stated rationale for retaining the 2014-based projection – that it would not be justified to reduce the baseline to account for the population growing at a slightly slower rate than it implicitly assumes. Doing so would threaten to simply embed the demographic consequences of housing supply falling short of need throughout much of this area, and would not be justified in the context of national planning policy.

Growth strategies and strategic infrastructure improvements

4.32 Although consideration of the relationship between housing and the economy is openly omitted from the standard method, the PPG still states that it is '*appropriate to consider whether actual housing need is higher than the standard method indicates*' in situations where deliverable growth strategies and funding are in place and likely to facilitate additional growth, or where strategic infrastructure improvements are likely to increase housing need.

4.33 It must be acknowledged, in this context, that much of the area here defined as South Essex – excluding only Brentwood – has historically been viewed as a nationally significant growth area, being part of the so-called Thames Gateway which also

covered parts of east London and north Kent[100]. While an area with numerous strengths, it has also been found to face '*many challenges*' including '*significant pockets of deprivation*' and a persistent inability to '*deliver the same level of economic growth as other parts of the UK'* over recent decades[101]. It was for this reason that – as previously noted in the SHMA addendum[102] – the Government established the Thames Estuary 2050 Growth Commission in 2016, tasking it with the development of an ambitious vision and delivery plan[103].

4.34 The Commission reported in June 2018, reaffirming the strengths of the area – like its proximity to London, international ports and abundance of land – but concluding that '*the 'business as usual' approach is not working*'[104]. It set a unifying vision for this area to transform '*from an underperforming river region to a tapestry of 'productive places' along a global river*'[105]. This was underpinned by six objectives, linked to productivity, connectivity, prosperity, affordability, adaptability and deliverability[106]. More specific visions were also developed for the five '*productive places*', including the following for the '*South Essex Foreshore*' which was comprised of Basildon, Castle Point, Rochford and Southend-on-Sea:

"The rich patchwork of places which form the South Essex Foreshore will be celebrated. Empowered by a statutory Joint Spatial Plan the area will go beyond 'business as usual'. Locally driven town centre transformation will help create lively places that people choose to work, live, learn and play in. These policies and local initiatives will see development unlocked, post-industrial landscapes restored, and the filling of empty business spaces to create a thriving and creative economy"[107]

4.35 Thurrock was separately defined as part of the '*Inner Estuary*', along with Dartford, Gravesham and the Ebbsfleet Development Corporation. The vision for this area described how '*a thriving and higher value Port of Tilbury and London Gateway Port will create opportunities for an upskilled and aspirational population*', alongside '*healthy town centres*' and the delivery of Ebbsfleet Garden City[108].

4.36 The Government welcomed the Commission's report in its official response nine months later, in March 2019, and reiterated both its support and commitment to continue working with local partners[109]. It helped to establish the Thames Estuary Growth Board, which is intended to '*stimulate growth in the economy*' by championing the vision for the region, acting as a critical friend to local and national government, and driving specific local priorities[110].

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[100] Government Office for the East of England (May 2008) East of England Plan

[101] MHCLG (March 2019) Government response to the Thames Estuary 2050 Growth Commission, paragraph 1

[102] Turley (May 2017) Addendum to the South Essex Strategic Housing Market Assessment, paragraph 1.7

[103] MHCLG (March 2019) Government response to the Thames Estuary 2050 Growth Commission, paragraph 1

[104] Thames Estuary 2050 Growth Commission (June 2018) 2050 Vision, p2

[105] *Ibid*, p6

[106] *Ibid*, p8-9

[107] *Ibid*, p18

[108] *Ibid*, p14

[109] MHCLG (March 2019) Government response to the Thames Estuary 2050 Growth Commission, paragraph 3

[110] *Ibid*, p11

4.37 The Growth Board subsequently published its own Action Plan in July 2020, titled "The Green Blue" to symbolise the ambition for '*green growth*' alongside the blue of the River Thames[111]. The Action Plan explains how it intends to '*coordinate, clarify and bring forward Thames Estuary-based investment propositions to drive growth*' in the '*complex and challenging post-COVID and post-Brexit economic climate*'[112]. It suggests that a particular priority is to secure '*pan-Estuary benefits*' from the Thames Freeport which was then proposed, ahead of its formal designation by the Government in the following March and its opening in December 2021 with several tax and custom sites in Thurrock, close to the Port of Tilbury and London Gateway Part[113].

4.38 An Economic Development Needs Assessment (EDNA) has been separately commissioned for Thurrock to examine how the opening of the Freeport and other investments could affect the local economy and create new jobs. While its findings are not yet available at the time of writing, it is of note – from the modelling introduced at the end of the previous section – that Thurrock would appear able to substantially grow its labour force by meeting the minimum need for housing suggested by the standard method. Delivering at this level could support the creation of some 21,651 jobs in Thurrock over twenty years (2020-40) which far exceeds the baseline forecasts that are introduced in this report and believed to also be used in its EDNA. This suggests a considerable amount of headroom to support a departure from "business as usual".

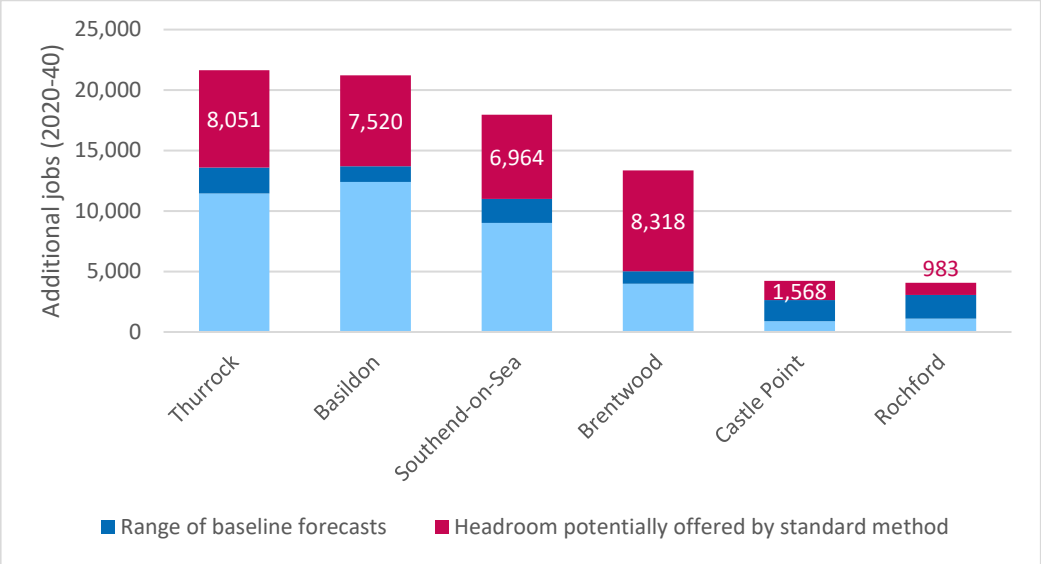
4.39 Figure 4.10 further summarises modelling first introduced at the earlier Table 3.5 and suggests that the same can actually be said of each authority. All could see job growth beyond the level suggested by the two baseline forecasts if they meet their housing needs in full, albeit it is important to recognise that these economic forecasts may yet be separately interrogated in EDNAs (or similar) with conclusions reached on whether they are indeed representative of likely future job growth. Such a study for Rochford and Southend-on-Sea is believed to already be underway, but is yet to report at the time of writing.

[111] Thames Estuary Growth Board (July 2020) The Green Blue: Action Plan 2020

[112] *Ibid*, p3

[113] *Ibid*, p3; https://www.gov.uk/government/news/boost-for-thames-estuary-as-freeport-opens-for-business; https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/990321/Freeport_Location_Maps.pdf

Figure 4.10: Employment Growth Supported and Forecast in South Essex (2020-40)



Source: Edge Analytics; Experian; Cambridge Econometrics; Turley analysis

4.40 Growth strategies and infrastructure investments in any of the South Essex authorities will therefore not necessarily generate a greater need for housing than implied by the standard method, due to the amount of headroom that exists beyond baseline forecasts. This should however be kept under constant review as the Councils develop their evidence bases, particularly checking whether any concluded level of future job growth exceeds that which could be accommodated by simply meeting the minimum housing need suggested by the standard method. This could reasonably take account of the headroom that appears likely to exist in other parts of South Essex, given the economic relationships between each authority, albeit this principle would need to be agreed in accordance with national policy and the implications considered more fully where it is proposed through an emerging Local Plan policy.

Summary

4.41 The standard method indicates that there is a need for **4,691 dwellings per annum** throughout South Essex, but this is intended to represent only a minimum starting point with authorities required to consider whether it may be appropriate to plan for a higher level of housing need. There may also be '*exceptional local circumstances*' that justify planning for a lower level of need, albeit the Government has set a deliberately high bar in this regard and made clear that any such approach would be closely scrutinised at Examination.

4.42 The PPG encourages authorities to check the outcome of the standard method against previous assessments of need, with this revealing a notably close alignment for the five authorities covered by the last SHMA addendum. The method currently suggests a need for 4,111 dwellings per annum across these areas, only slightly exceeding the upper end of the stated range (3,750-4,000dpa) and indeed aligning exactly when authorities' individual figures are summed. The minimum need now suggested by the standard method sits within the ranges previously reported for Rochford and Thurrock, and is no more than 13% higher amongst the other authorities. There is admittedly less

alignment in the case of Brentwood, where the recent adoption of the Local Plan has raised the cap and led the method to suggest a need for some 62% more homes than previously thought to be needed, but it is still the case that – in the context of the PPG – no past assessment suggests a '*significantly greater*' need for housing than now implied by the standard method.

4.43 The PPG requires similar checks to be made against past delivery, which has not come close to the level now suggested as being needed across South Essex as a whole. This is also the case for most individual authorities, with only Rochford even once delivering at that scale in any one of the past twenty years. The PPG does not suggest that this can be taken as evidence of a lower need for housing, however, presumably in recognition of the longstanding national failure to deliver sufficient new homes with the pattern unlikely to be broken if past delivery is used to moderate housing need figures. Previous assessments likewise found that substantially more homes are needed in each of the six authorities than have recently been delivered.

4.44 The population of South Essex has evidently grown at a slightly slower rate over the period to 2020 than anticipated by the 2014-based projections that ultimately underpin the standard method, particularly over the last reported year to 2020 with the population almost exactly aligning with the projection as recently as 2018. The most comparable variant of the latest official projections, which are based to that year, nonetheless suggests that the population of South Essex will grow by 26% less than anticipated by the 2014-based projections over the period of relevance to the standard method (2022-32) despite both projections assuming an almost identical net inflow of people from elsewhere. The reduction is therefore driven by an assumption that births and deaths will be more evenly balanced, but this is a recurring feature of recent projections throughout England and has not led the Government away from its approach of using older 2014-based projections within its standard method. This is partly due to its acknowledgement that projections are also influenced by housing supply, which is clearly a relevant consideration in South Essex where, as noted above, delivery has fallen short of previously evidenced need. Modelling presented in this section indicates that the population of each authority, and of South Essex as a whole, could have potentially grown at a *faster* rate than anticipated by the 2014-based projections had housing needs been met in full.

4.45 While the standard method does not, through its stepped calculation, take account of the relationship between housing and the economy, the PPG still requires consideration of whether there will be a greater need for housing than it suggests. The circumstances it suggests could result in a higher need include the delivery of funded growth strategies and strategic infrastructure improvements. This is clearly of relevance to South Essex, much of which has been historically designated as a nationally significant growth area, with the Thames Estuary Growth Commission having recently outlined an ambitious vision that was endorsed by Government and is now being championed by a Growth Board. While there is little certainty about what this will mean in terms of job creation, it is apparent from this report's demographic modelling that meeting the minimum need for housing could provide the labour force to support some 82,450 new jobs between 2020 and 2040, far more than suggested by recent baseline forecasts meaning that there should be ample headroom to support a departure from "business as usual". Growth strategies and investments will therefore

not necessarily generate a greater need for housing than the standard method suggests, but this will need to be checked once there is further clarity on the future level of job growth in South Essex.

4.46 In summary, the standard method appears from current evidence to provide reasonable estimates of housing need in each of the South Essex authorities, and across the area as a whole. This will, however, need to be kept under review as each authority develops its evidence base, and would also need revisiting if the Government was to amend the standard method itself.

5 Size and Type of Housing Needed

5.1 The NPPF states that the planning system should:

> *"…support strong, vibrant and healthy communities, by ensuring that a sufficient number and **range** of homes can be provided to meet the needs of present and future generations"*[114] (emphasis added)

5.2 It further confirms that:

> *"…the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies"*[115]

5.3 The PPG provides guidance on approaches that can be taken when identifying the need for different types of housing, acknowledging that the standard method does not itself split the minimum annual housing need figure into different groups[116]. It does not, however, prescribe a single approach that must be taken to assess the mix of housing needed.

5.4 The 2011 Census, while increasingly dated, continues to provide the most detailed available insight into the housing choices of different types of households at the local authority level. It once again provides a robust basis for estimating the size and type of housing that could be needed to accommodate projected change in the household profile, comparable to that presented in section 5 of the SHMA addendum.

5.5 Such modelling again assumes that evidenced local tendencies are maintained throughout the assessment period, with no attempt made to estimate how market factors – such as changes to house prices, incomes and household preferences – will impact upon households' propensity to occupy housing of different sizes. This approach continues to be considered reasonable, as while inevitably tied to the existing stock of an area it ensures that analysis is grounded in a robust evidence-based position on household choices.

Understanding local occupancy trends

5.6 Table 5.1 of the SHMA addendum summarised Census data on the tendency of different household types to occupy different sizes of housing, both throughout South Essex and within each individual authority[117].

5.7 This data was necessarily aggregated to three broad household typologies. While a similar process is still required to align with the household types reported by Edge Analytics' modelling, a slightly more granular position for *five* household categories can

[114] MHCLG (July 2021) National Planning Policy Framework, paragraph 8b

[115] *Ibid*, paragraph 62

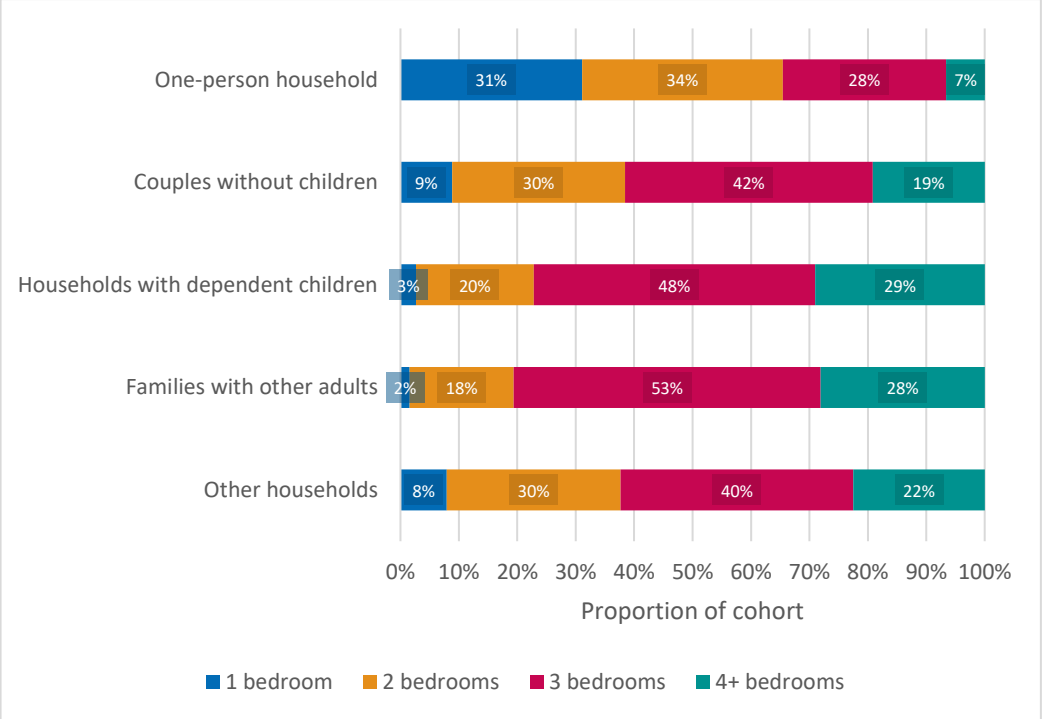
[116] PPG Reference ID 67-001-20190722

[117] No equivalent table appears to feature in the relevant part of the Brentwood SHMA

now be provided, also offering the opportunity to add comparable insight for Brentwood where this does not appear to have featured in its previous SHMA.

5.8 Figure 5.1 initially summarises trends for South Essex as a whole, highlighting that one-person households display the greatest tendency to occupy smaller properties albeit over one in three (35%) do still live in larger homes containing at least three bedrooms. The tendency to occupy smaller properties reduces amongst other household groups, with only 20% of families with other adults – who may be non-dependent children or older relatives – living in properties with two bedrooms or fewer. The vast majority of such households occupy larger properties, with 28% having at least four bedrooms. A comparable proportion of families with dependent children likewise occupy such large properties.

Figure 5.1: Property Size by Household Type in South Essex (2011)



Source: Census 2011

5.9 Table 5.1 overleaf provides equivalent insight for each individual authority, consistently highlighting a favouring of smaller properties amongst one-person households – albeit not exclusively so – and a tendency towards larger properties amongst families with children, even where these are non-dependent. To aid interpretation, the table highlights the most prominent property size for each type of household, in green, and the least prominent in red.

Table 5.1: Property Size by Household Type (2011) *Source: Census 2011*

	Bedrooms					Bedrooms			
	1	2	3	4+		1	2	3	4+
Basildon					**Rochford**				
One-person household	31%	32%	30%	7%	One-person household	24%	38%	30%	8%
Couples without children	8%	26%	43%	23%	Couples without children	6%	30%	42%	22%
Households with dependent children	3%	20%	49%	29%	Households with dependent children	1%	14%	46%	39%
Families with other adults	1%	17%	52%	30%	Families with other adults	1%	17%	49%	33%
Other households	6%	27%	43%	24%	Other households	5%	25%	39%	32%
Brentwood					**Southend-on-Sea**				
One-person household	26%	37%	28%	9%	One-person household	38%	34%	22%	6%
Couples without children	7%	27%	39%	28%	Couples without children	13%	33%	38%	16%
Households with dependent children	2%	19%	38%	41%	Households with dependent children	3%	24%	46%	27%
Families with other adults	1%	17%	45%	37%	Families with other adults	3%	23%	49%	26%
Other households	6%	32%	35%	27%	Other households	12%	34%	34%	20%
Castle Point					**Thurrock**				
One-person household	24%	41%	28%	7%	One-person household	31%	32%	34%	4%
Couples without children	8%	33%	40%	19%	Couples without children	9%	28%	51%	11%
Households with dependent children	2%	15%	48%	35%	Households with dependent children	3%	23%	55%	19%
Families with other adults	1%	17%	49%	32%	Families with other adults	1%	15%	65%	18%
Other households	4%	26%	40%	30%	Other households	8%	29%	47%	16%

Considering subsequent change since 2011

5.10 The above is inevitably a snapshot of local household choices at a point in time, when the last reported Census was undertaken over eleven years ago in 2011. Equivalent data from the 2021 Census, held last March, is yet to be published at the time of writing, and without it there is no reliable local evidence that can be used to understand how preferences have changed in the intervening period.

5.11 National surveys can provide an indication of recent trends, albeit it is important to recognise that any such changes will inevitably reflect to some extent the supply of housing made available which is generally becoming smaller. National research has found that homes built from 2010 onwards had 2.95 bedrooms on average, compared to 3.32 in the previous decade[118]. The English Housing Survey has similarly found that homes built since 2005 were more likely to have one or particularly two bedrooms, compared to those completed earlier[119]. This is undoubtedly influenced by the growing prevalence of flats, which accounted for 44% of the newer dwellings captured in the survey but only 18% of older homes.

5.12 While the vast majority of these properties are likely to have been occupied by households, they should not be assumed to have satisfied housing needs in all cases. Overcrowding – a sign that a property is not large enough for its occupier(s) – has notably become more common in this time, nationally reaching its highest level for at least 25 years in 2019/20 and remaining close to record levels despite the slight improvement of the subsequent year[120]. Nearly a quarter (23%) of overcrowded households are explicitly dissatisfied with their home[121].

5.13 Caution should therefore be exercised before assuming that the increasingly small properties developed in England are necessarily meeting households' needs, or fundamentally changing requirements or preferences in terms of property size. This is a particularly important distinction to make outside of city centres, where residents are generally persuaded by the enhanced amenities and cultural offer to make a '*space sacrifice*' for '*a short phase of their lives*'[122].

5.14 Space is known to have long been a key consideration for buyers, being found to be the most crucial factor to people searching for a property in a nationwide 2019 survey for example[123]. It appears to have only become more so during the pandemic because:

[118] LABC Warranty (September 2019) What is the average house size in the UK? New data

[119] House of Commons Library (March 2020) Tackling the under-supply of housing in England, p21. Circa 10% of old dwellings (pre-2005) had one bedroom, rising to 14% in new dwellings (2005+); circa 27% of old dwellings had two bedrooms, rising to 40% in new dwellings

[120] DLUHC (December 2021) English Housing Survey 2020 to 2021: headline report, Annex Table 1.24. Some 3.5% of households in England were overcrowded in 2019/20, and the figure for the subsequent year (2020/21) remains higher than recorded in all but the three previous years, therefore exceeding all other years back to 1995

[121] MHCLG (July 2021) English Housing Survey data on attitudes and satisfaction, FA5401: satisfaction with accommodation

[122] Centre for Cities (2005) Faulty Towers? City Centre Housing Markets in the UK, p5; Centre for Cities (2015) Urban Demographics: why people live where they do

[123] MFS (May 2021) The Homebuyer Wishlist 2021

"…repeated lockdowns, during which people were confined to their homes for long periods of time, have fuelled a desire for space; access to gardens; and less crowding"[124]

5.15 A recent update to the aforementioned survey, in 2021, found that a property's square footage was still '*important*' or '*very important*' to 89% of surveyed buyers, keeping it amongst the most important factors but now ranking second having been replaced as the highest priority by access to a garden and/or outdoor space[125].

5.16 This is another issue that was '*brought to the fore during…lockdown*', when access to private open space was a critical factor and those without such space were found to be the least comfortable[126]. In another recent survey, this time only of first-time buyers, nearly two thirds (64%) reported that having a private garden had become more important to them since the start of the pandemic, this rising in importance more than any other factor[127]. Gardens generally cannot, by design, be offered to households occupying flats, albeit this will clearly need to be balanced against the fact that such properties are generally more affordable. This is certainly true in South Essex where the average flat last year cost 31% less to buy than a terraced house, as the next most affordable property type[128].

5.17 The 2021 Census, held approximately one year into the pandemic, will provide crucial insight into the housing choices made by different types of households, weighing their priorities – which may now include space in which to work from home, for at least part of the week – against affordability considerations. While it would be inappropriate to pre-empt its findings, and adjust the trends recorded in 2011, the Councils are nonetheless advised to review any published data once available, and potentially revisit this part of the evidence base if there are signs of fundamental changes.

Projected change in the household profile

5.18 Figure 5.2 draws upon Edge Analytics' modelling to illustrate the scale of growth projected amongst different household types over the assessment period, when assumed that each of the South Essex authorities meets its housing need in full. It suggests that growth will be led by households with children, closely followed by one-person households. There is, however, notably expected to be growth in each of the household categories, including couples without children, families with other adults – such as elderly relatives or non-dependent children – and other households[129].

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[124] Resolution Foundation (May 2021) Pandemic leading to a 'race for space' – and soaring house prices in least populated areas, online

[125] MFS (May 2021) The Homebuyer Wishlist 2021

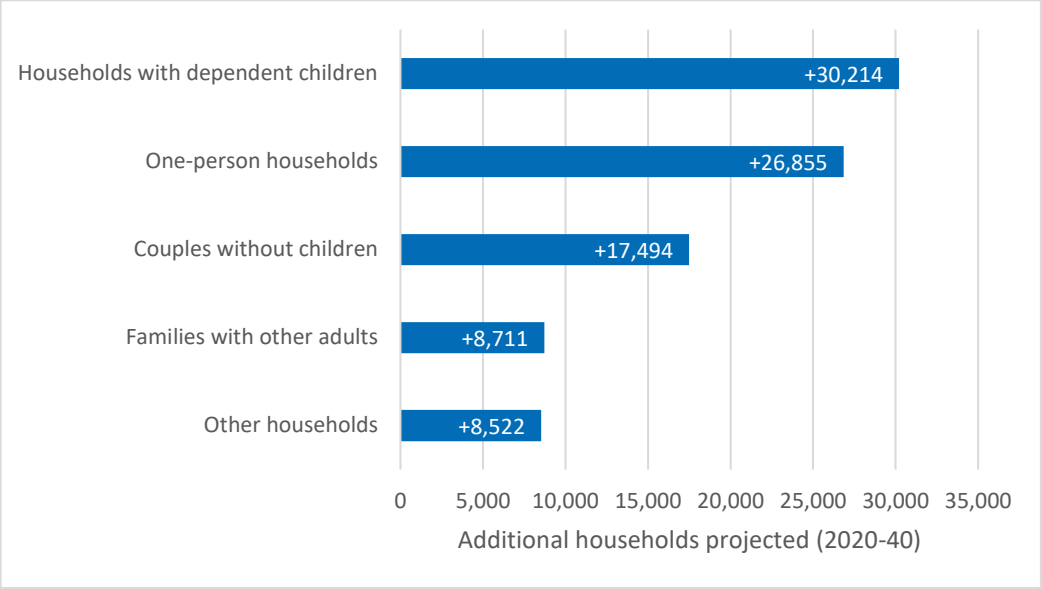
[126] Health Foundation (December 20202) Better housing is crucial for our health and the COVID-19 recovery; Place Alliance (October 2020) Home Comforts: how the design of our homes and neighbourhoods affected our experience of the Covid-19 lockdown and what we can learn for the future

[127] Share to Buy and Peabody (March 2021) Survey reveals home buyers' post-pandemic priorities, online

[128] Land Registry data indicates that an average of £227,403 was paid for a flat in South Essex in 2021, compared to £328,004 for a terraced house

[129] Worsening affordability is likely to have increased the number of young adults living with parents or other adults, rather than alone as they may have done in the past. The modelling does, however, apply an adjustment to younger household formation rates (see paragraph 3.27) so assumes that fewer will do so in future

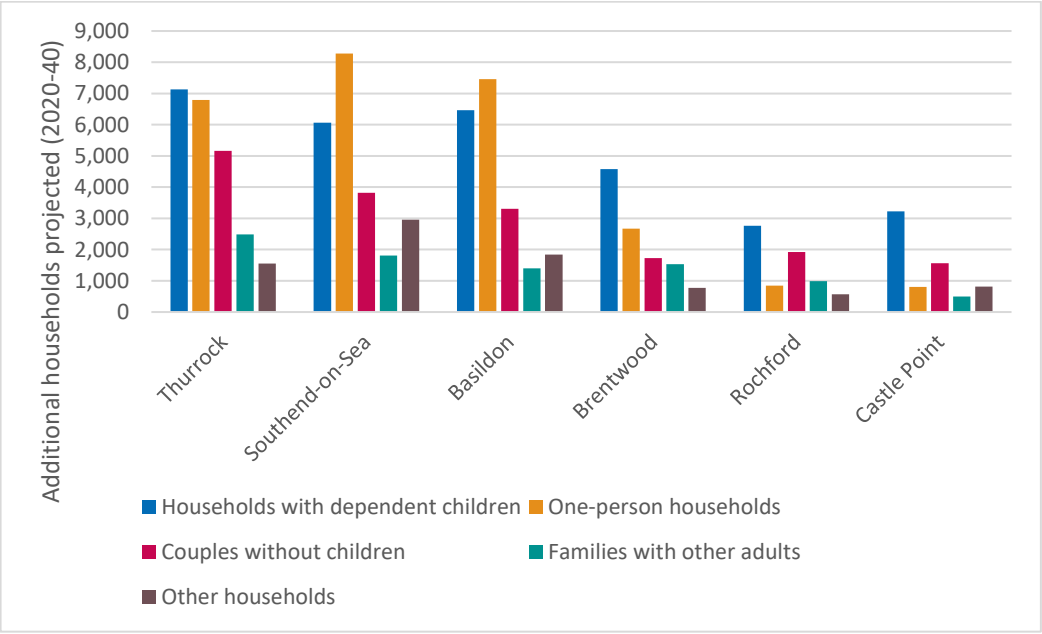
Figure 5.2: Projected Change in South Essex by Household Type (2020-40)



Source: Edge Analytics; Turley analysis

5.19 This is also true of each local authority, with all expected to see growth in every type of household if they meet their housing needs over the period to 2040. As is the case across South Essex, households with children would be expected to drive growth in Brentwood, Rochford, Castle Point and Thurrock, albeit the modelling suggests that the latter is also set to see a similar growth in its number of one-person households. One-person households also notably prevail over those with dependent children in Basildon and particularly Southend-on-Sea.

Figure 5.3: Projected Change by Household Type (2020-40)



Source: Edge Analytics; Turley analysis

Implications for the size of housing needed

5.20 The profile of household growth implied above could be expected to drive demand for different sizes of housing over the period to 2040, based on the varying tendencies shown at the earlier Table 5.1. By aligning with the existing tendencies of different household types, on a proportionate basis, an illustrative profile of the size of housing that could be required by additional households in each area can be established. This modelling, summarised at Table 5.2, relates to all additional households and cannot be broken down by tenure.

Table 5.2: Implied Size of Housing Required in South Essex (2020-40)

	1 bed	2 beds	3 beds	4+ beds	Total
Basildon	14%	26%	40%	20%	100%
Brentwood	9%	25%	36%	30%	100%
Castle Point	6%	24%	43%	27%	100%
Rochford	6%	22%	43%	29%	100%
Southend-on-Sea	19%	30%	35%	16%	100%
Thurrock	13%	26%	48%	13%	100%
South Essex	**13%**	**26%**	**41%**	**20%**	**100%**

Source: Turley; Edge Analytics; Census 2011

5.21 This modelling suggests that some 41% of the additional households projected in South Essex could require three bedrooms, implying that this will be the most needed property size by some distance. This is also true of each individual authority albeit to varying extents, three bedroom properties being required by only 5% more households than could need two bedrooms in Southend-on-Sea, for example. Only a slightly smaller proportion of the additional households projected in Brentwood, in contrast, could require at least four bedrooms (30%) with a comparable proportion of new households in Rochford and Castle Point similarly requiring such large properties.

5.22 This appears to come at the expense of smaller properties, with fewer than a tenth of the additional households projected in Brentwood, Castle Point and Rochford expected to require a property with only one bedroom. Homes of this size could, in contrast, be needed by nearly a fifth (19%) of additional households in Southend-on-Sea, which is likewise implied to see the strongest need for two bedroom properties even if this is notably more consistent across the six authorities.

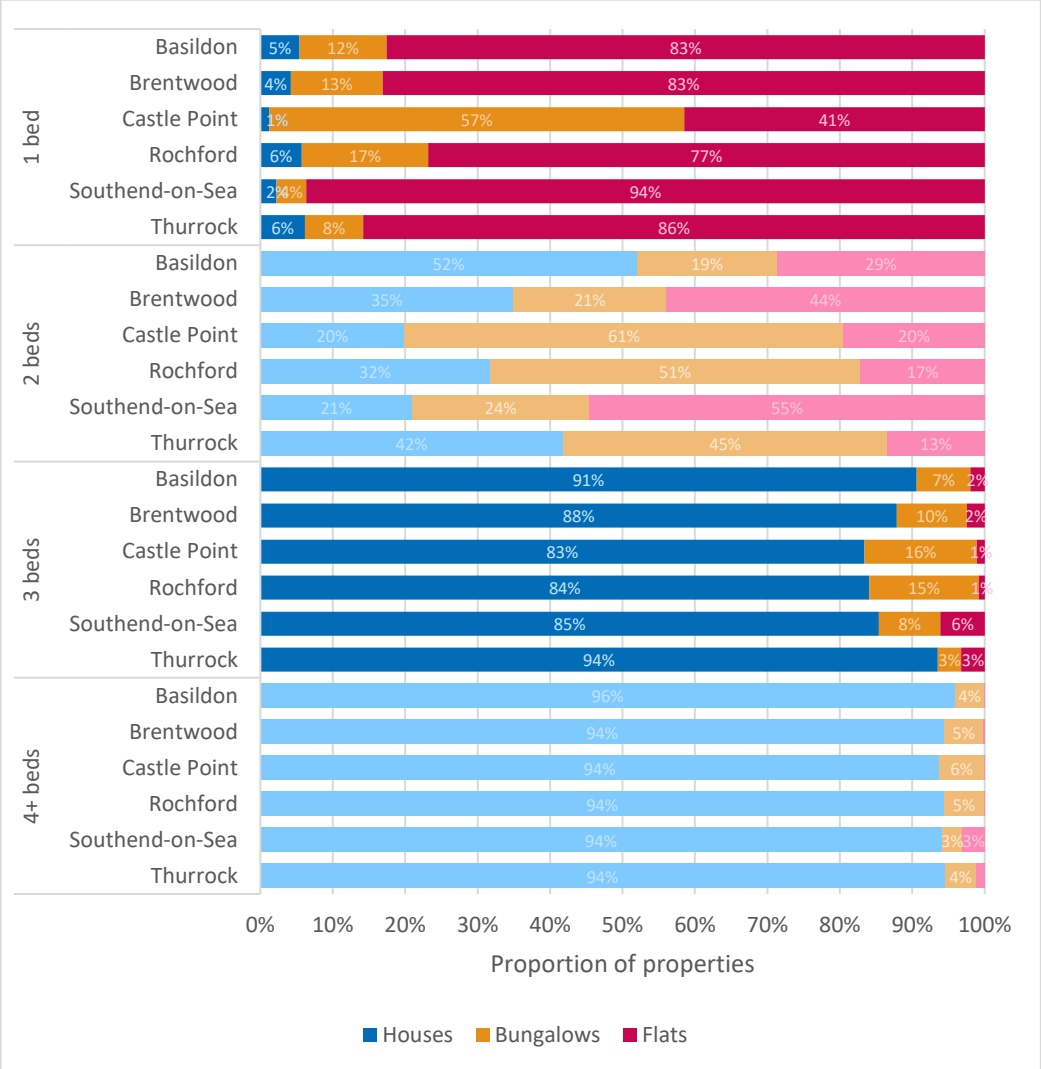
Implications for the type of housing needed

5.23 The type of property that may be required to provide homes of the necessary size can also be estimated, drawing upon the VOA data introduced in section 2 of this report. This confirms the proportion of dwellings of each size that are flats, bungalows and houses as of 2021, necessarily excluding the other property types identified at Table

2.1 – like park homes and caravans – where the VOA provides no detail on the number of bedrooms in such properties.

5.24 Figure 5.4 indicates that most one bedroom properties in South Essex are flats albeit there are also evidently bungalows of this size, particularly in Castle Point. Two bedroom properties are more evenly split between houses, bungalows and flats, with notable skewing towards the latter in Southend-on-Sea and former in Basildon. Houses account for the vast majority of larger homes, containing at least three bedrooms.

Figure 5.4: Type of Housing by Number of Bedrooms[130] (2021)



Source: VOA, 2021

5.25 Based on this profile, some 65% of all new homes provided in South Essex could need to be houses, in order to meet the size requirements introduced at the earlier Table 5.2. A further quarter (23%) could need to be flats, with the remaining 12% needing to be bungalows. This does again vary between the authorities, however, with Table 5.3

[130] While relating to the same categories as shown in the key, lighter shades are shown for 2/4+ beds to visually distinguish between properties of different sizes and ease interpretation of the chart

showing that as many as 71% of households could need houses in Rochford and up to 37% could require flats in Southend-on-Sea. Some 26% of households in Castle Point are implied to need bungalows, no doubt reflecting its existing offer of such properties as discussed in section 2. The analysis in that section also identified how the borough had a relatively large number of "other" properties, including caravans and park homes, but the aforementioned lack of detail on the number of bedrooms in such properties means that they have been necessarily excluded from this exercise which implicitly therefore assumes that no further caravans or park homes will be needed.

Table 5.3: Implied Type of Housing Required in South Essex (2020-40)

	Houses	Flats	Bungalows	Total
Basildon	70%	20%	10%	100%
Brentwood	69%	19%	11%	100%
Castle Point	66%	8%	26%	100%
Rochford	71%	9%	21%	100%
Southend-on-Sea	52%	37%	12%	100%
Thurrock	69%	24%	7%	100%
South Essex	**65%**	**23%**	**12%**	**100%**

Source: Turley; Edge Analytics; Census 2011

5.26 The implied need for bungalows is based on an assumption that such properties will continue to be developed, to offer smaller housing of the size they presently do in each area. It is important to acknowledge though that this will not necessarily be the case, as smaller homes can be reasonably offered in other forms. This could serve to overcome the challenges often faced in developing bungalows, described as follows during a Select Committee Inquiry into housing for older people given their popularity amongst this cohort:

"In London and the south-east, where land prices are so high and space is at such a premium, to suggest we can build enough bungalows for all the old people who want them – it is not going to happen. Planning rules would not allow you to have that sort of footprint. That is why trying to capture what it means to live in a bungalow, in terms of some outside space, all one area, open plan, easily accessible, in alternative village-type designs or apartment-type designs, is the way forward"[131]

5.27 In this context, when interpreting and applying the above modelling outputs for the purposes of future policy development, it could arguably be justified to view the implied need for bungalows and flats in combination, to acknowledge their similarities while still distinguishing them from houses.

[131] Claudia Wood of Demos, quoted in the second report of session 2017-19 for the Communities and Local Government Committee on "Housing for older people", February 2018, paragraph 106

Interpreting the evidence

5.28 The analysis in this section must be interpreted only as an illustrative modelling of available evidence, which can be used as a guide to be reflected in policy and for the strategic monitoring of future development.

5.29 While the above provides a valuable indication of the broad mix of housing which may be required in South Essex, it is recommended that policies are not overly prescriptive in expecting all sites to precisely align with the illustrative mix presented in this section. The mix of housing provided on individual sites will need to respond to and be influenced by the changing demands and needs of the market, and take account of local market evidence, local context and viability considerations.

5.30 In establishing an appropriate mix, it must also be recognised that the estimates presented in this section ultimately assume that existing preferences – influenced to some extent by the stock of housing currently available – will continue into the future. They do not allow for any policy interventions that seek to diversify the housing offer, for example, or improve its quality. Such policy-led interventions should ideally maintain a link back to the profile of demographic need underpinning the assessment presented above, and be adequately justified based on up-to-date local evidence of household aspirations and expectations.

Summary

5.31 The NPPF confirms that the size and type of housing needed by different groups in the community should be assessed and reflected in planning policies. The modelling presented in this report allows overall housing need to be segmented in this way, in order to support policy development.

5.32 The modelling suggests that there will be substantial growth in the number of households with children if each of the South Essex authorities meets its housing need in full. There would likely be almost as much growth in the number of one-person households, albeit all types of households would be expected to grow in number over the period to 2040. This is also true for each individual authority, with most mirroring South Essex in seeing the strongest growth in households with dependent children. Basildon and Southend-on-Sea are the only exceptions, with one-person households expected to drive growth there.

5.33 Different types of households naturally have varying housing requirements, with the last reported Census in 2011 finding that one-person households in South Essex often – but do not always – occupy smaller homes for example. Households containing dependent children or other adults, like older relatives or non-dependent children, in contrast tend to occupy larger housing. While this is reflective of the situation in 2011, there is no more recent data that is similarly comprehensive or localised, at least until the findings of the 2021 Census become available and confirm whether there has been a major change in preferences.

5.34 A continuation of these local trends, robustly evidenced by the last reported Census with no attempt made to allow for changing preferences, could see some 41% of additional households in South Essex needing three bedrooms. This is also implied to

be the most needed property size in each authority, albeit only just surpassing two bedroom properties in Southend-on-Sea and larger properties in Brentwood. Circa 26% of additional households throughout South Essex could need two bedrooms, with roughly half as many needing one bedroom (13%) and the remaining 20% needing at least four.

5.35 Meeting this need throughout South Essex could require nearly two in every three new homes to be houses (65%) albeit this could rise as high as 71% in Rochford or as low as 52% in Southend-on-Sea where over a third of new homes (37%) could need to be flats, surpassing the average for South Essex as a whole (23%). Circa 12% of all new homes could need to be bungalows, or as many as 26% in Castle Point, but this is unavoidably influenced by the existing stock profile and does not allow for the prospect of at least some such needs being more efficiently met by flats that offer similar benefits to older people in particular.

5.36 All of the above provides only an illustrative modelling of available evidence, which can be used for guidance and monitoring purposes but should not be prescribed as an explicit requirement for all sites given the need to respond to changing market demands, local context and viability factors.

6 Affordable Housing Need

6.1 In guiding the overall approach to assessing housing needs, the PPG retains the well-established methodology through which affordable housing needs are calculated[132]. This was described in detail within section 6 of the 2016 SHMA – with the subsequent addendum only partially updating the calculation in its Appendix 3 – and Part 2 of the Brentwood SHMA followed the same approach.

6.2 The methodology – which is broadly unchanged despite a change in the definition of affordable housing, introduced through revisions to the NPPF in 2018[133] – continues to require the calculation of '*the total net need (subtract total available stock from total gross need)*' and a conversion into '*an annual flow based on the plan period*'. The outcome, which is then presented as an annual need for affordable housing, should then be:

> *"…considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, taking into account the probable percentage of affordable housing to be delivered by eligible market housing led developments. An increase in the total housing figures included in the plan may need to be considered where it could help deliver the required number of affordable homes"*[134]

6.3 This section applies the PPG methodology and clearly presents a stepped calculation of affordable housing need across South Essex, initially breaking this down between the six authorities before clarifying the number of bedrooms that are required in each area. The calculation is presented in a simplified form compared to the SHMA, first considering gross need before accounting for supply and arriving at the net annual position required by the PPG.

6.4 This calculation uses information held and collated by the Councils, which is introduced throughout and supplemented as necessary with secondary data. It should be noted that figures are rounded throughout and this may result in certain figures not appearing to sum.

Current and future gross need

6.5 This part of the calculation identifies both the existing backlog of households in need of affordable housing and the additional need that may be continuously generated where existing households' circumstances change and new households form but are unable to access the home that they need on the open market.

Current need for affordable housing (A)

6.6 The Councils' housing registers identify existing households who are classified as being in the greatest need of affordable housing, and are explicitly recognised as providing

[132] PPG section 67 – "Housing needs of different groups"; relevant paragraphs last revised in July 2019. At the time of writing, section 2 of the PPG ("Housing and economic needs assessment") retains almost identical guidance on assessing affordable housing needs, which was last revised in February 2019

[133] MHCLG (July 2018) National Planning Policy Framework, Annex 2

[134] PPG Reference ID 67-008-20190722

'*relevant information*' for this assessment within the PPG[135]. While other data sources are also suggested, the PPG rightly warns of the risk of double-counting and emphasises that care should be taken to include '*only those households who cannot afford to access suitable housing in the market*'[136]. Given that households' eligibility is assessed when joining a housing register, it is considered the most suitable and reliable source of information for the purposes of this assessment, albeit it is acknowledged that there will almost certainly be other households with significant needs that do not meet this definition.

6.7 The Councils each shared a snapshot of their respective housing registers in summer 2021 to inform this calculation. A filtering exercise has subsequently sought to isolate those households in the greatest need, where possible removing those assigned to the bands considered to have low priority[137].

6.8 As summarised at Table 6.1, the Councils' housing registers suggest that 5,629 households throughout South Essex are currently classified as being in need of affordable housing, based on allocation policies. Basildon appears to have the greatest absolute number in need, with Castle Point the fewest. It can also be noted that circa 36% of the households currently in need of an affordable home already occupy such housing, suggesting that their current property does not adequately meet their needs.

Table 6.1: Current Need for Affordable Housing (A)

Step and source	Basildon	Brentwood	Castle Point	Rochford	Southend-on-Sea	Thurrock	**South Essex**
A1 Existing affordable housing tenants in need *Applications to transfer on housing registers*	504	337	125	257	338	435	**1,996**
A2 Others on housing register *Housing registers excluding above*	845	692	338	719	798	241	**3,633**
A3 Total housing need currently *A1 + A2*	**1,349**	**1,029**	**463**	**976**	**1,136**	**676**	**5,629**

Source: Councils' housing registers; Turley analysis

6.9 Comparison with previous calculations is complicated by the Brentwood SHMA opting not to use data from its housing register, instead referring to various other sources to

[135] PPG Reference ID 67-006-20190722

[136] *Ibid*

[137] Band E or no banding in Basildon; Band D in Castle Point; Band D or "low priority" in Southend-on-Sea; and Bands 4/5 in Thurrock

estimate that 710 households were in housing need as of 2016[138]. The borough's housing register now suggests that there is a greater existing need, as is the case for the other five authorities who collectively had 3,860 households on their waiting lists in 2016 but have 4,600 now[139].

Future need for affordable housing (B)

6.10 It is naturally more challenging to predict the scale of future need, compared to the need outlined above which exists and can be quantified at the current point in time. The newly restructured PPG also provides more limited guidance on how authorities should estimate the '*projected number of households who lack their own housing or who cannot afford to meet their housing needs in the market*'[140]. Previous guidance on how '*the number of newly arising households likely to be in affordable housing need*' can be calculated has not been copied across to the new section of the PPG, but at the time of writing remains in its former location[141]. This section therefore continues to adhere to this guidance by estimating both the number of newly forming households unable to buy or rent in the local market, and the number of existing households falling into need from other tenures.

6.11 The PPG indicates that this stage of the assessment should '*reflect new household formation*' but does not provide specific guidance on how this should be calculated[142]. This has, however, featured in guidance historically issued by the Department for Communities and Local Government, which set a detailed framework for the long-established methodology that continues to be broadly reflected in the PPG[143]. It is important to note that this uses a *gross* annual household formation rate, rather than the *net* figures introduced earlier in this report, to specifically measure '*the number of households at the end of the year which did not exist as separate households at the beginning*'[144]. This is achieved by comparing the number of households in specific five year age bands to the numbers in the age band five years previously. As recommended in the original guidance, these estimates are limited to households led by somebody aged 44 years or younger to more accurately reflect newly forming households alone. This input has been calculated by Edge Analytics based on the scenario which assumes that each authority meets the minimum need for housing suggested by the standard method, in order to provide an integrated assessment, but the gross figures used below cannot be directly compared with the net additional need for dwellings implied by the same scenario.

6.12 It is likely that a proportion of newly forming households will be unable to afford the cost of market housing, as acknowledged by the PPG. This can be estimated through an affordability benchmarking exercise, which takes account of the cost of purchasing or renting at the entry level of the open market – traditionally represented by the lower quartile – relative to household income. It is acknowledged that income is not the only

[138] HDH Planning and Development (June 2016) Brentwood Borough Council: Strategic Housing Market Assessment Part 2 – Objectively Assessed Need for Affordable Housing, Table 5.3

[139] Turley (May 2016) South Essex Strategic Housing Market Assessment, Figure 6.2

[140] PPG Reference ID 67-006-20190722

[141] PPG Reference ID 2a-021-20190220

[142] *Ibid*

[143] DCLG (2007) Strategic housing market assessments: practice guidance, Annex B

[144] *Ibid*, p45

determinant of whether a household can access the market, with income type, credit score and savings also crucial factors albeit ones for which there is generally less robust or consistent data at the local level.

6.13 As in the previous SHMA, the calculation is first run for each individual authority before being aggregated for South Essex as a whole, rather than accounting for the possibility that a newly forming household in one authority could relocate to another.

6.14 Table 6.2 overleaf summarises the lower quartile price paid to purchase housing in each authority over the year to December 2021, based on Land Registry data introduced in section 2 of this report. It also estimates the cost of purchasing such housing with a mortgage, excluding the cost of saving for a deposit[145]. This is benchmarked against the lower quartile monthly cost of privately renting a property, drawing on ONS data previously summarised at Table 2.4. The income required to purchase or rent entry level market housing is then estimated based on these benchmarks, making an assumption – as in the previous SHMA – that no more than one third of income is spent on housing costs[146]. Paycheck data purchased from CACI is then used – again as in the SHMA – to estimate the proportion of households with an income lower than that required to access each option. This requires rounding to the nearest £5,000 to align with the bandings reported by CACI.

[145] A 5% deposit is assumed with repayment over a 25 year period at a fixed interest rate of 3%. It can be noted that a 10% deposit with repayment over 35 years at the same fixed interest rate would reduce the annual cost of purchase by circa 23%, but would not bring costs below that involved in privately renting at the entry level

[146] Turley (May 2016) South Essex Strategic Housing Market Assessment, p137. This originates from research by the Resolution Foundation with the benchmark also regularly cited by both Shelter and the Joseph Rowntree Foundation. Part 2 of the Brentwood SHMA opted for a similar figure of 35% based on '*practice in the market*' (p43)

Table 6.2: Income Required to Access Entry-Level Market Housing in South Essex (2021)

		Price of purchase	Annual cost	Income required	Rounded	Unable to afford
Basildon	Purchase	£268,000	£14,488	£43,464	£45,000	57%
	Rent	–	£9,900	£29,700	£30,000	37%
Brentwood	Purchase	£365,000	£19,732	£59,196	£60,000	59%
	Rent	–	£11,100	£33,300	£35,000	31%
Castle Point	Purchase	£269,250	£14,556	£43,667	£45,000	53%
	Rent	–	£9,600	£28,800	£30,000	33%
Rochford	Purchase	£309,750	£16,745	£50,235	£50,000	55%
	Rent	–	£9,576	£28,728	£30,000	29%
Southend-on-Sea	Purchase	£235,000	£12,704	£38,112	£40,000	51%
	Rent	–	£8,100	£24,300	£25,000	29%
Thurrock	Purchase	£255,000	£13,785	£41,356	£40,000	48%
	Rent	–	£9,540	£28,620	£30,000	34%

Source: ONS; Land Registry; CACI; Turley analysis

6.15 The above suggests that renting is the most affordable market option in each of the South Essex authorities, universally requiring a lower income than would be needed to purchase at even the entry level. The benchmark for renting is some 44% lower than for purchase in Brentwood and 31% lower even in Thurrock, where the gap is smallest.

6.16 Approximately one third of all households in Thurrock are apparently still unable to afford the cost of rent, however, with this rising as high as 37% in Basildon. It is of note that all such percentages are slightly lower than reported in the previous SHMAs, likely due to increases in earnings where section 2 indicated that rents have increased[147].

6.17 This illustrative exercise is ultimately intended to estimate the proportion of newly arising households that could be unable to access open market housing. While the income profile drawn upon captures all types of households – including recently formed households, working households and older households with pensions – there is no local evidence on the varying incomes of each household type throughout South Essex. In this absence of more comprehensive data, it is necessary to assume – for the purposes of this calculation – that the income of newly forming households aligns with that of existing households, and that those unable to afford the cost of entry-level private rent will require affordable housing.

[147] Turley (May 2016) South Essex Strategic Housing Market Assessment, Figure 6.9; HDH Planning and Development (June 2016) Brentwood Borough Council: Strategic Housing Market Assessment Part 2 – Objectively Assessed Need for Affordable Housing, Table 5.4

6.18 In addition to newly forming households, a number of existing households can also be expected to fall into need from other tenures when their financial or family circumstances change for example. In order to estimate the annual number of such households, the calculation generally incorporates data on the annual number of lettings to households from other tenures – based on a three year historic average – *and* the number of households who remain on housing registers having joined from other tenures during the same period[148].

6.19 When drawing these elements together, Table 6.3 suggests that a new gross need for 3,659 affordable homes could arise every year from new and existing households throughout South Essex. This is around 13% less than estimated in previous assessments[149].

Table 6.3: Future Need for Affordable Housing (B)

Step and source	Basildon	Brentwood	Castle Point	Rochford	Southend-on-Sea	Thurrock	South Essex
B1 New household formation, gross *Edge Analytics' projection of younger household formation*	2,219	1,032	888	834	2,146	2,134	**9,253**
B2 Newly forming households unable to privately rent in the open market	37%	31%	33%	29%	29%	34%	**–**
Proportion derived from ONS and CACI data, before being applied to B1	821	321	293	246	631	731	**3,041**
B3 Existing households falling into need *Households from other tenures annually receiving lettings or registering need*	78	93	89	110	148	99	**618**
B4 Newly arising need, gross annual ***(B1 x B2) + B3***	**899**	**414**	**381**	**356**	**778**	**830**	**3,659**

Source: Councils' monitoring; Edge Analytics; Turley analysis

[148] This was not possible in Brentwood, where households' previous tenure is not recorded by the Council. The assumption has therefore been based on the average number of new applicants over the past three years excluding transfer tenants. While this will admittedly include newly forming households, this should be broadly counterbalanced by the unavoidable *exclusion* of households that are no longer on the housing register

[149] Figure 6.10 of the 2016 South Essex SHMA estimated that there would be a newly arising need for 3,842 affordable homes across the five authorities that it covered, and this increases to 4,192 when adding 350 households from Brentwood (see Table 5.5 of its SHMA Part 2)

Total gross need for affordable housing (C)

6.20 When combining the current need with the estimated future need, assumed to arise annually over the remaining 19 years to 2040 – the final year assessed in this report[150] – it can be estimated that circa 3,955 households throughout South Essex will need affordable housing each year. This represents a ***gross*** measure, taking no account of supply which is incorporated – as required by the PPG – in the next stage of the calculation.

Table 6.4: Total and Annual Gross Need for Affordable Housing (C)

Step and source	Basildon	Brentwood	Castle Point	Rochford	Southend-on-Sea	Thurrock	**South Essex**
C1 Total housing need currently *A3*	1,349	1,029	463	976	1,136	676	**5,629**
C2 Total newly arising need over 19 years *B4 x 19*	17,078	7,871	7,242	6,768	14,787	15,774	**69,521**
C3 Total gross need over 19 years *C1 + C2*	18,427	8,900	7,705	7,744	15,923	16,450	**75,150**
C4 Annual gross need over 19 years *C3 ÷ 19*	**970**	**468**	**406**	**408**	**838**	**866**	**3,955**

Source: Turley analysis *Figures may not sum due to rounding*

6.21 This stage of the calculation can also be broken down to illustrate the number of bedrooms needed, with such information specifically recorded by the housing registers. It is naturally more challenging to predict the size of housing needed by newly forming households in need, as the method of calculation does not account for household size and available data does not allow the calculation of affordability benchmarks for different sizes of property. As such, once assumed that a proportion of newly forming households are unable to afford the cost of renting, the number of bedrooms required by these households has been assumed to align with the requirements of those already on the housing register in each area, excluding transfer tenants. This is considered to provide a robust if illustrative basis for estimating needs, in the absence of sufficiently comprehensive data.

6.22 When combining actual data with these estimates, there appears to be the greatest need for affordable homes with one bedrooms, followed by properties with two bedrooms. Breakdowns for the individual authorities are presented for reference at **Appendix 4**.

[150] While other sections have considered need from 2020 onwards, this is not considered to be necessary where the informing data is reflective of summer 2021 and so will have already captured any need that arose during the preceding year (2020/21)

Table 6.5: Annual Gross Need by Number of Bedrooms Required

	1 bed	2 beds	3 beds	4+ beds	Total
A1 Existing affordable housing tenants in need	818	610	459	110	**1,996**
A2 Others on housing register	1,580	1,417	546	91	**3,633**
A3 Total housing need currently	**2,397** 43%	**2,026** 36%	**1,004** 18%	**201** 4%	**5,629** 100%
B2 Newly forming households unable to privately rent in the open market	1,235	1,300	405	102	**3,041**
B3 Existing households falling into need	272	189	133	23	**618**
B4 Total newly arising need, gross annual	**1,507** 41%	**1,489** 41%	**538** 15%	**125** 3%	**3,659** 100%
C3 Annual gross need over 19 years *(A3 + (B4 x 19)) ÷ 19*	**1,633** 41%	**1,596** 40%	**591** 15%	**135** 3%	**3,955** 100%

Source: Turley analysis

Accounting for supply (D)

6.23 The PPG recognises that '*there will be a current supply of housing stock that can be used to accommodate households in affordable housing need…as well as future supply*'[151]. This supply can therefore be assumed to contribute towards meeting, in quantitative terms, the gross need calculated above.

6.24 Lettings data supplied by the Councils confirms the number of affordable homes that have annually become available to non-transfer tenants over the last three years, on average. This can reasonably inform an assumption on the number of such properties that will be available in future, albeit it is acknowledged that this may be susceptible to change when accounting for losses through Right to Buy and the extent of replacement.

6.25 In accordance with the PPG, the calculation should also take account of affordable homes that the Councils expect to be delivered over the next five years. This information has been provided by each Council, with no independent verification, but is understood to only include sites which are currently under construction and further sites with planning permission. This new supply is, however, offset to some extent by the planned removal of stock that is currently occupied.

6.26 A further source of supply emerges when it is recognised that some of the households currently in need of affordable housing already occupy such a home, which will thus be

[151] PPG Reference ID 67-007-20190722

vacated when their needs are met. Allowance for such movements is made within the calculation.

6.27 When the above are combined, it is suggested that circa 1,543 affordable homes could become available every year throughout South Essex.

Table 6.6: Assumed Supply to 2040 (D)

Step and source	Basildon	Brentwood	Castle Point	Rochford	Southend-on-Sea	Thurrock	**South Essex**
D1 Committed supply of affordable housing *Pipeline over next five years, identified by the Councils*	251	2	21	549	262	1,211	**2,296**
D2 Affordable homes occupied but vacated by households in need *Transfer tenants from A1*	504	337	125	257	338	435	**1,996**
D3 Emerging supply per annum over 19 years *(D1 + D2) ÷ 19*	40	18	8	42	32	87	**226**
D4 Lettings to new tenants per annum *Lettings data supplied by Councils excluding transfers*	409	88	72	117	299	331	**1,317**
D5 Estimated supply per annum *D3 + D4*	449	106	80	160	331	418	**1,543**

Source: Councils' monitoring; Turley analysis

Net need over the plan period

6.28 The projected supply of 1,543 affordable homes per annum is lower than the estimated gross need for 3,955 such homes each year, to suggest that there is a net annual need for **circa 2,412 additional affordable homes** throughout South Essex beyond the existing and committed supply. There is also an implied shortfall in each authority, as shown at Table 6.7 overleaf.

Table 6.7: Estimated Net Need for Affordable Housing

Step and source	Basildon	Brentwood	Castle Point	Rochford	Southend-on-Sea	Thurrock	South Essex
Annual gross need over 19 years *C4*	970	468	406	408	838	866	**3,955**
Estimated supply per annum *D5*	449	106	80	160	331	418	**1,543**
Net need per annum *C4 – D5*	**521**	**363**	**326**	**248**	**507**	**448**	**2,412**

Source: Turley analysis

6.29 There is equally implied to be a shortfall of all sizes of property, where all other inputs aside from newly arising need – explained earlier in this section – can be broken down in this way[152]. The greatest absolute shortfall appears to relate to properties with two bedrooms, albeit the Councils are advised to closely monitor how the delivery of affordable housing – of various sizes – is actually meeting households' needs over the plan period. This should take account of trends in both delivery and the housing registers, and seek to capture the qualitative views of those who are actively involved in letting and assessing eligibility. A breakdown of this calculation for each authority is presented at **Appendix 4**.

[152] The number of bedrooms in new affordable homes in the pipeline in Thurrock (D1) could not be confirmed by the Council, but further analysis confirmed that this was largely comprised of the Purfleet-on-Thames scheme which has outline status so has not yet fixed its offer of affordable housing. It has therefore been assumed that this will reflect the profile of the housing register in Thurrock

Table 6.8: Estimated Net Need by Number of Bedrooms Required

	1 bed	2 beds	3 beds	4+ beds	Total
Annual gross need over 19 years	1,633	1,596	591	135	3,955
D1 Committed supply of affordable housing	1,053	885	282	75	**2,296**
D2 Affordable homes occupied but vacated by households in need	818	610	459	110	**1,996**
D3 Emerging supply (D1+D2) annualised over 19 years	98	79	39	10	**226**
D4 Lettings to new tenants per annum	740	374	184	19	**1,317**
D5 Estimated supply per annum	**839** 54%	**453** 29%	**223** 14%	**28** 2%	**1,543** 100%
Net need per annum	**794** 33%	**1,143** 47%	**368** 15%	**107** 4%	**2,412** 100%

Source: Turley analysis

Considering likely delivery

6.30 The calculation introduced above is intended to provide a position on the total affordable housing need which, as per the PPG, must be '*considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, taking into account the probable percentage of affordable housing to be delivered by eligible market housing led developments*'[153]. The PPG invites authorities to consider '*an increase in the total housing requirement in the plan…where it could help deliver the required number of affordable homes*'[154].

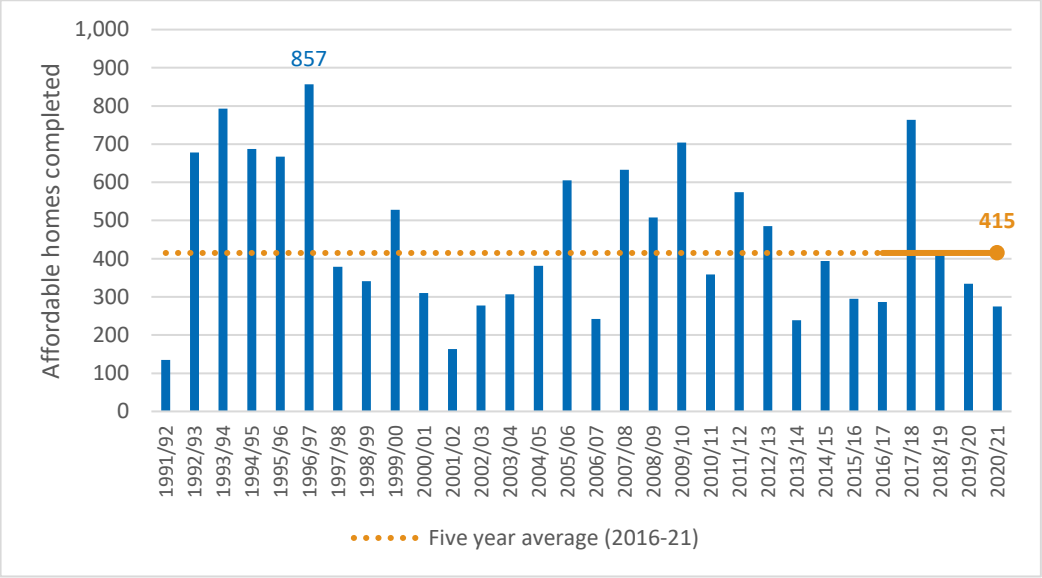
6.31 The Councils are believed to have never come close to delivering affordable housing at the scale suggested as being needed by the calculation. Indeed, it is notable that the calculated annual need for 2,412 such homes approaches the peak rate of delivery across *all tenures*, which – as shown by the earlier Figure 2.1 – was set in 2005/06 when 2,417 homes were provided in total. Figures submitted to Government suggest that the six authorities have collectively provided no more than 857 affordable homes in any one year since 1991, and have averaged less than half as many (415) over the past five years[155]. This would need to increase by a factor of almost six to meet the calculated need in full.

[153] PPG Reference ID 67-008-20190722

[154] *Ibid*

[155] DLUHC (2022) Table 1008C: Total additional affordable dwellings provided by local authority area – completions

Figure 6.1: Gross Affordable Housing Completions in South Essex (1991-2021)



Source: DLUHC

6.32 While some policies are relatively dated and need updating, most of the Councils are understood to currently aim for 35% affordable housing on qualifying sites, with the exception of Basildon – which aims slightly higher (36%) – and Southend-on-Sea which targets a minimum of 20% on sites providing ten or more homes[156] (rising to 30% for sites with 50+ homes). On a purely numerical basis, and assuming for illustration that all sites make a contribution, meeting an annual need for 2,412 affordable homes in full could conceivably require provision for as many as 7,937 dwellings per annum. This compares to a need for 4,691 dwellings per annum according to the standard method.

6.33 It is, however, widely accepted that there is a complex relationship between affordable housing provision and market housing. Existing households and those projected to form in future represent a component of the affordable housing need calculation, for instance, and would therefore not add to the overall need in South Essex when this is based on projections of additional households. Indeed, existing households will actually vacate a property once their affordable housing need is met.

6.34 While stated in the context of the original NPPF rather than its replacement, the consistency between their approaches to affordable housing need mean that it remains relevant to acknowledge confirmation in the High Court that:

"…neither the Framework nor the PPG suggest that [affordable housing needs] have to be met in full when determining the [full objectively assessed need]. This is no doubt because in practice very often the calculation of unmet affordable housing need will produce a figure which the planning authority has little or no prospect of delivering in practice. This is because the vast majority of delivery will occur as a proportion of open-

[156] Basildon Council (2015) Planning Obligations Strategy SPD, p15; Brentwood Borough Council (2022) Brentwood Local Plan, Policy HP05; Castle Point Borough Council (2008) Developer Contributions SPD, p21; Rochford District Council (2011) Local Development Framework Core Strategy, Policy H4; Southend-on-Sea Borough Council (2007) Core Strategy, Policy CP8; Thurrock Council (2015) Core Strategy Local Plan, Policy CSTP2

market schemes and is therefore dependent for its delivery upon market housing being developed"[157]

6.35 This judgment, made in 2015, was subsequently upheld by the Court of Appeal which acknowledged – again in the context of the original NPPF – that the need for affordable housing was a product of '*separate and different calculations*' with some overlap inevitable[158]. It confirmed that:

"Planning judgment [is] required in gauging a suitable uplift to take account of the need for affordable housing, without either understating or overstating that need"[159]

6.36 The arithmetic and '*notional*' calculation of the total number of homes required to meet affordable housing need in full – such as the illustrative exercise presented above – was noted at the Court of Appeal. However, the '*risk of overexaggerating the "full, objectively assessed needs" by making a calculation of this kind*' was highlighted, with the Inspector's conclusion that such an exercise was '*purely theoretical*' supported on that basis.

6.37 This continues to provide important context in considering the relationship between overall housing need and affordable housing need. In line with the PPG, it is for the Councils to consider whether an increased housing requirement could help to increase the delivery of affordable housing, which is evidently needed in South Essex. Such a judgement will need to take into consideration the extent to which future losses in stock, through the Right to Buy for example, could increase need beyond the level suggested in this section.

Considering the role of different affordable housing products

6.38 The earlier Figure 6.1 highlighted the number of affordable homes provided in South Essex in each of the last thirty years, but this can also be broken down by product to reveal a notable shift in the *type* of affordable housing that is being delivered[160]. Prior to 2013, the vast majority of new affordable homes (68%) were available for social rent with most of the residual (30%) comprised of affordable home ownership products. Since 2013, however, affordable rent – introduced as a concept in 2011 and priced relative to the market rather than earnings – has become more prominent to the extent that it has accounted for over half (54%) of all new affordable homes in South Essex. Shared ownership has also come to the fore, accounting for one in every four new affordable homes (25%) which actually surpasses the contribution of traditional social rented accommodation (19%).

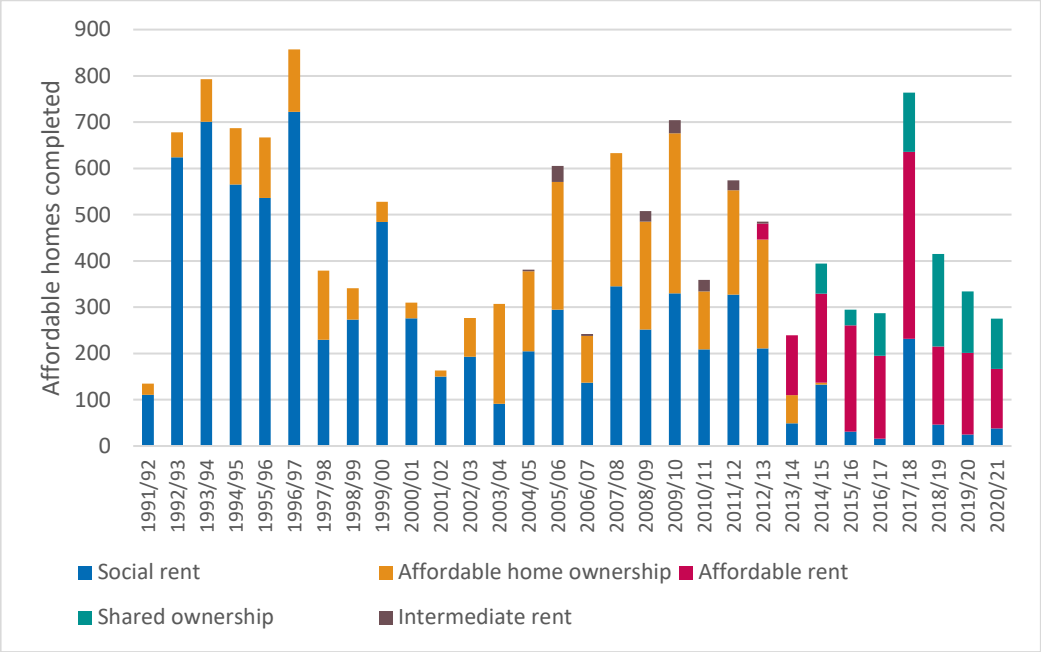
[157] Borough Council of Kings Lynn and West Norfolk v Secretary of State for Communities and Local Government, ELM Park Holdings Ltd [2015] EWHC 2464 (Admin)

[158] Jelson Ltd v Secretary of State for Communities and Local Government and Hinckley and Bosworth Borough Council [2018] EWCA Civ 24

[159] *Ibid*, paragraph 36

[160] DLUHC (2022) Table 1011: additional affordable housing supply, detailed breakdown by local authority

Figure 6.2: Type of Affordable Housing Completed in South Essex (1991-2021)



Source: DLUHC

6.39 Revisions to the NPPF, since the last SHMAs were produced, have sought to reflect such changes in the profile of affordable housing delivery which have been apparent nationwide. The Government directly acknowledged that there had been increased '*innovation by housing providers in meeting the needs of a wide range of households who are unable to access market housing*'[161]. It expressed support for such innovation, and proposed a revised definition for affordable housing to ensure that it was not '*unnecessarily constrained by the parameters of products that have been used in the past*'.

6.40 The revised NPPF introduced this new definition, making clear that affordable housing should be:

"Housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is essential for local workers)"[162]

6.41 It proceeds to distinguish between:

- **Affordable housing for rent**, which incorporates both nationally derived social rent and affordable rent set relative to the local market. While the definition builds upon that referenced in the previous iteration of the NPPF, it is less explicit in distinguishing between social rented housing and affordable rent; and

[161] DCLG (2015) Consultation on proposed changes to national planning policy, paragraphs 7-9

[162] MHCLG (2019) National Planning Policy Framework, Annex 2; MHCLG (2021) National Planning Policy Framework, Annex 2

- **Starter Homes, discounted market sales housing, and other affordable routes to home ownership.** Although each are defined separately, they have evidently been designed with a shared goal of providing low-cost housing for sale for those whose needs are not met by the market.

6.42 The potential role of these products in meeting a locally evidenced need for affordable housing, in gross terms, is considered below.

Affordable housing for rent

6.43 The likely cost of affordable rent relative to the most accessible market option can be estimated through reference to the lower quartile rents presented at the earlier Table 6.2, which were based on ONS data first introduced in section 2. Table 6.9 overleaf estimates the annual cost of renting at 60% and 80% of this market level, the latter aligning with the threshold set in the NPPF ('*at least 20% below local market rents*') and the former indicatively testing a larger discount that is still permissible through this policy. This reduces the cost of privately renting, as would be anticipated.

6.44 As in the preceding analysis, these costs can then be considered in the context of household income, when again assumed that no more than one third of earnings are spent on housing costs. This provides an indication of how many households are unable to afford the cost of private renting, as the most affordable market option, but *could* afford housing priced at 60-80% of the market level. It should again be noted that the income required to access each option is necessarily rounded to the nearest £5,000 to align with the income data obtained from CACI.

Table 6.9: Estimated Annual Cost of Affordable Rent and Income Required

	Annual cost	Income required ↓	Households ***able*** to afford	Households ***unable*** to afford	Deviation from most affordable market option
Basildon					
Purchase	**£14,488**	**£43,464**	**43%**	**57%**	–
Market rent	**£9,900**	**£29,700**	**63%**	**37%**	–
80% market rent	£7,920	£23,760	71%	29%	8%
60% market rent	£5,940	£17,820	79%	21%	16%
Brentwood					
Purchase	**£19,732**	**£59,196**	**41%**	**59%**	–
Market rent	**£11,100**	**£33,300**	**69%**	**31%**	–
80% market rent	£8,880	£26,640	81%	19%	12%
60% market rent	£6,660	£19,980	87%	13%	18%
Castle Point					
Purchase	**£14,556**	**£43,667**	**47%**	**53%**	–
Market rent	**£9,600**	**£28,800**	**67%**	**33%**	–
80% market rent	£7,680	£23,040	75%	25%	8%
60% market rent	£5,760	£17,280	90%	10%	23%
Rochford					
Purchase	**£16,745**	**£50,235**	**45%**	**55%**	–
Market rent	**£9,576**	**£28,728**	**71%**	**29%**	–
80% market rent	£7,661	£22,982	78%	22%	7%
60% market rent	£5,746	£17,237	91%	9%	21%
Southend-on-Sea					
Purchase	**£12,704**	**£38,112**	**49%**	**51%**	–
Market rent	**£8,100**	**£24,300**	**71%**	**29%**	–
80% market rent	£6,480	£19,440	79%	21%	8%
60% market rent	£4,860	£14,580	87%	13%	17%
Thurrock					
Purchase	**£13,785**	**£41,356**	**52%**	**48%**	–
Market rent	**£9,540**	**£28,620**	**66%**	**34%**	–
80% market rent	£7,632	£22,896	74%	26%	8%
60% market rent	£5,724	£17,172	89%	11%	23%

Source: ONS; Land Registry; CACI; Turley analysis

6.45 Table 6.9 indicates, in the case of Castle Point for example, that circa 90% of households could – on the basis of income alone – conceivably afford a product priced at 60% market rent. This would clearly be an improvement from open market options that only 67% of households could afford, meaning that up to 23% of households have an income that is insufficient to afford these market options but sufficient to cover an affordable rent. This is the joint-largest such figure of the six local authorities, incidentally, alongside Thurrock, with Basildon having the smallest (16%).

6.46 The calculation presented earlier in this section assumes that households with an income below that required to access the most affordable market option will generate a need for affordable housing. This product would naturally lower the entry threshold and thus meet the gross need evidenced in this section, potentially benefiting circa 16-23% of households who are unable to afford such options but *could* afford a rental product priced at 60% of market levels for example. The effect is unsurprisingly more modest (8-12%) where the smallest permissible discount of 20% is applied.

Starter Homes, First Homes and discounted market sale

6.47 **Discounted market sale** (DMS) involves the sale of newly built properties at a discount from their market value, with the discount typically ranging from 20% up to 50%. Restrictions are placed on the property's Land Registry Title to ensure that the property remains at that discounted rate in perpetuity for future purchasers, and the NPPF requires such provisions to be in place to qualify as DMS. The NPPF equally makes clear that '*eligibility is determined with regard to local incomes and local house prices*'[163].

6.48 In terms of an entry threshold, there are various similarities with **Starter Homes** which were announced by the Coalition Government in 2014 and later referenced in the revised NPPF, despite not being delivered at the scale envisaged. The Housing and Planning Act 2016 provided the statutory framework through which such homes could be delivered, and defined Starter Homes as new homes costing up to £250,000 outside London that are discounted by a minimum of 20% from their market value and made available to eligible first-time buyers aged 23 to 40. As such, there was clearly an intention – as with DMS – to reduce the cost of newly built properties relative to their market value, with the primary difference relating to the later sale of the purchased home. Although DMS remains at a discounted rate in perpetuity, a "tapered" approach was envisaged for Starter Homes so that they could be sold at an increasing proportion of their market value over a period of 15 years[164]. This distinction evidently would not affect the initial affordability of Starter Homes when first delivered and occupied, and is therefore appropriate to view such a product as virtually identical to DMS.

6.49 There are likewise also similarities with **First Homes**, which were announced by the Government in February 2020 before being formalised with the issuing of new guidance that took effect from 28 June 2021[165]. This made clear that a First Home must be discounted by at least 30% from its market value, and should not initially cost more

[163] MHCLG (2021) National Planning Policy Framework, Annex 2

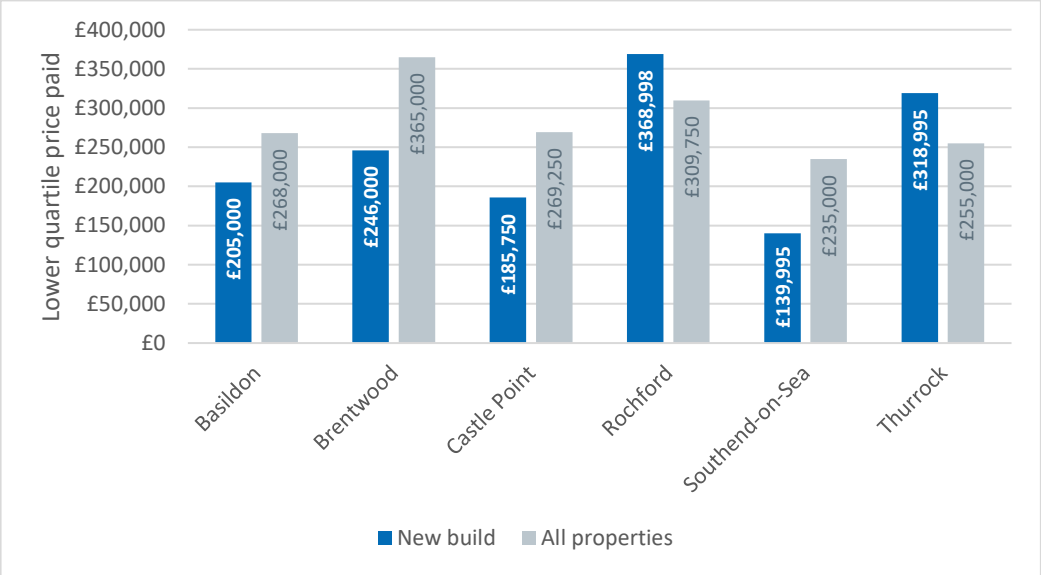
[164] DCLG (2017) Government response to the technical consultation on starter homes regulations

[165] Affordable Homes Update, Parliamentary Statement by Lord Greenhalgh, 24 May 2021

than £250,000 outside London. The discount should be secured through a planning obligation so that it applies in perpetuity each time the property is sold.

6.50 The relative affordability of these products can be estimated through the calculation of a likely annual cost of purchase with a mortgage, following the application of a discount from the open market price. It should be noted that **the discount is applied to newly built properties only**, which can be isolated in Land Registry data to set an appropriate benchmark. This indicates that an entry-level new home was last year more affordable than the entry level of the market as a whole in four of the six authorities, but cost 19% more in Rochford and 25% more in Thurrock.

Figure 6.3: Benchmarking the Lower Quartile Price Paid for New Homes (2021)



Source: Land Registry; Turley analysis

6.51 This has not always been the case and will be influenced to a large extent by the type of homes built in any one year, but the assessment has nonetheless sought to reflect the trend of the last year to provide the most up-to-date position possible. The Councils may wish to monitor the cost of entry-level new homes relative to the market as a whole, to check that any discounts are having the desired effect.

6.52 The role of DMS, Starter Homes and First Homes in addressing the needs of households unable to access the open market can be considered based on the lower quartile price paid for newly built homes in each authority. Table 6.10 summarises and ranks the income likely to be required to purchase products that are discounted to varying extents, and shows how this differs from both purchasing any type of entry level housing (new build and resale) and privately renting. It should again be noted that the income required must be rounded to calculate the proportion of households able or unable to afford each option, which can imply alignment between products that actually require different incomes.

Table 6.10: Benchmarking Cost of Discounted Housing for Sale*

	Annual cost	Income required ↓	Households ***able*** to afford	Households ***unable*** to afford	Deviation from most affordable market option
Basildon					
Purchase (any)	**£14,488**	**£43,464**	**43%**	**57%**	**–**
Purchase (new)	£11,082	£33,247	56%	44%	-7%
Market rent	**£9,900**	**£29,700**	**63%**	**37%**	**–**
80% value	£8,866	£26,598	71%	29%	8%
70% value	£7,758	£23,273	71%	29%	8%
50% value	£5,541	£16,623	87%	13%	24%
Brentwood					
Purchase (any)	**£19,732**	**£59,196**	**41%**	**59%**	**–**
Purchase (new)	£13,299	£39,896	63%	37%	-6%
Market rent	**£11,100**	**£33,300**	**69%**	**31%**	**–**
80% value	£10,639	£31,917	75%	25%	6%
70% value	£9,309	£27,927	75%	25%	6%
50% value	£6,649	£19,948	87%	13%	18%
Castle Point					
Purchase (any)	**£14,556**	**£43,667**	**47%**	**53%**	**–**
Purchase (new)	£10,042	£30,125	67%	33%	0%
Market rent	**£9,600**	**£28,800**	**67%**	**33%**	**–**
80% value	£8,033	£24,100	75%	25%	8%
70% value	£7,029	£21,087	82%	18%	15%
50% value	£5,021	£15,062	90%	10%	23%
Rochford					
Purchase (new)	£19,948	£59,844	35%	65%	-35%
Purchase (any)	**£16,745**	**£50,235**	**45%**	**55%**	**–**
80% value	£15,958	£47,875	45%	55%	-25%
70% value	£13,964	£41,891	58%	42%	-13%
50% value	£9,974	£29,922	71%	29%	0%
Market rent	**£9,576**	**£28,728**	**71%**	**29%**	**–**
Southend-on-Sea					
Purchase (any)	**£12,704**	**£38,112**	**49%**	**51%**	**–**
Market rent	**£8,100**	**£24,300**	**71%**	**29%**	**–**
Purchase (new)	£7,568	£22,704	71%	29%	0%
80% value	£6,055	£18,164	79%	21%	8%
70% value	£5,298	£15,893	87%	13%	17%
50% value	£3,784	£11,352	94%	6%	24%
Thurrock					
Purchase (new)	£17,245	£51,735	40%	60%	-26%
80% value	£13,796	£41,388	52%	48%	-14%
Purchase (any)	**£13,785**	**£41,356**	**52%**	**48%**	**–**
70% value	£12,071	£36,214	59%	41%	-7%
Market rent	**£9,540**	**£28,620**	**66%**	**34%**	**–**
50% value	£8,622	£25,867	74%	26%	8%

Source: ONS; Land Registry; CACI; Turley analysis

** Incomes rounded to align with reported bandings, sometimes implying alignment*

6.53 Table 6.10 suggests that a discount of even 20% could provide a more affordable option for those unable to access the open market in Basildon, Brentwood, Castle Point and Southend-on-Sea, where the annual cost of purchasing such a product would appear to be lower than entry-level rent. It would become only more so when applying a larger discount, such that a 50% discount – while not common – could theoretically reduce costs to the point where this could be affordable for some 87-94% of all households if assumed that they have enough savings for a deposit[166]. While this can itself be a barrier to home ownership, these products do appear capable of at least partially contributing towards meeting the need for affordable housing calculated in this section.

6.54 The situation is different in Thurrock, where the 25% premium associated with newly built housing offsets the effect of smaller discounts. A discount of 50% would therefore need to be applied in Thurrock for the cost of purchase to fall below the cost of rent, and thus begin to address the need for affordable housing evidenced in this section.

6.55 Even a discount of 50% may not reduce the cost of purchase below market rent in Rochford, however, with an income of nearly £30,000 – beyond 29% of all households in the district – likely to be required to afford either. This is again due to the price premium associated with newly built properties, which may restrict this type of product from meeting the calculated need for affordable housing in Rochford.

Shared ownership

6.56 The NPPF states that shared ownership represents a further affordable route to home ownership, and it is evident from the earlier Figure 6.2 that such products have been delivered in South Essex over recent years.

6.57 Shared ownership enables households to buy a share of a new home (between 25% and 75% of its value) and pay rent on the remaining share, alongside their mortgage on the purchased share. Bigger shares can be purchased when the household can afford to, but this would not affect the initial cost of entry.

6.58 It is again possible to estimate the likely annual cost of purchasing equity in a shared ownership product in South Essex, and benchmark this against open market purchase and rent. As with DMS, shared ownership is only available for newly built properties, with the cost of purchasing a 25% or 50% share with a mortgage estimated below on a consistent basis. It has also been assumed that households annually pay a rent equivalent to 2.75% of the unsold equity[167]. It should again be noted that the income required must be rounded to calculate the proportion of households able or unable to afford each option, which can imply alignment between products that actually require different incomes.

[166] Estimated to range between £3,500 in Southend-on-Sea to £6,150 in Brentwood

[167] Homes England (2022) Capital Funding Guide, paragraph 4.1.4

Table 6.11: Estimated Income Required to Access Shared Ownership

	Annual cost of mortgage	Annual rent	Total annual cost (excl. service charge)	Income required ↓	Households ***unable*** to afford	Deviation from most affordable market option
Basildon						
Purchase (any)	**£14,488**	**–**	**£14,488**	**£43,464**	**57%**	**–**
Purchase (new)	£11,082	–	£11,082	£33,247	44%	-7%
Market rent	**–**	**£9,900**	**£9,900**	**£29,700**	**37%**	**–**
25% share	£2,333	£4,228	£6,561	£19,684	21%	16%
50% share	£3,500	£2,819	£6,318	£18,955	21%	16%
Brentwood						
Purchase (any)	**£19,732**	**–**	**£19,732**	**£59,196**	**59%**	**–**
Purchase (new)	£13,299	–	£13,299	£39,896	37%	-6%
Market rent	**–**	**£11,100**	**£11,100**	**£33,300**	**31%**	**–**
25% share	£2,800	£5,074	£7,873	£23,620	19%	12%
50% share	£4,200	£3,383	£7,582	£22,746	19%	12%
Castle Point						
Purchase (any)	**£14,556**	**–**	**£14,556**	**£43,667**	**53%**	**–**
Purchase (new)	£10,042	–	£10,042	£30,125	33%	0%
Market rent	**–**	**£9,600**	**£9,600**	**£28,800**	**33%**	**–**
25% share	£2,114	£3,831	£5,945	£17,835	18%	15%
50% share	£3,171	£2,554	£5,725	£17,175	10%	23%
Rochford						
Purchase (new)	£19,948	–	£19,948	£59,844	65%	-35%
Purchase (any)	**£16,745**	**–**	**£16,745**	**£50,235**	**55%**	**–**
25% share	£4,200	£7,611	£11,810	£35,430	36%	-6%
50% share	£6,299	£5,074	£11,373	£34,119	36%	-6%
Market rent	**–**	**£9,576**	**£9,576**	**£28,728**	**29%**	**–**
Southend-on-Sea						
Purchase (any)	**£12,704**	**–**	**£12,704**	**£38,112**	**51%**	**–**
Market rent	**–**	**£8,100**	**£8,100**	**£24,300**	**29%**	**–**
Purchase (new)	£7,568	–	£7,568	£22,704	29%	0%
25% share	£1,593	£2,887	£4,481	£13,442	13%	17%
50% share	£2,390	£1,925	£4,315	£12,945	13%	17%
Thurrock						
Purchase (new)	£17,245	–	£17,245	£51,735	60%	-26%
Purchase (any)	**£13,785**	**–**	**£13,785**	**£41,356**	**48%**	**–**
25% share	£3,631	£6,579	£10,210	£30,629	34%	0%
50% share	£5,446	£4,386	£9,832	£29,496	34%	0%
Market rent	**–**	**£9,540**	**£9,540**	**£28,620**	**34%**	**–**

Source: ONS; Land Registry; Turley analysis

6.59 Table 6.11 suggests that the annual cost of shared ownership is lower than entry-level rent in Basildon, Brentwood, Castle Point and Southend-on-Sea, regardless of whether a 25% or 50% share is purchased. This suggests that such a product could meet at least some of the need for affordable housing that exists in these areas.

6.60 The price premium associated with newly built properties again means that the cost of purchasing even a share in Rochford or Thurrock may not be lower than entry-level rent, albeit this is relatively marginal in the case of the latter to suggest that such products could still play a small role in meeting the need for affordable housing.

Bringing the analysis together

6.61 Table 6.12 overleaf draws together the above analysis by comparing and ranking the income required to access each product in each authority, relative to that required to rent or purchase at the entry level of the market[168]. This shows that, in some areas – namely Basildon, Brentwood, Castle Point and Southend-on-Sea – *all* of the affordable housing products assessed in this chapter may require a lower income than would be needed to access entry-level rent, suggesting that they could therefore help to meet the need evidenced in this chapter. The same can only be said of affordable rented products in Rochford, where the discounts applied through affordable home ownership products are offset by the price premium associated with newly built properties. There appears to be a similar issue in Thurrock, albeit there a discount of 50% – while rare – could potentially bring the cost of purchase below the cost of market rent.

[168] **Appendix 4** contains expanded summaries for each authority, with an indication of the required deposit and the proportion able to afford each product

Table 6.12: Comparing Income Required to Access Products

Further detail provided at **Appendix 4**

Basildon		Brentwood		Castle Point	
Market purchase	**£43,464**	**Market purchase**	**£59,196**	**Market purchase**	**£43,667**
Market rent	**£29,700**	**Market rent**	**£33,300**	**Market rent**	**£28,800**
80% market sale	£26,598	80% market sale	£31,917	80% market sale	£24,100
80% market rent	£23,760	70% market sale	£27,927	80% market rent	£23,040
70% market sale	£23,273	80% market rent	£26,640	70% market sale	£21,087
25% share	£19,684	25% share	£23,620	25% share	£17,835
50% share	£18,955	50% share	£22,746	60% market rent	£17,280
60% market rent	£17,820	60% market rent	£19,980	50% share	£17,175
50% market sale	£16,623	50% market sale	£19,948	50% market sale	£15,062
Rochford		**Southend-on-Sea**		**Thurrock**	
Market purchase	**£50,235**	**Market purchase**	**£38,112**	80% market sale	£41,388
80% market sale	£47,875	**Market rent**	**£24,300**	**Market purchase**	**£41,356**
70% market sale	£41,891	80% market rent	£19,440	70% market sale	£36,214
25% share	£35,430	80% market sale	£18,164	25% share	£30,629
50% share	£34,119	70% market sale	£15,893	50% share	£29,496
50% market sale	£29,922	60% market rent	£14,580	**Market rent**	**£28,620**
Market rent	**£28,728**	25% share	£13,442	50% market sale	£25,867
80% market rent	£22,982	50% share	£12,945	80% market rent	£22,896
60% market rent	£17,237	50% market sale	£11,352	60% market rent	£17,172

Key:	**Open market**	Affordable rent	Affordable home ownership	Shared ownership

Summary

6.62 This section has applied the well-established methodology, outlined in the PPG, through which affordable housing needs are separately calculated. The same approach was followed in the previous SHMA and indeed Part 2 of the Brentwood SHMA, albeit their calculations were presented in an alternative form.

6.63 The first stage of the calculation establishes the scale and profile of affordable housing need in gross terms, capturing 5,629 households on the Councils' housing registers who are in the greatest need. A further need for circa 3,659 affordable homes could also be expected to arise every year as new households form and existing households' circumstances change. Combined, these factors could generate **a gross need for circa 3,955 affordable homes per annum** over the remaining 19 years to 2040, where the informing data supplied by the Councils relates to summer 2021. This can also be broken down by the size of property required, suggesting a particularly strong need for affordable homes with one or two bedrooms.

6.64 The PPG subsequently requires supply to be taken into account, allowing for lettings, the release of occupied affordable homes and committed supply. Data supplied by the Councils suggests that approximately **1,543 affordable homes could become available each year**, with this being lower than the estimated gross need such that there is a residual net need for **2,412 affordable homes per annum**. While this reflects South Essex as a whole, there is also a shortfall in each authority, with an annual need for 248 affordable homes in Rochford and 521 in Basildon. There also appears to be a shortfall of every size of property, which is most pronounced for homes with two bedrooms.

6.65 Meeting this annual need for 2,412 affordable homes would require recent delivery across South Essex to increase by a factor of almost six, with no more than 857 such homes having been delivered in any one of the past thirty years. It could notionally require provision for as many as 7,937 dwellings per annum in total, based on the Councils' current policies – some of which are now relatively dated – which is evidently higher than the need for 4,691 dwellings per annum suggested by the standard method. There is, however, widely acknowledged to be a complex relationship between market and affordable housing with overlap between the respective calculations of need. It is ultimately for the Councils to consider whether higher housing requirements could help to increase the delivery of affordable housing, which is evidently needed in each part of South Essex.

6.66 This section has also considered the potential role of different affordable housing products in meeting the gross need that has been locally evidenced in South Essex. The analysis indicates that affordable rent, affordable home ownership or shared ownership products in Basildon, Brentwood, Castle Point and Southend-on-Sea would all require a lower income than would be needed to privately rent at the entry level, such that they could all play a potential role in meeting the need evidenced in this section. The same can only be said of affordable rented products in Rochford, where the discounts applied through affordable home ownership products are offset by the price premium associated with newly built properties in the district. There is also a similar issue in Thurrock, albeit there a discount of 50% – while rare – could potentially bring the cost of purchase below the cost of market rent.

7 Housing for Older and Disabled People

7.1 The NPPF requires the housing needs of '*different groups in the community*' to be '*assessed and reflected in planning policies*', as noted in earlier sections of this report[169].

7.2 The PPG provides some guidance on how such needs should be assessed, with an entire section focusing on housing for older and disabled people[170]. It emphasises that:

> *"Plan-making authorities should set clear policies to address the housing needs of groups with particular needs such as older and disabled people. These policies can set out how the plan-making authority will consider proposals for the different types of housing that these groups are likely to require. They could also provide indicative figures or a range for the number of units of specialist housing for older people needed across the plan area throughout the plan period"*[171]

7.3 This section therefore specifically considers the different types of housing that could be required by older and disabled people in South Essex, drawing upon available evidence. Section 8 then considers the housing needs of other groups with particular needs.

Older people

7.4 The Government has notably reiterated the importance of suitably accommodating a growing older population since the SHMA addendum was produced in 2017, responding to an inquiry on the issue by highlighting its '*endeavour…to ensure that our planning and housing policies positively reflect the requirements of older people*'[172]. Reference was made in this context to its '*strengthened*' NPPF and the ongoing preparation of new guidance on housing for older people, eventually published in June 2019. This updated guidance offers practical advice to the Councils and clearly describes '*the need to provide housing for older people*' as '*critical*'[173].

7.5 The PPG continues to cite the 2011 Census as a recommended source of information on the housing needs of older people, with its datedness not considered to undermine its value for the purposes of understanding local occupancy trends. These trends are initially introduced in this section before consideration is given to subsequent and projected change in the older population, and its implications for housing provision.

Housing occupancy trends

7.6 As reported in the previous SHMA, Census data indicates that 3,796 people aged 65 and over in South Essex lived in communal establishments such as care homes[174]. This represents circa 3% of this cohort, albeit at authority level this rises to 5% in Southend-

[169] MHCLG (2019) National Planning Policy Framework, paragraph 61

[170] PPG sections 63 ("Housing for older and disabled people")

[171] PPG Reference ID 63-006-20190626

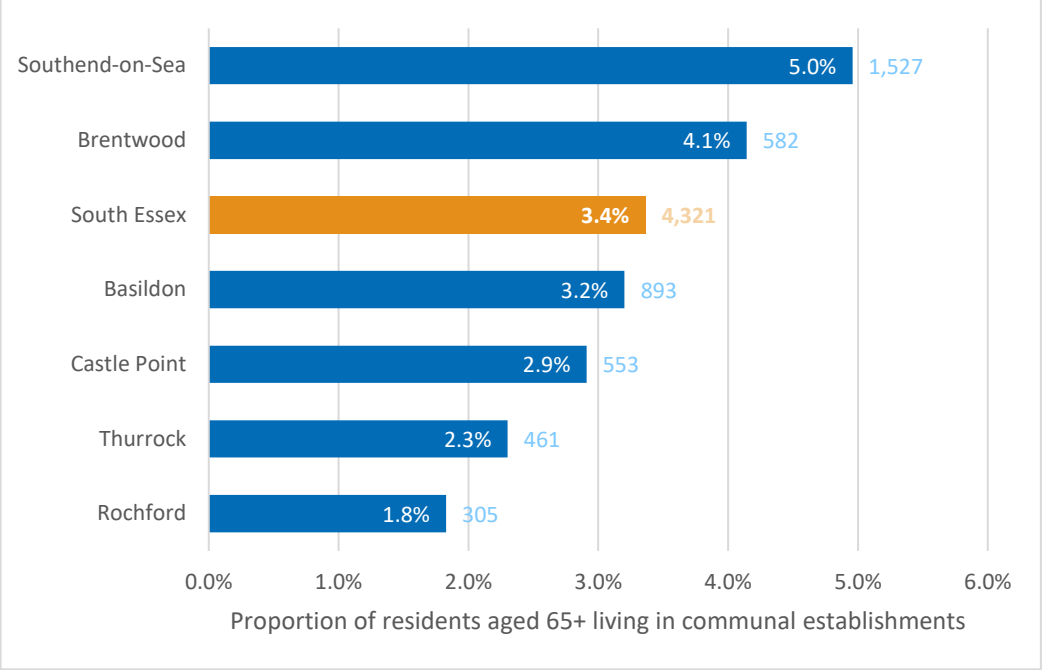
[172] Government response to the Second Report of Session 2017-19 of the Housing, Communities and Local Government Select Committee inquiry into Housing for Older People, September 2018

[173] PPG Reference ID 63-001-20190626

[174] Higher figure than previous SHMA due to inclusion of Brentwood.

on-Sea and falls to only 2% in Rochford. Fundamentally however, it is clear that the vast majority of older people live in private households in each of the authorities.

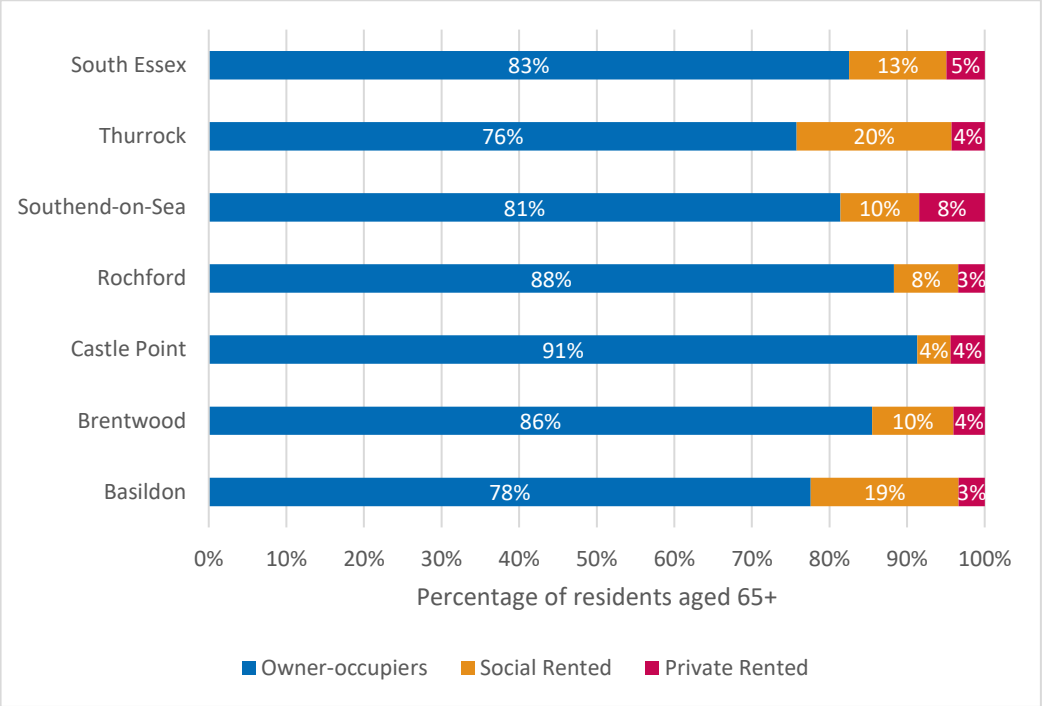
Figure 7.1: Proportion of Aged 65+ Living in Communal Establishments (2011)



Source: 2011 Census

7.7 Further analysis of available Census data confirms that the majority (83%) of these older residents in South Essex living in private households as opposed to communal establishments were owner occupiers, with relatively few living in the social rented or private rented sector (13% and 5% respectively). The high representation in owner occupied stock is fairly consistent across the six authorities, however it is most pronounced in Castle Point, where 91% are owner occupiers and lowest in Thurrock where only 76% are owner occupiers.

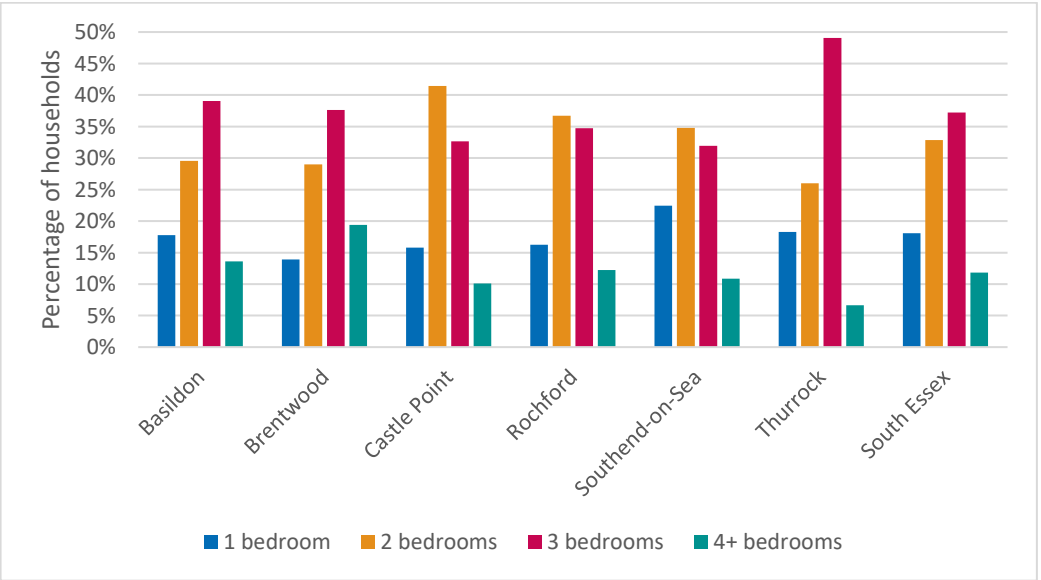
Figure 7.2: Residents Aged 65+ in Private Households by Tenure (2011)



Source: Census 2011

7.8 The Census also provides an indication of the size of housing occupied exclusively by older households, again outside of communal establishments. As shown at Figure 7.2, households where everyone is 65 and over were recorded as most likely to occupy 3-bed homes, with significant numbers occupying homes with 2-bedrooms. This trend was most prevalent in Thurrock, where almost half occupied 3-bedroom homes, and to a lesser extent in Basildon and Brentwood. Older households were more likely to occupy 2-bedroom homes in Castle Point, Rochford and Southend-on-Sea.

Figure 7.3: Size of Home Occupied by Older Households (2011)

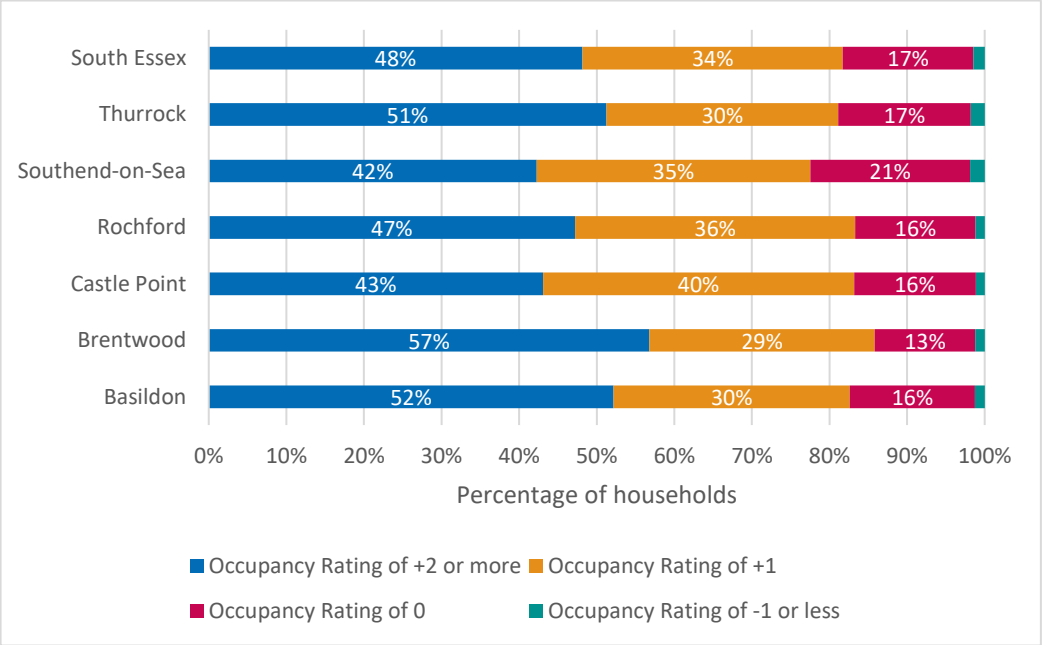


Source: Census 2011

7.9 The above would suggest that older households across South Essex are in many cases likely to be under-occupying their home, with this more likely to be the case in Thurrock, Basildon and Brentwood. This is supported through analysis of occupancy ratings reported by the Census, which calculates the number of bedrooms required for a household based on an assumed 'bedroom standard'[175]. For example, an occupancy rating of +1 indicates that a household has one bedroom more than is notionally required given the number of people living in the household and their interrelationships, and is considered under-occupied by the bedroom standard. An occupancy rating of -1 indicates that the home has one fewer bedroom than may be required, suggesting a level of overcrowding.

7.10 It can be seen that under-occupancy of housing amongst households where all occupants are aged 65+ is prevalent in each of the six authorities, albeit to a greater extent in Thurrock, Brentwood and Basildon where over 50% of older households have an occupancy rating of +2 or more.

Figure 7.4: Occupancy Ratings of Older Households (2011)



Source: Census 2011

Recent change in the older population

7.11 The above analysis reflects the older population of South Essex as of 2011 where it draws upon available Census data and does not therefore reflect subsequent changes.

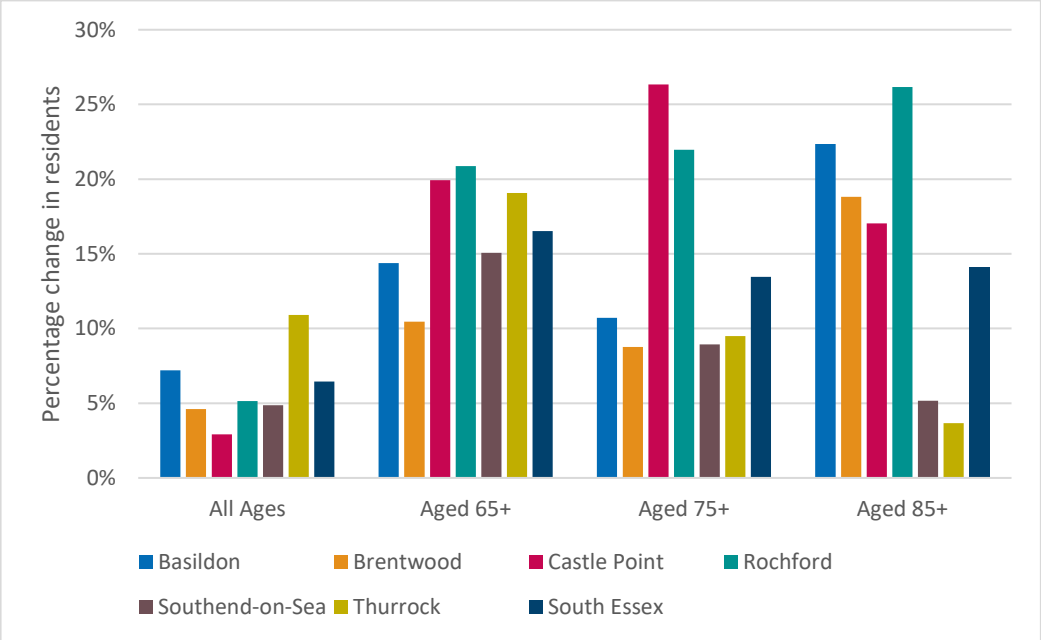
7.12 More recent official population estimates introduced in section 2 demonstrate that people aged 65 and over continue to account for a growing proportion of the local

[175] Assuming, in summary, that a lone person or adult couple require one bedroom, plus another for each remaining adult (16+); two adolescents aged 10-15 of the same sex; one adolescent (10-15) and one child (0-9) of the same sex; two children (0-9) regardless of sex; and any remaining child (0-9)

population. This data suggests that the number of residents in this age-group across South Essex grew by 17% between 2011 and 2020, far exceeding the 6% increase in the total population during this period. This trend is also true for each of the six local authorities, though especially in Rochford (21%) and Castle Point (20%) where the 65 and over population has increased by at least a fifth since 2011.

7.13 Likewise, the cohort of the population aged 75+ in South Essex grew by 13% in the period, with growth most pronounced in Castle Point (26%) and Rochford (22%). Similarly, there has been a 14% growth in those aged 85+, inclusive of a 26% and 22% growth in this cohort in Rochford and Basildon, respectively.

Figure 7.5: Population Change by Age (2011 – 2020)



7.14 Following this period of growth in the older age cohorts, Table 7.1 overleaf shows that there are an estimated 151,117 people aged 65 and over residing in South Essex as of 2020, equivalent to approximately 19% of the population.

Table 7.1: Population Composition by Age (2020)

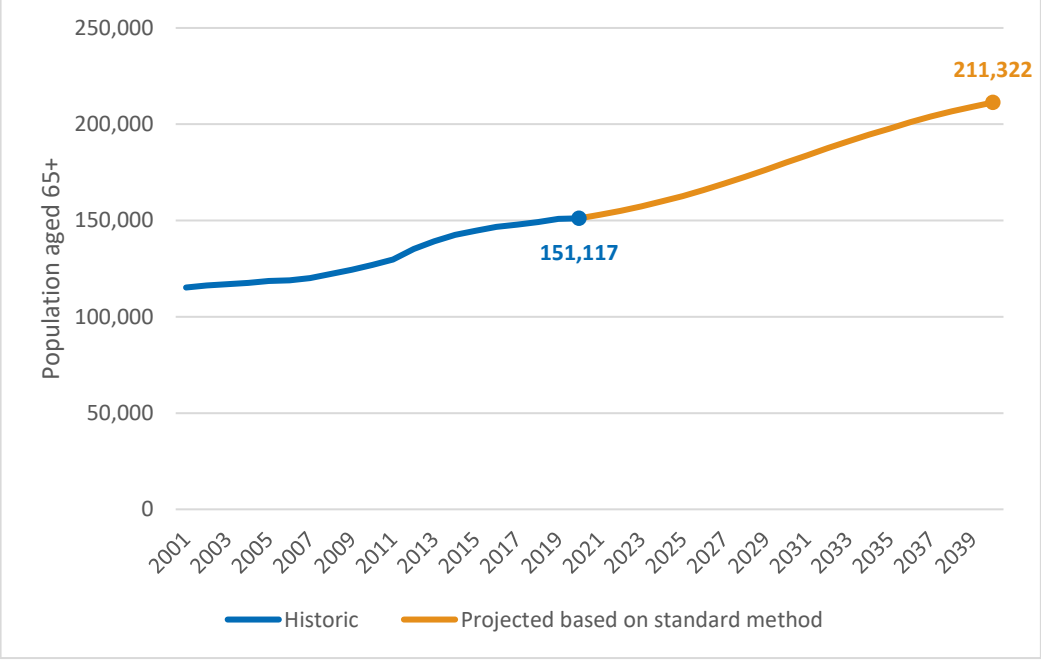
	All Ages	Aged 65+	% of total	Aged 75+	% of total	Aged 85+	% of total
Basildon	187,558	32,247	17%	14,980	8%	4,361	2%
Brentwood	77,242	15,641	20%	7,872	10%	2,621	3%
Castle Point	90,524	23,093	26%	10,934	12%	2,760	3%
Rochford	87,627	20,377	23%	9,691	11%	2,700	3%
Southend-on-Sea	182,773	35,661	20%	17,072	9%	5,350	3%
Thurrock	175,531	24,098	14%	10,199	6%	2,743	2%
South Essex	**801,255**	**151,117**	**19%**	**70,748**	**9%**	**20,535**	**3%**

Source: ONS

Projected future change

7.15 Edge Analytics' modelling – introduced in section 3 of this report – suggests that recent growth in the older population is unlikely to slow if each authority meets the housing need suggested by the standard method. It could instead grow by a further 40% over the period to 2040, at an average rate of 1.7% per annum which is slightly above the historic trend since 2001 (1.4%). This will largely be driven by the ageing of existing residents into this bracket, as introduced in section 3.

Figure 7.6: Historic and Projected Change in Older Population of South Essex (65+)

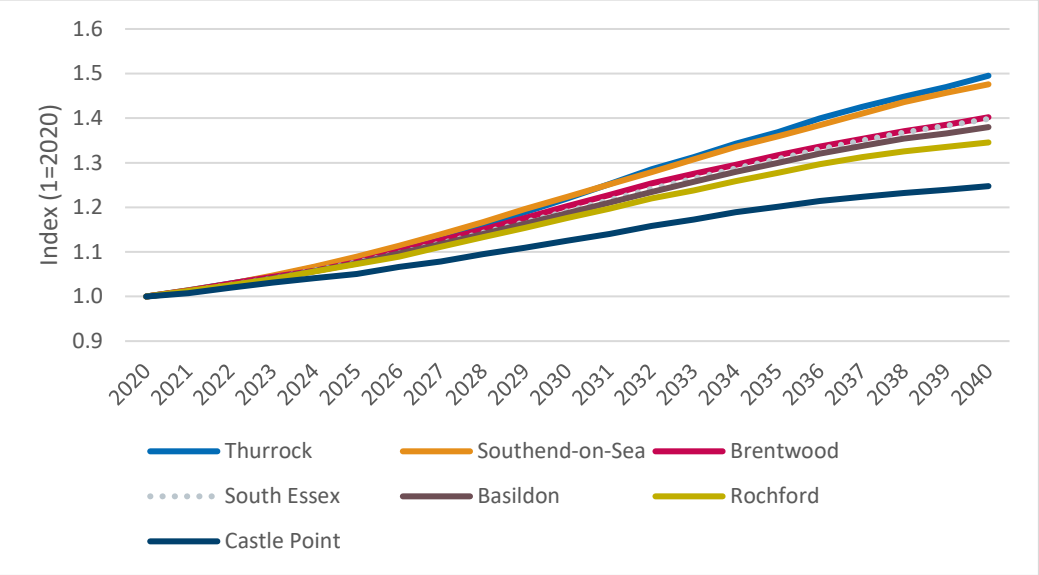


Source: Edge Analytics

7.16 Thurrock would be expected to see its older population grow by approximately half in this scenario, slightly ahead of Southend-on-Sea and therefore the fastest of the six

authorities. Rochford and particularly Castle Point would be expected to see the slowest rate of growth, contrasting with recent years – when their older populations have grown at the fastest rates in South Essex – to suggest that the other authorities are now catching up with trends that have already started to materialise there.

Figure 7.7: Projected Change in Older Populations (2020-40)



Source: Edge Analytics

7.17 The following table confirms the projected rate of growth amongst those aged 65 or above, also highlighting how this rises when focusing on older groups. The number of residents aged 75 or above could increase by more than half across South Essex, and by as much as 66% in Thurrock. It is also observed that those in the older age categories, aged 85 or above, are anticipated to increase by some two thirds over the period to 2040, with Castle Point showing the most significant increase of 79%, reflecting the continuous ageing of existing older cohorts.

Table 7.2: Projected Future Change in Older Population Cohorts if Housing Needs Are Met (2020-40)

	Aged 65+		Aged 75+		Aged 85+	
	Change	% change	Change	% change	Change	% change
Basildon	12,252	38%	7,620	51%	2,482	57%
Brentwood	6,289	40%	4,202	53%	1,675	64%
Castle Point	5,717	25%	4,661	43%	2,175	79%
Rochford	7,041	35%	4,757	49%	1,586	59%
Southend-on-Sea	16,971	48%	10,365	61%	3,559	67%
Thurrock	11,935	50%	6,744	66%	2,090	76%
South Essex	**60,205**	**40%**	**38,349**	**54%**	**13,568**	**66%**

Source: Edge Analytics

Implications for housing provision

7.18 The PPG confirms that such '*projections of population and households by age group…can be used*' to estimate the housing needs of older people[176].

7.19 This is an issue that has already been separately explored in detail in Southend-on-Sea, within a report produced by Housing LIN[177]. This includes primary research alongside analysis of existing provision in the borough, which is used to establish prevalence rates that are subsequently applied to official 2018-based projections. While this report is intended to supplement rather than replace such evidence, it does introduce alternative demographic projections which assume that the housing need suggested by the standard method is met in full. These are considered to provide a more representative – if necessarily strategic – estimate of the size of the older population in such a scenario, compared to the trend-based official projections presented by Housing LIN.

7.20 Indeed, it is important to recognise that Edge Analytics' modelling itself makes assumptions about the number of people living in a communal establishment[178] – like a care home – rather than in private households. This was previously highlighted in the 2016 SHMA and its subsequent addendum. The methodology remains consistent with that applied in those reports, and in the development of official household projections, specifically assuming that:

- For all ages up to 74, the *number* of people in each age group that are not in households remains aligned with the 2011 Census value; and

[176] PPG Reference ID 63-004-20190626

[177] Housing LIN (April 2022) Housing Needs Assessment: housing and accommodation for older people

[178] A communal establishment provides managed accommodation. It is defined to include sheltered accommodation units where fewer than half of units have their own cooking facilities, or similar accommodation where residents have their own rooms but the main meal is provided. If half or more possess their own facilities for cooking, regardless of use, all units in the whole establishment are treated as separate households

- For ages 75 and over, the *proportion* of the population that is not in households remains aligned with the 2011 Census, therefore varying in absolute terms depending on the size of this population throughout the modelling period.

7.21 As a result, modelled growth in the number of people living in communal establishments is entirely attributable to the projected increase in the number of older people aged 75 and over. This implies a need for additional bedspaces in care and nursing homes.

7.22 Table 7.3 shows that the communal population of each area is projected to grow over the period to 2040, under the modelling linked to the standard method. These additional older people are not assumed to live in dwellings, and the total need for 112 bedspaces per annum is therefore **excluded from and additional to** the overall need for dwellings suggested by the standard method. No attempt has been made in this report to consider how other forms of specialist housing, possibly in different use classes, could meet this distinct need, recognising that uncertainties exist around residents' requirements and indeed preferences and that new types of older persons' accommodation continue to emerge[179].

Table 7.3: Projected Change in Communal Population if Housing Needs Met (2020-40)

	Total bedspaces needed	Average per annum
Basildon	380	19
Brentwood	289	14
Castle Point	330	17
Rochford	146	7
Southend-on-Sea	798	40
Thurrock	295	15
South Essex	**2,239**	**112**

Source: Edge Analytics

7.23 It is also important to consider the need for other types of specialist housing for older people, beyond the need for care homes implied by the modelling presented above. The PPG encourages the use of '*online tool kits provided by the sector*', specifically referencing the Strategic Housing for Older People Analysis (SHOP@) toolkit produced by Housing LIN – and used in the previous SHMA and its addendum – as '*a tool for forecasting the housing and care needs of older people*'[180]. This uses national data to

[179] It is acknowledged that housing strategies or development could accommodate those assumed to be in need of bedspaces in residential institutions (Use Class C2) in other forms of provision, in Use Class C3, where this was capable of meeting their needs. Where evidenced, this would directly elevate the overall level of housing need to include those households that are currently excluded from the underlying projections

[180] PPG Reference ID 63-004-20190626

estimate the rate at which those aged 75 and over could require different forms of specialist housing provision, and suggests that there could generally be demand for:

- **125 sheltered housing units** per 1,000 residents aged 75 or above;
- **20 enhanced sheltered housing units** per 1,000 residents aged 75 or above; and
- **25 extra care units** with 24/7 support per 1,000 residents aged 75 or above.

7.24 Table 7.2 suggests that there could be 38,349 more people in this cohort throughout South Essex by 2040, if the housing need suggested by the standard method is met in full. The toolkit therefore suggests that this could generate demand for circa 326 units of specialist accommodation per annum to this point. This is predominantly driven by an assumed demand for sheltered housing. Unlike the distinct need estimated above at Table 7.3, those occupying this type of specialist accommodation *are* otherwise assumed to live in private households, meaning that such individuals are **included** in the assessed need for dwellings.

Table 7.4: Projected Demand for Specialist Housing (2020-40)

	Sheltered housing	Enhanced sheltered	Extra care	**Total**	Annual
Basildon	952	152	190	**1,295**	65
Brentwood	525	84	105	**714**	36
Castle Point	583	93	117	**792**	40
Rochford	595	95	119	**809**	40
Southend-on-Sea	1,296	207	259	**1,762**	88
Thurrock	843	135	169	**1,146**	57
South Essex	**4,794**	**767**	**959**	**6,519**	**326**

Source: Edge Analytics; Housing LIN; Turley analysis

People with disabilities

7.25 The PPG states that:

"The provision of appropriate housing for people with disabilities, including specialist and supported housing, is crucial in helping them to live safe and independent lives. Unsuitable or unadapted housing can have a negative impact on disabled people and their carers. It can lead to mobility problems inside and outside the home, poorer mental health and a lack of employment opportunities. Providing suitable housing can enable disabled people to live more independently and safely, with greater choice and control over their lives. Without accessible and adaptable housing, disabled people risk facing discrimination and disadvantage in housing. An ageing population will see the

numbers of disabled people continuing to increase and it is important we plan early to meet their needs throughout their lifetime"[181]

7.26 From a technical perspective, the modelling introduced in this report – like the household projections that sit beneath the standard method – assumes that most people will require private housing, as opposed to communal accommodation. A fixed number of those aged under 75 are though assumed to require such communal accommodation, as are a *proportion* of the growing number aged 75 or above. This results in the additional need quantified at Table 7.3 above, aside from which there is no implicit need for further specialist accommodation targeted at those aged 74 and under. There are equally no publicly available toolkits that provide alternative means of estimating the demand for such accommodation from people with disabilities.

7.27 The PPG instead states that '*multiple sources of information may need to be considered in relation to disabled people who require adaptations in the home, either now or in the future*'[182]. It describes the Census as one such source of information, given that this records the extent to which the population considered their day-to-day activities to be limited by long-term health problems or disability[183].

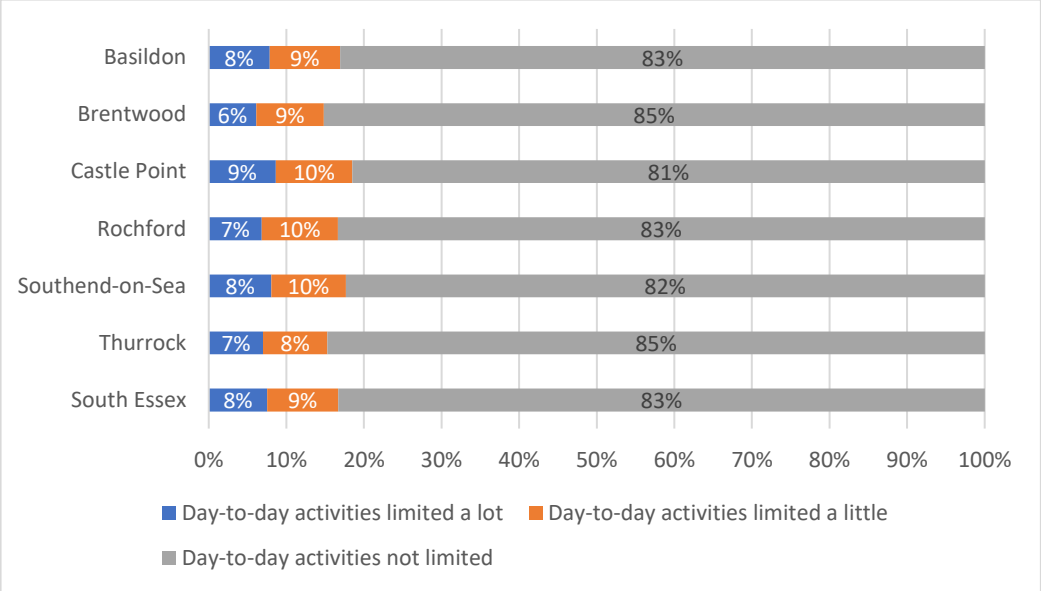
7.28 It can be seen from the Census that, as of 2011, circa 17% of all people living in South Essex were limited to some extent by a long-term illness and/or disability, with around 8% of the population stating that their activities are 'limited a lot'. The prevalence of activities being limited to some extent by long-term illness and/or disability is similar across the six authorities, with 19% in Castle Point being the highest.

[181] PPG Reference ID 63-002-20190626

[182] PPG Reference ID 63-005-20190626

[183] A long-term health problem or disability that limits a person's day-to-day activities, and has lasted, or is expected to last, at least 12 months. This includes problems that are related to old age. People were asked to assess whether their daily activities were limited a lot or a little by such a health problem, or whether their daily activities were not limited at all.

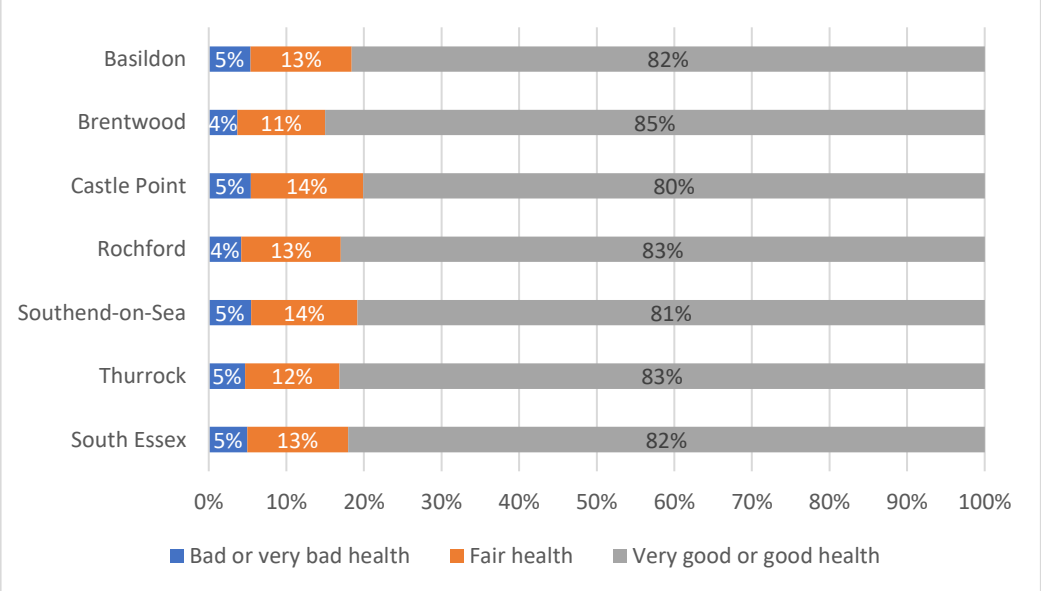
Figure 7.8: Extent to which individuals' day-to-day activities are limited by long-term health problem and/or disability (2011)



Source: 2011 Census

7.29 Respondents to the 2011 Census also self-reported their general health, with broadly similar outcomes as outlined in the chart below. However, it is again noted that a marginally smaller proportion of residents in Castle Point considered themselves to be in very good or good health.

Figure 7.9: Self-reported General Health (2011)



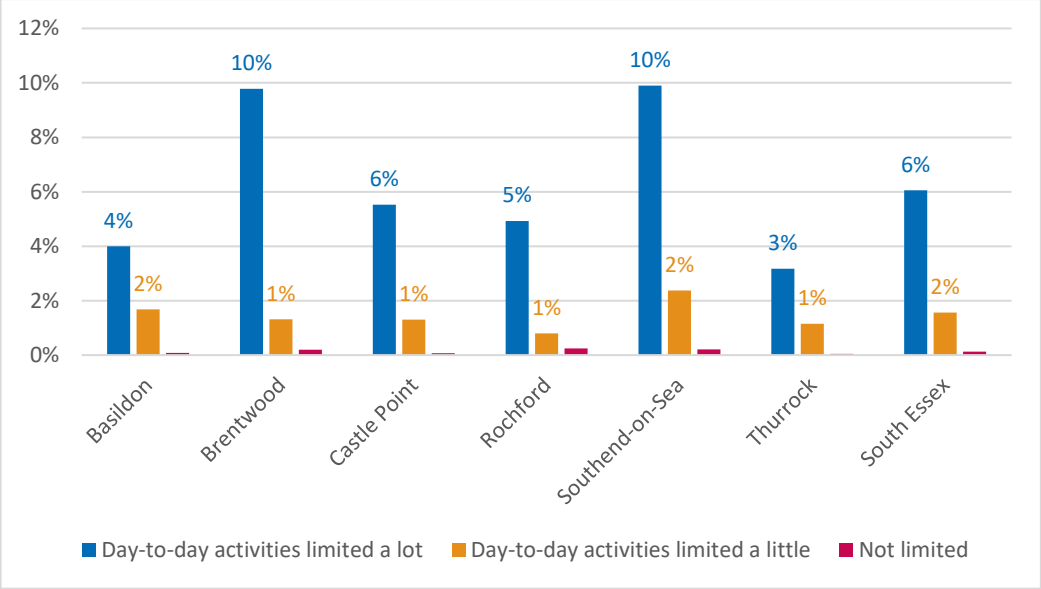
Source: 2011 Census

7.30 The Census also recorded the living arrangements of those whose daily activities were limited to some extent, or not at all. This reveals the role that specialist communal

establishments such as care homes have played in meeting the needs of such individuals.

7.31 It can be seen from Figure 7.10 that circa 6% of those residents of South Essex whose daily activities are limited a lot and just over 2% of those whose daily activities are limited a little were accommodated in communal medical and care establishments, as of 2011. Whilst this meant that a number of the residents with a disability or long-term health problem lived in communal establishments, it also indicates that the vast majority do not, and are therefore likely to occupy or require general housing that is accessible and can accommodate their needs.

Figure 7.10: Proportion of population that live in communal establishments by extent to which day-to-day activities are limited by long-term health problem and/or disability (2011)

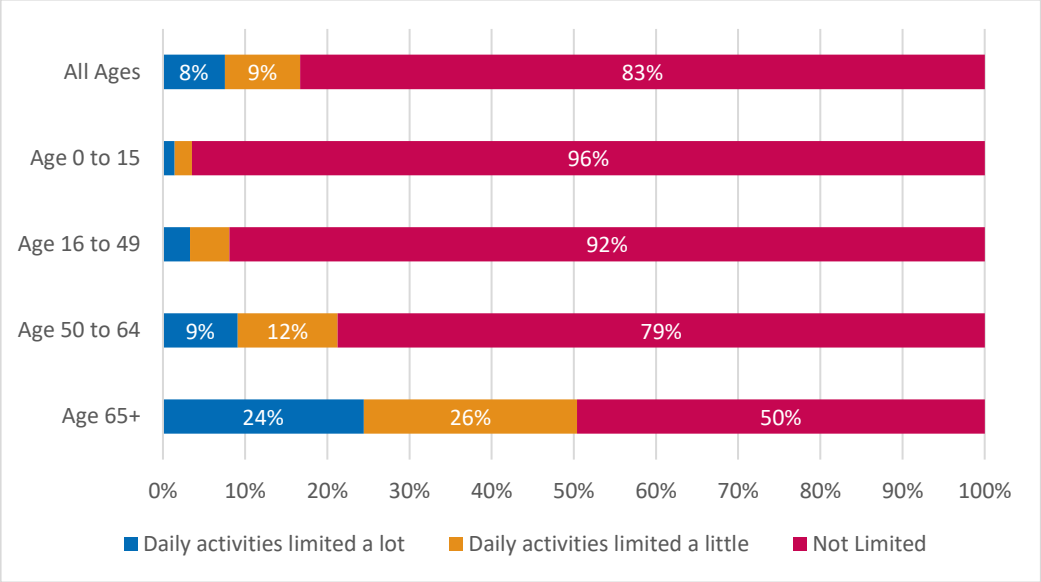


Source: 2011 Census

7.32 The Census also allows analysis to be conducted into the prevalence of long-term health problems and/or disability by age, thereby providing a more refined indication of future need for consideration in the context of Edge Analytics' modelling of population change.

7.33 Figure 7.11 confirms that the proportion of South Essex's population whose daily activities are limited to some extent by long-term health problems and/or disability increases markedly with age. Amongst those aged between 16 and 49, only 8% of the population reports themselves as in this category. This increases to 21% for those aged 50 to 64 but more significantly to 50% for those aged 65 and older. Where this is set in the context of the analysis above as to the scale of the projected growth in this older cohort in particular, this suggests there will be a growing need for private housing which can accommodate individuals with health-related problems and/or disabilities over the period to 2040.

Figure 7.11: Prevalence of long-term health problems and/or disability in South Essex by age (2011)



Source: 2011 Census

7.34 Essex County Council produced a county-wide Joint Strategic Needs Assessment (JSNA) in 2019, alongside profiles for 12 districts including four in South Essex, excluding only the unitary authorities of Southend-on-Sea and Thurrock. The JSNA is a statutory process for Health & Wellbeing Boards to identify and improve the current and future health, wellbeing and social care needs of their area. The purpose is to inform strategic decision making, commissioning of services and reduce inequalities for all ages[184].

7.35 As part of this assessment, Essex County Council used the Projecting Older People's Population Information (POPPI) and Projecting Adult Needs and Service Information (PANSI) tools to project the proportion of adults aged 65 and over who may have long-term limiting conditions or restricted mobility.

[184] Essex County Council (2019) Essex JSNA Countywide Report 2019

Table 7.5: Proportion of Adults Aged 65+ with Long-term Limiting Conditions or Restricted Mobility

	Day-to-day activities limited a little	Day-to-day activities are limited a lot	Unable to manage at least one mobility[185] activity on their own
Basildon	24.6%	24.6%	18.5%
Brentwood	23.7%	18.9%	19.7%
Castle Point	24.1%	23.6%	18%
Rochford	25.7%	20.5%	18.2%

Source: Essex JSNA 2019

7.36 **Southend-on-Sea** is a unitary authority and therefore produced its own JSNA in 2019. A key objective within this report was to delay ill health and minimise disability in the face of a rapidly growing older population, while also reducing isolation[186].

7.37 **Thurrock** produced a JSNA relating specifically to special educational needs and disabilities in 2018. This noted that there has been a rise in the number of disabled children with complex needs and/or life-limiting conditions, who, with their families, are likely to need support from health, education and social care continuously or at times throughout their lives. The JSNA then referred to Disability Living Allowance (DLA), stating that in May 2017, there were 1,420 children under the age of 16 claiming DLA in Thurrock[187].

7.38 The latest edition of this dataset, published in February 2019, suggests that there has been little change since with 1,400 children under the age of 16 claiming DLA in Thurrock. This extends to 3,800 for all ages[188].

7.39 DLUHC publish data relating to the Councils' housing registers. Part of this reporting counts those who need to move to a new house on medical or welfare grounds, including grounds relating to a disability. The 2020/21 iteration of this dataset is presented at Table 7.6 overleaf.

[185] Activities include: going out of doors and walking down the road; getting up and down stairs; getting around the house on the level; getting to the toilet; getting in and out of bed

[186] Southend-on-Sea Borough Council (2019) Joint Strategic Needs Assessment

[187] Thurrock Council (2018) Joint Strategic Needs Assessment: Special Educational Needs and Disabilities, page 27.

[188] ONS (2019) Benefits Payments 5% Data – Disability Living Allowance. Fingers rounded to nearest 100

Table 7.6: People who need to move on medical or welfare grounds, including grounds relating to a disability (2020/21)

	Total
Basildon	109
Brentwood	176
Castle Point	128
Rochford	411
Southend-on-Sea	116
Thurrock	80
South Essex	**1,020**

Source: DLUHC

7.40 The PPG recognises that '*accessible and adaptable housing enables people to live more independently, while also saving on health and social costs in the future*'[189]. It further suggests that:

"It is better to build accessible housing from the outset rather than have to make adaptations at a later stage – both in terms of cost and with regard to people being able to remain safe and independent in their homes"[190]

7.41 The Councils may, in this context, choose through policies to implement recommendations made by key organisations that have looked at this issue in detail, wherever viable. The Equality and Human Rights Commission, for example, recommended that at least 10% of new-build housing across all tenure types should be built to higher wheelchair-accessible standards[191] (M4(3) design standard).

7.42 Newly provided homes will only ever represent a small proportion of the overall stock, however, and carrying out adaptations to existing homes is therefore also important in addressing the specific needs of those with disabilities, in order to modify the home environment and enable or restore independent living, dignity, confidence or privacy for individuals and their families.

7.43 Home Adaptations for Disabled People[192], published by the Home Adaptations Consortium in 2013, provides a useful starting point in considering adaptations, and suggests that demand has accelerated with social policy changes and medical advances, allowing people with disabilities and complex needs to lead more independent lives.

[189] PPG Reference ID 63-008-20190626

[190] *Ibid*

[191] Equality and Human Rights Commission (2018) Housing and disabled people: Britain's hidden crisis

[192] Home Adaptations Consortium (2013) Home Adaptations for Disabled People – a detailed guide to related legislation, guidance and good practice

7.44 As shown earlier at Figure 7.10, the majority (approximately 94%) of South Essex's residents whose daily activities are limited a lot by their long-term health or disability do not live in communal establishments, suggesting that many live at home independently or with relatives, friends or carers.

7.45 This suggests an ongoing need to ensure that there is a sufficient supply of adapted homes. Councils offer means tested grants – including Disabled Facilities Grants (DFGs), part of the Councils' overarching housing policies – to help people adapt their homes, and the PPG suggests that the number of applications '*will provide an indication of levels of expressed need*' even if this may '*underestimate total need*' due to people wanting or needing adaptations but not applying for a DFG[193].

7.46 Data supplied by the Councils indicates that at least 412 DFGs have been awarded annually on average over the three years to 2021, with this known to be a minimum figure as it omits Castle Point where equivalent data could not be provided. Basildon has seen the most DFGs awarded on average, followed by Thurrock.

Table 7.7: Disabled Facilities Grants Awarded in South Essex (2018-21)

	2018/19	2019/20	2020/21	Average
Basildon	158	162	87	**136**
Brentwood	27	24	30	**27**
Rochford	33	37	40	**37**
Southend-on-Sea	112	114	63	**96**
Thurrock	112	129	109	**117**
South Essex excluding Castle Point	**442**	**466**	**329**	**412**

Source: Council monitoring

Summary

7.47 The NPPF emphasises that specific policies should be designed to ensure the needs of older and disabled people are met in the housing sector. The Government has repeatedly reiterated the need to provide housing for older people as '*critical*'.

7.48 Data from the last reported Census in 2011 indicates that the vast majority of older people in every part of South Essex live in private households, with those being in private households overwhelmingly tending to be owner-occupiers. Older households were also most likely to occupy 3-bedroom homes, though a significant number still occupied 2-bedroom homes. This evidence suggests that older households in South Essex are under-occupying their homes, which is supported further data which confirms that almost half had at least two spare bedrooms.

7.49 Growth in the population aged 65 and over in South Essex continues to outpace the growth of the total population, and in 2020 this cohort accounted for approximately

[193] PPG Reference ID 63-005-20190626

19% of the population. However, this figure was as high as 26% in Castle Point specifically, and as low as 14% in Thurrock. Further modelling suggests that the growth in the over 65s is unlikely to slow if each authority meets its minimum housing need, based on the standard method. Indeed, this particular part of the population could be expected to grow by in the order of 40% by 2040 across South Essex. A number of authorities are expected to see even higher rates of growth in this age group.

7.50 The PPG confirms that such projections can be used to estimate the housing needs of older people, and the modelling itself assumes that there will be circa 112 individuals throughout South Essex needing bedspaces in communal accommodation each year. These people are not assumed to live in traditional dwellings, and are therefore excluded from and additional to the overall need for dwellings produced using the standard method and presented at Table 3.3. A further demand for other forms of specialist accommodation – such as sheltered and extra care housing – can also be anticipated, with a leading toolkit suggesting that circa 326 units could be needed each year throughout South Essex. This is *included* in the assessed need for dwellings, however.

7.51 Around one in every six South Essex residents reported that they are limited to some extent by a long-term illness and/or disability. Approximately 5% also reported themselves to be in bad or very bad health, with a further 13% reporting themselves to be in just “fair” health. Census data also indicated that a significant majority of those whose day-to-day activities are limited do not live in a communal medical and care establishment, and are therefore likely to occupy or require general housing that is accessible and can meet their needs. The PPG emphasises that it is often better and more cost-effective to build accessible housing from the outset, with some organisations researching this issue in detail and recommending that at least 10% of new homes are built to higher wheelchair-accessible standard (M4(3)), but adaptations of existing properties will likely also continue to be necessary.

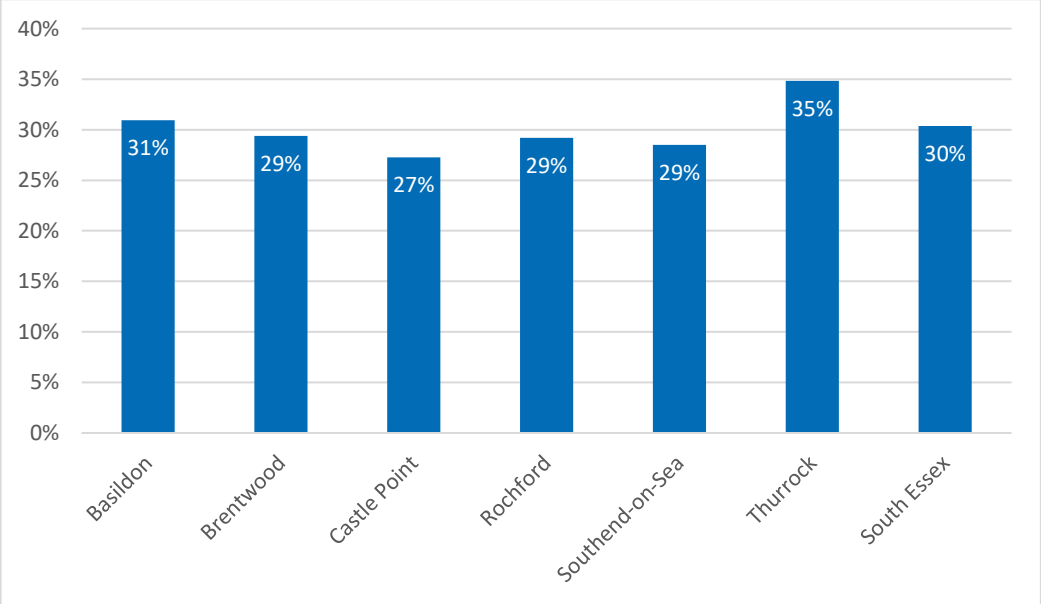
8 Specific Needs of Other Groups

8.1 This section provides analysis of the current and future housing needs of further distinct groups identified by the Councils, namely families with children, private renting households, self-builders and students. The focus on these groups in no way means that there are not others with specific housing needs, but it is anticipated that where identified these will be assessed and monitored separately so that such needs can be met. A separate assessment of the needs of Gypsies and Travellers is believed to be underway at the time of writing, for example, and Thurrock Council is also in the process of assessing the needs of Travelling Showpeople and others residing at the Buckles Lane site.

Families with children

8.2 The last reported Census in 2011 found that dependent children were present in 30% of all households in South Essex, albeit with some variation within this area. Thurrock has the most households with children, at 35%, while Castle Point has the least (27%).

Figure 8.1: Households with Dependent Children

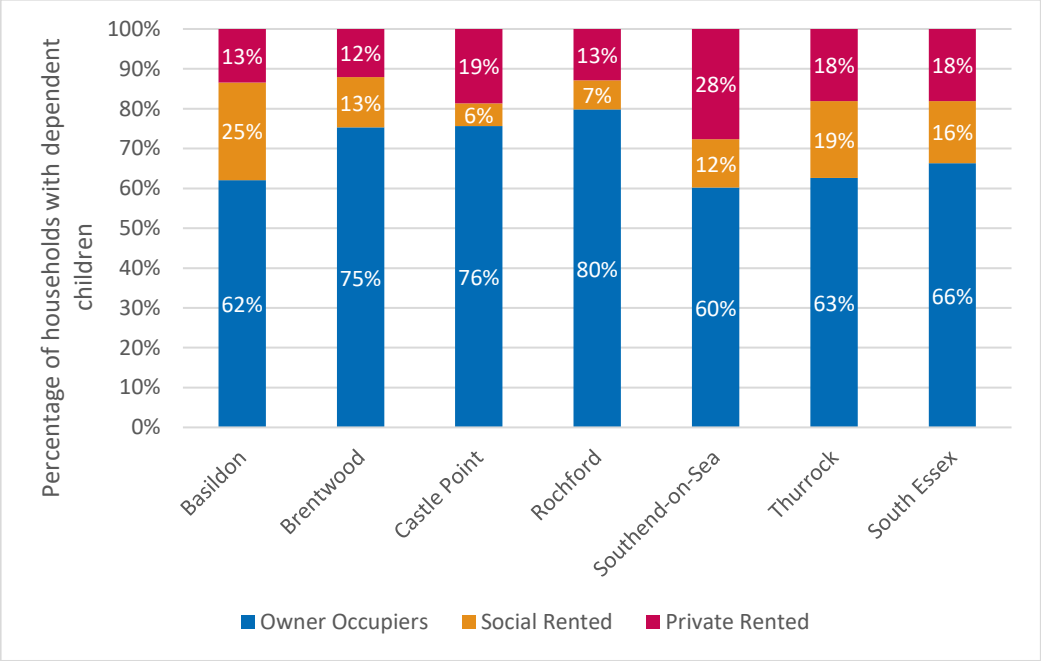


Source: 2011 Census

8.3 The 2011 Census continues to provide an unparalleled level of insight into the housing choices of families with children, confirming that a clear majority (66%) of households in South Essex with dependent children are owner-occupiers, with under a fifth (18%) in the private rented sector and even fewer (16%) in the social rented sector. There is notable variation between the six authorities, for example the proportion of owner-occupier families is highest in Rochford, at 80%, and it is lowest in Southend-on-Sea, at 60%. It follows that Southend-on-Sea has the highest proportion of households in the private rented sector at 28%, however it is Brentwood that has the lowest proportion (12%).

8.4 Basildon has the highest proportion of families in the social rented sector (25%). This is markedly higher than the next highest proportion, which is Thurrock (19%) and significantly higher than the authorities with the lowest proportion, which are Castle Point (6%) and Rochford (7%).

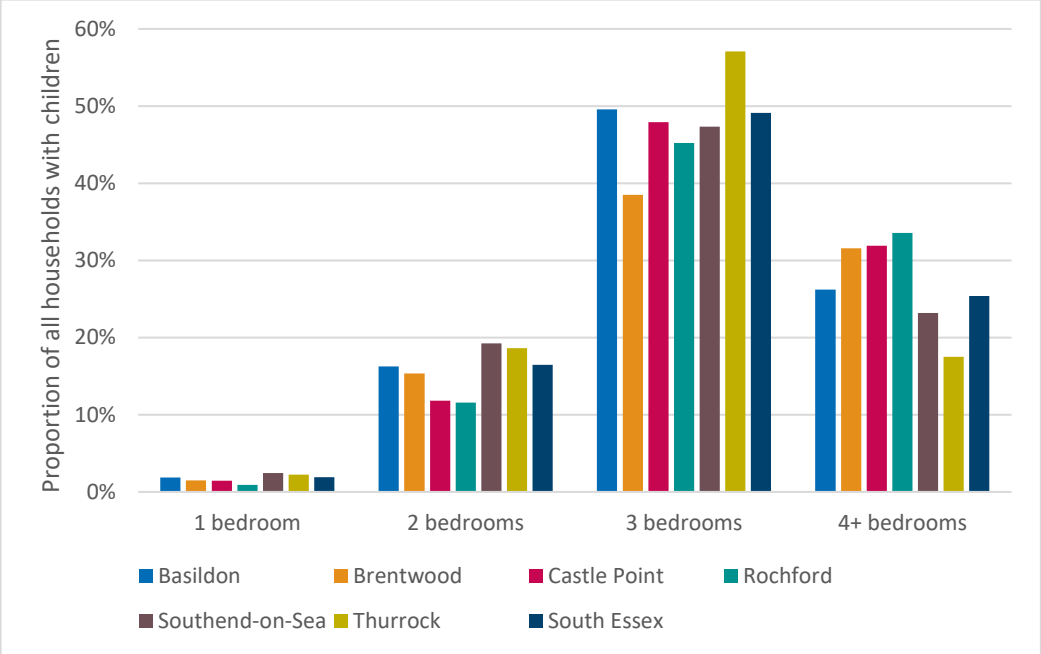
Figure 8.2: Tenure of Households with Dependent Children (2011)



Source: 2011 Census

8.5 The Census found that households with dependent children most commonly occupied 3-bedroom properties, with the next most common household size being 4 bedrooms. This trend is reflected across the six authorities, except for Thurrock where households with dependent children were slightly more likely to occupy 2-bedroom properties than 4-bedroom properties. This is somewhat reflective of housing stock in the area, as presented at the earlier Figure 2.4, however there are more 2-bedroom properties than 4-bedroom properties in South Essex, confirming that households with dependent children are more likely to occupy larger homes.

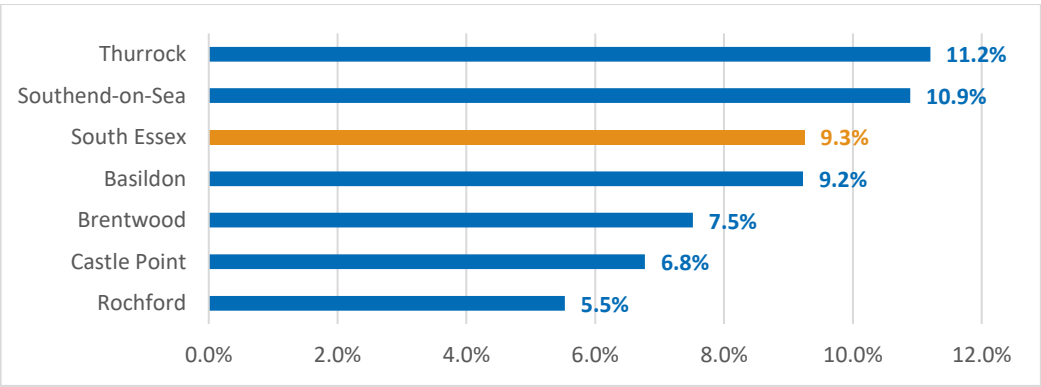
Figure 8.3: Size of Housing Occupied by Households with Dependent Children (2011)



Source: ONS

8.6 Across South Essex, there are 8,720 households with dependent children with at least one fewer bedroom than required, based on the bedroom standard introduced in the previous section. This represents approximately 9% of all households with dependent children in the area. In Southend-on-Sea and Thurrock, upwards of 11% of households with dependent children have fewer bedrooms than required, whereas in Rochford just 6% do.

Figure 8.4: Proportion of households with dependent children with at least one fewer bedroom than required (2011)



Source: 2011 Census

8.7 These general trends could be conceivably mirrored amongst the additional families projected to live in South Essex according to the modelling presented in this report. There could be some 30,200 additional households with children if each authority

meets their housing needs in full, as shown by the earlier Figure 5.2 and broken down further below. This highlights that nearly a quarter (24%) of additional families could be in Thurrock, with fewer in Castle Point and Rochford. It also indicates that the majority of additional families will have one or two children, with considerably fewer having three or more.

Table 8.1: Projected Change in Households with Dependent Children (2020-40)

	Additional households with children	1 child	2 children	3+ children
Thurrock	7,131	2,545	3,203	1,383
Basildon	6,460	3,838	2,466	156
Southend-on-Sea	6,061	1,640	2,858	1,563
Brentwood	4,576	2,252	2,019	305
Castle Point	3,219	1,818	1,269	132
Rochford	2,768	922	1,114	731
South Essex	**30,214**	**13,016**	**12,929**	**4,269**

Source: Edge Analytics

8.8 The modelling suggests that there will be more households with dependent children in South Essex if housing needs are met, but it is also important to acknowledge that some of the existing such households are currently facing difficulties in accessing housing. Some 410 households with dependent children were owed a homeless relief duty during the last financial year (2020/21) and another 476 were owed a prevention duty, because they were at risk of becoming homeless[194].

[194] DLUHC (2022) Statutory homelessness – detailed local authority level tables: financial year 2020-21, Tables A5R and A5P

Table 8.2: Homelessness amongst Households with Dependent Children (2020/21)

	Declared homeless	At risk of homelessness
Basildon	146	83
Brentwood	10	17
Castle Point	26	47
Rochford	37	45
Southend-on-Sea	75	167
Thurrock	116	117
South Essex	**410**	**476**

Source: DLUHC

Privately renting households

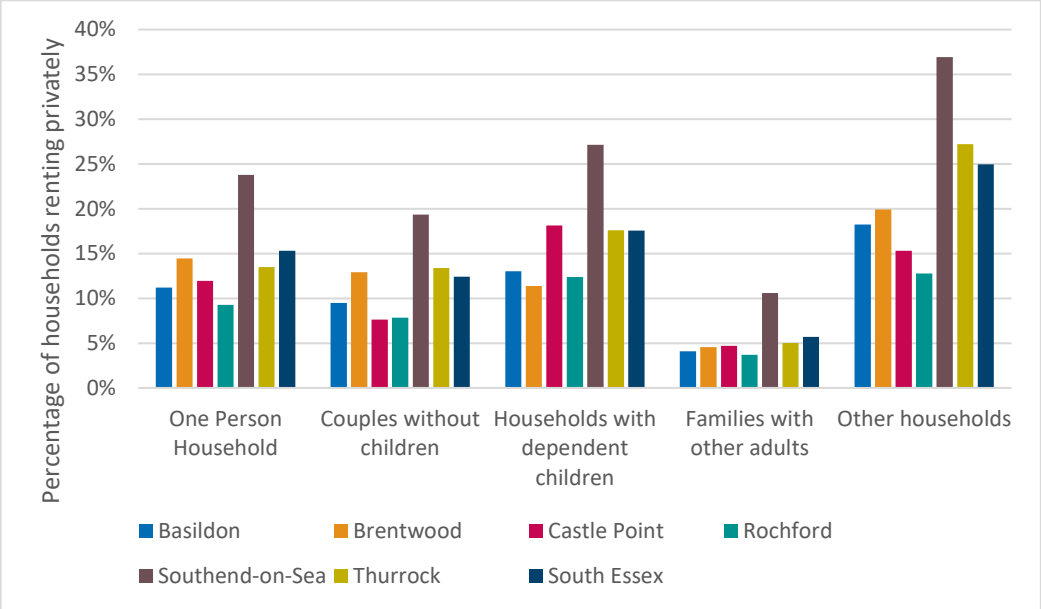
8.9 Section 2 considered the changing cost of renting privately in the study area, the affordability of which was further explored in section 6. This section profiles the types of households living in the sector, and also considers the introduction of new forms of rented provision.

Household composition

8.10 Similar to the analysis above for households with children, it is important to understand how the tendency to rent varies amongst different household types. Drawing on the 2011 Census again allows identification of the household types that are more likely to privately rent than access housing through other tenures.

8.11 Figure 8.5 illustrates the tendency to rent amongst different household types, using the broader household categories introduced in section 5 of this report. This reveals that other households, particularly in Southend-on-Sea, are most likely to privately rent, largely due to the uptake of such housing by students and other unrelated sharing adults. This is followed in proportionate terms by households with dependent children for each authority, except for Brentwood where one person households have the second highest figure. Families with other adults, such as non-dependent children or older relatives, were considerably less likely to be privately renting.

Figure 8.5: Tendency to Rent Privately by Household Type (2011)



Source: 2011 Census

8.12 When considered in the context of the household growth projected over the plan period, shown earlier at Figure 5.2, there is clearly expected to be a modest level of growth amongst the "other households" that are most inclined to privately rent. There are also expected to be a growing number of households with dependent children, as noted above, who often rent in this area. Given that at least some households in each category rent, and that all household types are actually projected to grow in number, a growing demand for private rented accommodation can be reasonably anticipated in the study area simply on the basis of changing demographics in the study area.

Occupations and earnings

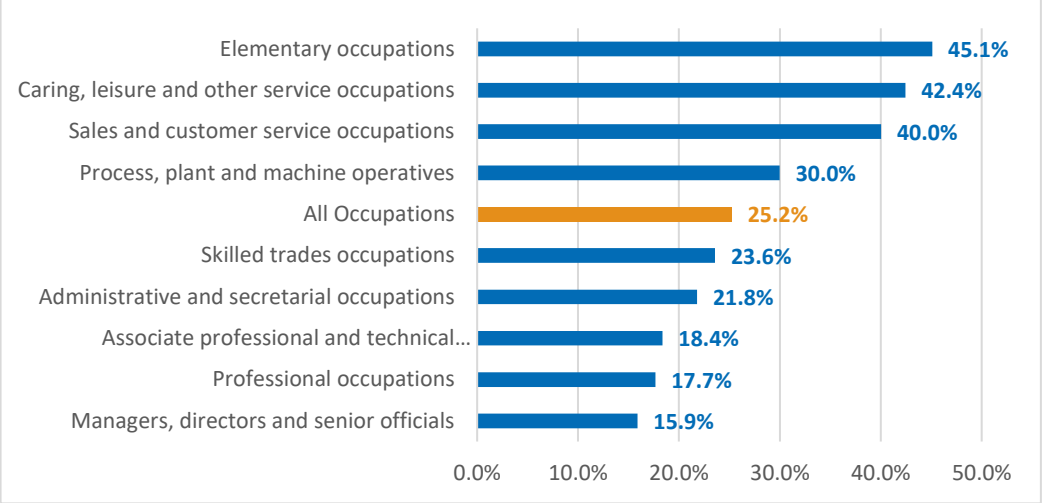
8.13 Where private rented housing is often an important entry-point to the housing market, particularly for households with lower or less certain income, it is also useful to understand how varying earnings linked to occupations influence demand for the tenure. Trends in the occupations of those leading privately renting households in South Essex have therefore been analysed below, drawing upon the 2011 Census. This is based on the household reference person (HRP), who acts as a reference point for producing further derived statistics and for characterising a whole household according to the characteristics of the chosen reference person.

8.14 Figure 8.6 outlines the proportion of HRPs employed in different occupations[195] that privately rent their home, as of 2011, illustrating the varying role of the sector in meeting the housing needs of different groups in the workforce. While around 25% of all households in South Essex rent privately, rates of private renting are notably higher where the HRP is employed in certain occupations, particularly elementary occupations

[195] Based on the Standard Occupational Classification (SOC)

where 45% rent privately, caring, leisure and other service occupations (42%) and sales and customer service occupations (40%).

Figure 8.6: Tendency to Rent Privately by Occupation in South Essex (2011)

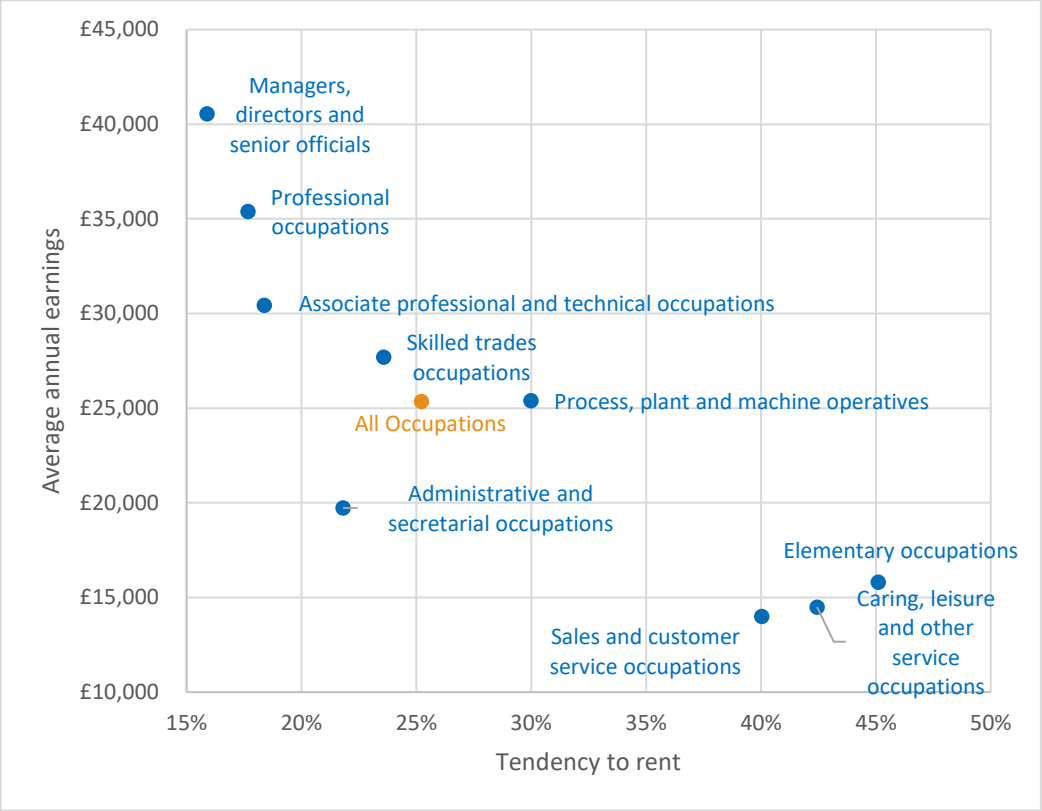


Source: 2011 Census

8.15 Analysis of the 2021 earnings data published by the ONS[196] highlights that there is some correlation between the occupations identified above as those most likely to rent privately in South Essex and those occupations where wages are relatively low (albeit it should be noted that data regarding wages by occupation is available only at the regional level). As shown in Figure 8.7, sales & customer services occupations, elementary occupations and caring, leisure & other service occupations are those with relatively low earnings, and a relatively high reliance on the private rented sector. Those in the highest paid roles, such as managers, directors and senior officials, were markedly less likely to be privately renting.

[196] ONS (2021) Annual Survey of Hours and Earnings 2021

Figure 8.7: Typical Earnings by Occupation and Tendency to Privately Rent



Source: ASHE; 2011 Census

Build to Rent

8.16 Built to Rent (BTR) is a housing model that is increasing in prominence, having been highlighted in a Government White Paper as a model it aims to support in order to increase the country's provision of high quality homes for rent[197]. As the name suggests, BTR developments are those which are purpose built for private and affordable rented accommodation, as opposed to a mix of homes purchased and/or subsequently let out on an individual basis.

8.17 The BTR model has been delivering a growing number of homes over recent years, with analysis conducted by the British Property Federation (BPF) and Savills indicating that the number of completed BTR units had increased by 19% over the year to Q12022, reaching a new high of 72,668 units[198]. A further 46,304 and 53,000 are respectively under construction or at planning stage in the UK, with growth outside of London catching up with the capital.

8.18 Further Savills research published in May 2021 focused specifically on development within Essex[199]. It highlighted that homes designed for renters make up a growing proportion of delivery in Essex. Basildon has seen the most BTR investment within

[197] Department for Communities and Local Government (2017) Fixing Our Broken Housing Market

[198] British Property Federation (2022) Build to Rent Q1 2022

[199] Savills (2021) Spotlight: Essex Development

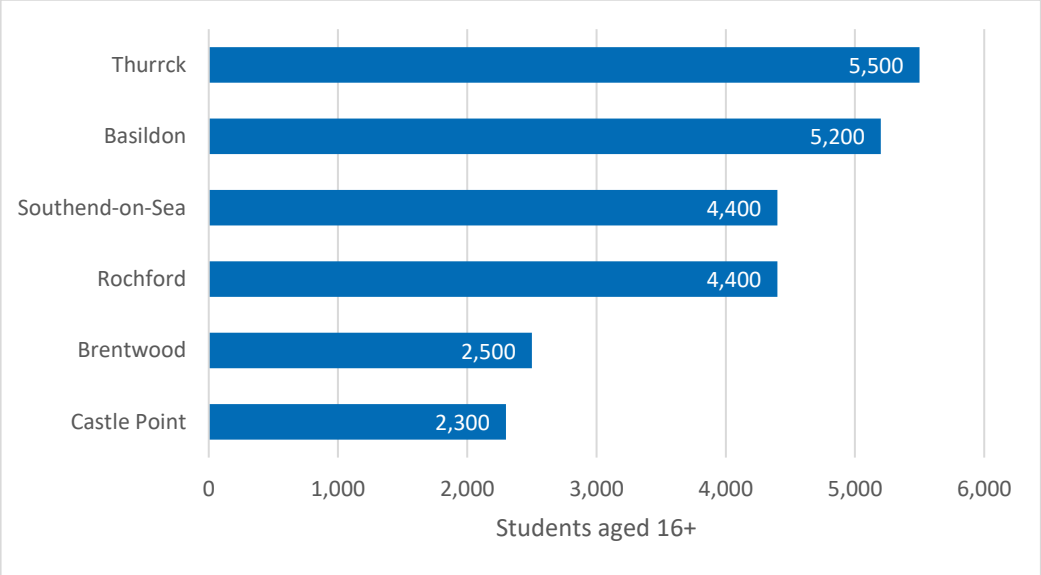
Essex, with Trafford House signalling Essex's first foray into BTR with 384 flats completed in 2016.

8.19 Further development of this nature, led by the market where deliverable, could play a role in meeting a continued need for quality rented accommodated where it is recognised that those household types likely to occupy such housing are set to grow in number. The Councils are advised to closely monitor any pioneering schemes to ascertain the level of demand for such a product amongst local residents or particular groups, like new graduates or young professionals.

Students

8.20 The Annual Population Survey covering the year to December 2021 indicates that there are 24,300 students aged 16 or above living in South Essex, with the greatest numbers living in Thurrock and Basildon as shown by Figure 8.8[200].

Figure 8.8: Number of Students by Authority (2021)

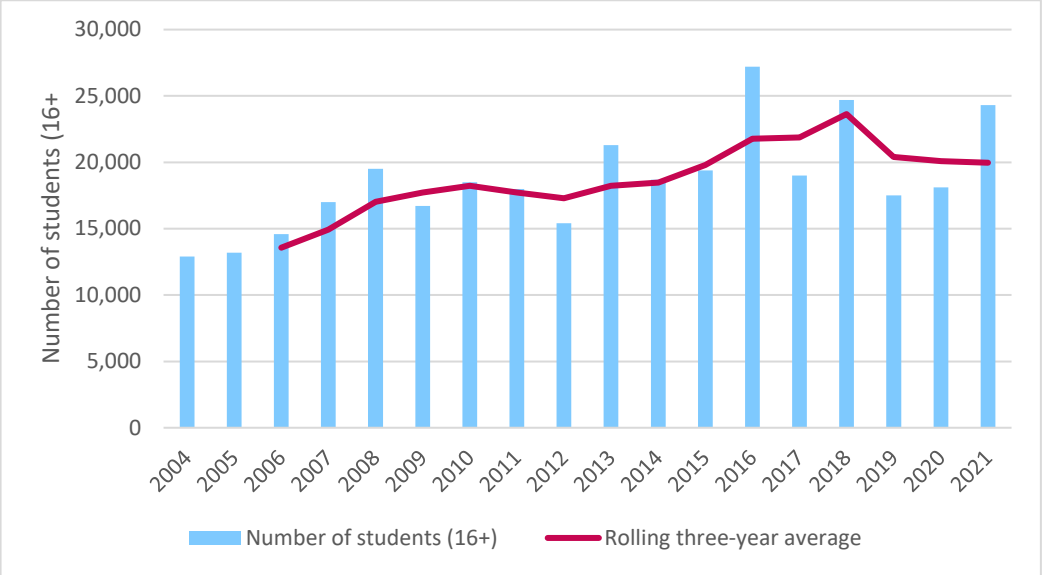


Source: ONS

8.21 While the survey-based nature of the APS causes annual fluctuations, the student population of South Essex appears to have remained relatively stable in recent years when smoothing volatility by calculating a rolling three-year average. The number has, however, grown considerably since 2004 when this data was first published.

[200] This figure includes anyone aged 16 or above in further education

Figure 8.9: Change in Student Population of South Essex (2004-21)



Source: ONS; Turley analysis

8.22 It should be acknowledged that the APS unavoidably captures students in both further and higher education, with this being of note when only the latter tend to require private accommodation. It is likely to be these higher education students who occupy the 80 halls of residence throughout South Essex and the 722 dwellings occupied only by students, their foreign spouses or school and college leavers. The number of such premises – which are exempt from Council Tax and monitored accordingly – has markedly increased since 2016, when only 533 were recorded throughout South Essex.

Table 8.3: Number of Student Exemptions by Authority

	Basildon	Brentwood	Castle Point	Rochford	Southend-on-Sea	Thurrock	**South Essex**
2016	72	30	21	22	240	168	**553**
2021	154	23	29	25	279	292	**802**
% change	114%	-23%	38%	14%	16%	74%	**45%**

Source: Council reporting on student exemptions

8.23 The University of Essex has a campus with student accommodation at University Square, Southend Campus. There are 497 ensuite rooms, 64 studio flats and 1 self-contained flat[201]. South Essex College, which also offers higher education courses, has a Thurrock Campus. This is the likely cause of substantially higher numbers of student dwellings in these two authorities.

[201] Council reporting on student exemptions counts a Halls of Residence as one exemption, hence why number of rooms in Southend Campus is greater than Southend-on-Sea figure presented in Table 8.2.

Self-builders

8.24 The NPPF expects local authorities to have a clear understanding of the number of residents wishing to build their own home, and the PPG provides further guidance on how the need for '*self-build and custom housebuilding*' can be assessed[202]. The Government's Self-build and Custom Housebuilding Act 2015 (as amended by the Housing and Planning Act 2016) provides a legal definition of self-build and custom housebuilding. In general terms, however, self-build covers instances where a person directly organises the design and construction of their own home, while custom build is where a person works with a specialist developer to deliver their own home[203]. In both cases there is a clear distinction from a large part of the housing market in which housebuilders of different scales deliver housing for general purchase.

8.25 A House of Commons Library research service briefing paper published in March 2017 outlined that the UK has a much lower rate of self-building than other European countries[204]. For example, the sector was found to account for between 7-10% of completions in the UK whilst in Austria it accounts for around 80%. However, it also highlights that survey commissioned by the Building Societies Association (BSA), published in October 2011, which suggested that 53% of people in the UK would consider building their own home given the opportunity.

8.26 The Government's 2017 Housing White Paper stated that '*alongside smaller firms, the Government wants to support the growth of custom built homes*'[205]. It highlighted that custom built homes are generally built more quickly and to a higher quality than other homes, and tend to use more productive, modern methods of construction, and also present a less risky business model for builders, as the house has been effectively sold before it has been built. Whilst the White Paper acknowledged that fewer homes are custom built in England than many other countries, it also affirmed that there is evidence of increasing demand, including from older people. The White Paper outlined a number of initiatives to grow the rates of self and custom build, including:

- Promoting the National Custom and Self Build Association's portal for Right to Build, so that people seeking to build their own home can easily access the local authority register in their area;
- Ensuring the exemption from the Community Infrastructure Levy for self-build remains in place while longer term reforms to the system of developer contributions are being explored;
- Supporting custom build through the Government's Accelerated Construction programme.

8.27 In the 2017 Budget, the Chancellor set out a plan to increase funding available through the Home Building Fund from £3 billion to £4.5 billion to support more new homes to

[202] PPG Reference ID 67-003-20190722

[203] The Self Build Portal – http://www.selfbuildportal.org.uk

[204] The House of Commons Library (2017) Self-build and custom build housing (England)

[205] Department for Communities & Local Government (2017) Fixing Our Broken Housing Market, p49

be built in England[206]. Whilst the Fund – which appears to remain available, as of February 2022 – was to be primarily accessed by Small and Medium-sized Enterprise (SME) housing developers, Homes England also highlighted that the fund is accessible to self and custom builders, stating that:

*"We want to encourage innovation, both in the kind of homes that are built and the way they are delivered. Financing is available to support these projects which could include community led housing projects, serviced plots for **custom and self-builders**, off-site manufacturing, new entrants to the market and groups of small firms working in consortia to deliver larger sites"*[207]

8.28 In order to comply with the Self-build and Custom Housebuilding Act 2015 and to understand the demand for self-build and custom build in the borough, the Councils maintain a Self-Build Register (SBR), which is a register of individuals and groups of individuals who want to self-build or have their own home built by way of a custom build. While the size of each SBR will depend on the level of public awareness and marketing, the PPG describes such registers as a data source that can be reviewed '*to obtain a robust assessment of demand for this type of housing*'[208].

8.29 As of October 2021, a total of 618 households had joined a SBR in South Essex, with Thurrock having the largest (225) and Basildon the smallest (31). This notably equates to less than 0.1% of households currently residing in South Essex, suggesting a relatively small level of interest across the general population.

Table 8.4: Households on Self-Build Registers (October 2021)

Bedrooms	Basildon	Brentwood	Castle Point	Rochford	Southend	Thurrock	**Total**
1 bedroom	1	2	2	1	2	4	**12**
2 bedrooms	2	12	4	17	20	33	**88**
3 bedrooms	6	39	3	30	36	90	**204**
4 bedrooms	16	73	4	38	26	61	**218**
5+ bedrooms	3	19	2	7	8	30	**69**
Not specified	3	0	0	16	1	7	**27**
Total	**31**	**145**	**15**	**109**	**93**	**225**	**618**

Source: Council monitoring

8.30 This suggests that there is an active if relatively small demand for self-build or custom-build plots, which could well be greater if individuals searching for such plots are not aware of the SBR. The Councils should therefore consider the extent to which the

[206] HM Government (2017) Home Building Fund [Online]

[207] Homes England (2017) An Introduction to the Home Building Fund, page 4

[208] PPG Reference ID 67-003-20190722

supply of land set aside for such housing is capable – in terms of quantum, size and location – of matching the preferences expressed through the SBR.

Summary

8.31 Approximately three in ten households in South Essex contained dependent children as of the 2011 Census, two thirds of which being owner-occupiers. These households were most likely to have three bedrooms, with larger properties the next-most common. Overall, households with dependent children are more likely to occupy larger homes, but some do face particular difficulties in accessing housing with 410 declared homeless during the last financial year.

8.32 Over 9%, or c. 8,720, of households with dependent children have at least one fewer bedroom than required. Modelling also suggests that there could be over 30,000 additional households with children by 2040, nearly a quarter of whom could be in Thurrock, with fewer in Castle Point and Rochford.

8.33 Unrelated adults, including students, are the most likely group to rent privately in South Essex. This is followed by households with dependent children and one person households. Considered alongside the projected growth in households over the plan period, a growing demand for private rented accommodation can be anticipated in South Essex.

8.34 Rates of private renting are notably higher when the Household Reference Person is employed in elementary, caring, leisure and other service and sales and customer service occupations. Analysis of earnings data alongside this highlights that those households most likely to rent are employed in occupations where wages are relatively low.

8.35 Build to Rent is an emerging market in South Essex, with Basildon seeing the most BtR interest within Essex as a whole. BtR development could play a role in meeting demand for quality rented accommodation with the households who often occupy these properties expected to grow in number.

8.36 Though there are relatively few student dwellings in South Essex, partly due to there being limited higher education provision in the area, the number of student properties exempt from paying Council Tax increased by almost half between 2016 and 2021.

8.37 Despite 618 households being on a Self-Build Register in South Essex as of 2021, this still equates to less than 0.1% of total households which suggests a relatively small level of interest across the general population, albeit it is recognised that these registers will not capture the full scale of potential interest. The Councils should therefore consider the extent to which the supply of land set aside for self-build housing is capable of matching the preferences expressed within the registers.

9 Summary and Conclusions

9.1 Turley was commissioned to produce this new Housing Needs Assessment for the South Essex authorities of Basildon, Brentwood, Castle Point, Rochford, Southend-on-Sea and Thurrock. It updates and replaces the Strategic Housing Market Assessment (SHMA) that was previously commissioned by five of these six authorities, then excluding Brentwood – which is now part of the Association of South Essex Authorities (ASELA) – and is intended to inform further work as individual Local Plans are developed.

Recent trends in South Essex

9.2 The South Essex housing market has inevitably evolved over recent years, with this report having found that:

- **The overall rate of housing development was slowing even prior to the pandemic and remains short of the historic peak.** Each of the six authorities has grown its dwelling stock at a slower rate over the past five years than the wider East of England or the country as a whole, and as a result its profile largely remains as previously described with terraced houses dominating everywhere except in Castle Point and Rochford, and smaller housing prevailing in Thurrock and Southend-on-Sea.

- **The population of South Essex has continued to grow, surpassing 800,000 in mid-2020, but the annual rate of growth has slowed to a level not seen since the mid-1990s.** This cannot be entirely attributed to the pandemic, given that neither the region or country as a whole saw such a pronounced slowing, but it appears to have been caused by the relatively small excess of births over deaths and the recording of a net *outflow* from South Essex to other parts of the UK, for the first time in at least 18 years. This affected all age groups, and came after a period in which South Essex was increasingly attracting families while seeing a net outflow of those aged 45 or above. The number of older people living in South Essex has nonetheless increased, as has the number of children.

- **House prices have risen in every part of South Essex**, remaining highest in Brentwood but growing since 2014 at comparable rates ranging from 49% in Castle Point to 60% in Thurrock. This may be linked to shrinking supply, with 2021 seeing the fewest sales of any year since at least 2014. The cost of privately renting a home of any size has also risen in recent years.

Overall housing need

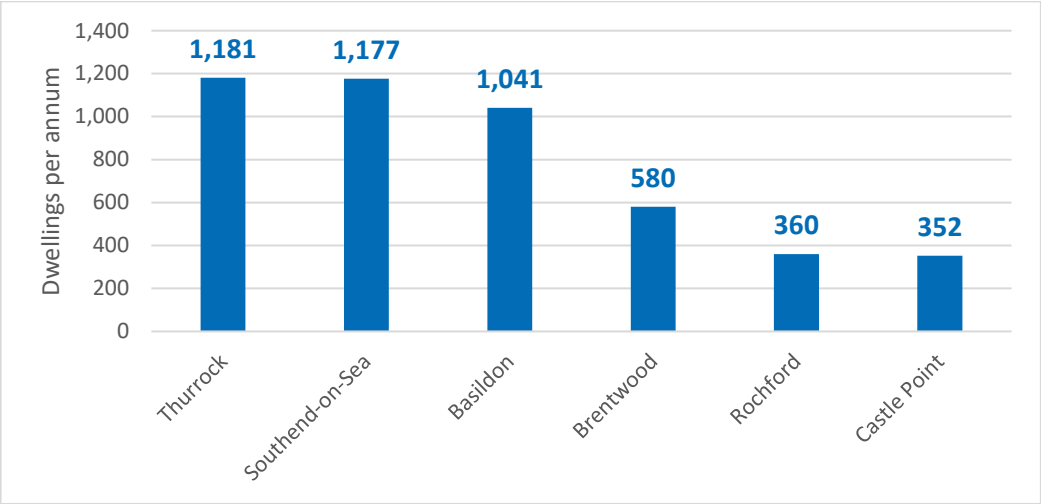
9.3 The National Planning Policy Framework (NPPF) has been revised since the SHMA addendum was finalised in May 2017, introducing a standard method for determining '*the minimum number of homes needed*' and confirming that '*strategic policies should be informed by a local housing need assessment*' conducted using this method[209]. The

[209] MHCLG (2021) National Planning Policy Framework, paragraph 61

PPG describes this '*unconstrained assessment*' as only '*the first step in the process of deciding how many homes need to be planned for*', also emphasising that the standard method does not necessarily '*produce a housing requirement figure*'[210].

9.4 While its outcome will change over time, the standard method currently indicates that **at least 4,691 dwellings per annum** are needed throughout South Essex. Figure 9.1 shows how this is distributed between the six authorities.

Figure 9.1: Outcome of the Standard Method in South Essex



Source: Turley analysis

9.5 The standard method is intended to provide only a minimum starting point, with Planning Practice Guidance (PPG) requiring authorities to consider whether it may be appropriate to plan for a higher level of housing need or indeed a lower level of need, albeit the latter would require '*exceptional local circumstances*' which have not been found to exist in any of the six authorities[211]. This report has actually concluded that, based on current evidence, the standard method provides largely reasonable estimates of housing need in each of the South Essex authorities because:

- **There is notable alignment with the conclusions of the previous SHMA addendum**, which identified a need for circa 3,750 to 4,000 dwellings per annum across the five authorities it covered or 4,111 dwellings per annum when their individual figures were summed, the latter *precisely* aligning with the combined outcome of the standard method for the same five authorities. The method does now suggest a higher need in Brentwood, which is no longer capped following the adoption of a new housing requirement, but it is still the case that – in the context of the PPG – no previous assessment suggests a '*significantly greater*' need for housing than now implied by the standard method[212];

[210] PPG Reference ID 2a-001-20190220 and 2a-002-20190220

[211] PPG Reference ID 2a-010-20201216 and 2a-015-20190220

[212] PPG Reference ID 2a-010-20201216

- **While markedly higher than past delivery, both overall and in each individual authority, this was also the case in previous assessments.** The PPG does not suggest that this can be taken as evidence of a lower need for housing, presumably in recognition of the longstanding national failure to deliver sufficient new homes, with the pattern unlikely to be broken if past delivery is used to moderate housing need figures;

- **While the population of South Essex has not grown at the rate assumed by the 2014-based projections that underpin the standard method, especially over the last reported year to 2020, this is likely to be at least partly due to housing delivery falling short of the level previously found to be needed.** This report has presented modelling which indicates that the population of each authority could have potentially grown at a *faster* rate than anticipated by the 2014-based projections, or indeed more recent projections, had they met their previously evidenced needs in full; and

- **Meeting the minimum need could grow the labour force of an area that, Brentwood aside, has long been designated as a national growth area, supporting a level of job creation which far exceeds baseline forecasts.** Demographic modelling introduced in this report suggests that such a level of housing provision, in combination with changing labour force behaviours, could support the creation of circa 82,500 new jobs throughout South Essex over the period to 2040. This is almost double the number forecast by Experian (c.44,300) and Cambridge Econometrics (c.43,600) albeit it is important to note that these baseline forecasts may not fully capture the impact of growth strategies and planned investments. Provision in line with the standard method would, however, appear likely to provide a considerable amount of headroom beyond these forecasts, such that growth strategies and investments should not necessarily be expected to generate a greater need for housing. This will nonetheless need to be kept under review as the economic evidence base is developed.

9.6 Demographic modelling indicates that delivery in line with the outcome of the standard method, in combination with other demographic changes, could accelerate the population growth that has been recently seen in South Essex, such that it could have 155,700 additional residents by 2040 having grown by nearly a fifth (19%) to that point. Most of the individual authorities would also see an acceleration of the historic trend if they were to meet their housing needs in full, with Thurrock and Rochford the only exceptions.

9.7 This population growth would largely be driven by net inward migration, involving either the retention of existing residents or the attraction of new ones. Births outnumbering deaths would also be expected to have a consistently positive effect on the population of most areas throughout the period to 2040, but not in Castle Point or Rochford where deaths are contrastingly projected to outnumber births.

9.8 Population growth would likely be distributed across all age groups, albeit with particularly strong growth in the older population aged 65 or above who would in absolute terms be the fastest growing cohort in every authority but Thurrock. They

would become increasingly prominent to the point where they would account for circa 22% of the overall population by 2040, rising from 19% today, with all other age groups except one (16-29) accounting for a diminishing share.

Size and type of housing needed

9.9 Beyond the overall number of homes needed, the NPPF requires assessment of the size and type of housing needed in South Essex. The modelling presented in this report allows overall housing need to be segmented in this way, indicating that there will be substantial growth in the number of households with children if each of the South Essex authorities meets its housing need in full. There would likely be almost as much growth in the number of one-person households, with this group a particularly key driver in Basildon and Southend-on-Sea.

9.10 Different types of households naturally have varying housing requirements, with the last reported Census in 2011 finding that one-person households in South Essex often – but do not always – occupy smaller homes for example. Households containing dependent children or other adults, like older relatives or non-dependent children, in contrast tend to occupy larger housing. While this is reflective of the situation in 2011, there is no more recent data that is similarly comprehensive or localised, at least until the findings of the 2021 Census become available and confirm whether there has been a major change in preferences.

9.11 A continuation of these local trends could see some 41% of additional households in South Essex needing three bedrooms, with this size of property the most needed in each authority. Circa 26% could need two bedrooms and roughly half as many (13%) could need one bedroom, with the remaining 20% needing at least four.

9.12 Meeting this need throughout South Essex could require nearly two in every three new homes (65%) to be houses albeit this could rise as high as 71% in Rochford or as low as 52% in Southend-on-Sea where over a third (37%) of new homes could need to be flats, surpassing the average for South Essex as a whole (23%). Circa 12% of all new homes could need to be bungalows, or as many as 26% in Castle Point, but this is unavoidably influenced by the existing stock profile and does not allow for the prospect of at least some such needs being more efficiently met by flats that offer similar benefits to older people especially.

Table 9.1: Size and Type of Housing Needed in South Essex (2020-40)

	Property size				Property type		
	1 bed	2 beds	3 beds	4+ beds	House	Flat	Bungalow
Basildon	14%	26%	40%	20%	70%	20%	10%
Brentwood	9%	25%	36%	30%	69%	19%	11%
Castle Point	6%	24%	43%	27%	66%	8%	26%
Rochford	6%	22%	43%	29%	71%	9%	21%
Southend-on-Sea	19%	30%	35%	16%	52%	37%	12%
Thurrock	13%	26%	48%	13%	69%	24%	7%
South Essex	**13%**	**26%**	**41%**	**20%**	**65%**	**23%**	**12%**

Source: Turley analysis *Note: figures may not sum due to rounding*

9.13 All of the above provides only an illustrative modelling of available evidence, which can be used for guidance and monitoring purposes but should not be prescribed as an explicit requirement for individual sites given the need to respond to changing market demands, local context and viability factors.

Need for affordable housing

9.14 This report has applied the well-established methodology through which affordable housing needs are separately calculated, as outlined in the PPG and followed by previous studies.

9.15 The first stage of the calculation establishes the scale and profile of affordable housing need in gross terms, capturing 5,629 households on the Councils' housing registers who are in the greatest need. A further need for circa 3,659 affordable homes could also be expected to arise every year as existing households' circumstances change and new households form, assuming that the overall need implied by the standard method is met. Combined, these factors could generate **a gross need for circa 3,955 affordable homes per annum** over the remaining 19 years to 2040, where the informing data supplied by the Councils relates to summer 2021. This can also be broken down by the size of property required, suggesting a particularly strong need for affordable homes with one or two bedrooms.

9.16 The PPG subsequently requires supply to be taken into account, allowing for lettings, the release of occupied affordable homes and committed supply. Data supplied by the Councils suggests that approximately **1,543 affordable homes could become available each year**, with this being lower than the estimated gross need such that there is a residual net need for **2,412 affordable homes per annum**. While this reflects South Essex as a whole, there is also a shortfall in each authority, with an annual need for 248 affordable homes in Rochford and 521 in Basildon. There also appears to be a shortfall of every size of property, which is most pronounced for homes with two bedrooms as shown at Table 9.2.

Table 9.2: Estimated Size of Affordable Housing Needed in South Essex (2021-40)

	1 bed	2 beds	3 beds	4+ beds
Basildon	-2%	84%	10%	9%
Brentwood	49%	36%	14%	1%
Castle Point	48%	30%	21%	0%
Rochford	36%	41%	18%	5%
Southend-on-Sea	26%	45%	24%	5%
Thurrock	56%	32%	7%	5%
South Essex	**33%**	**47%**	**15%**	**4%**

Source: Turley analysis *Note: figures may not sum due to rounding*

9.17 Meeting the annual need for 2,412 affordable homes would require recent delivery across South Essex to increase by a factor of almost six, with no more than 857 such homes having been delivered in any one of the past thirty years. It could notionally require provision for as many as 7,937 dwellings per annum in total, based on the Councils' current policies – some of which are now relatively dated – with this evidently exceeding the need for 4,691 dwellings per annum suggested by the standard method. There is, however, widely acknowledged to be a complex relationship between market and affordable housing with overlap between the respective calculations of need. It is ultimately for the Councils to consider whether higher housing requirements could help to increase the delivery of affordable housing, which is evidently needed in each part of South Essex.

9.18 Consideration has also been given to the potential role of different affordable housing products in meeting the gross need that has been locally evidenced in South Essex. The analysis indicates that affordable rent, affordable home ownership or shared ownership products in Basildon, Brentwood, Castle Point and Southend-on-Sea would all require a lower income than would be needed to privately rent at the entry level, such that they could all play a potential role in meeting the need evidenced in this report. The same can only be said of affordable rented products in Rochford, where this report's analysis suggests that the discounts applied through affordable home ownership products are offset by the price premium associated with newly built properties in the district. There is also a similar issue in Thurrock, albeit there a discount of 50% – while rare – could potentially bring the cost of purchase below the cost of market rent.

Specific needs of different groups

9.19 The NPPF requires the housing needs of different groups in the community to be assessed and reflected in planning policies. This report has therefore considered the specific needs of:

- **Older people**, who are growing in number at a faster rate than the population at large and could grow by a further 40% if each authority meets its minimum

housing need, or by as much as 50% in Thurrock. The modelling assumes that such growth will generate an additional need for circa 112 bedspaces in communal establishments each year, which is excluded from the overall need for dwellings calculated using the standard method. A further 326 units of sheltered or extra care accommodation could also be needed each year, based on an industry toolkit, but this is *included* in the assessed need for dwellings;

- **People with disabilities**, who in this area tend to live in private households rather than institutional accommodation. Around one in every six residents was limited to some extent in their daily activities as of the last reported Census in 2011, but this increases markedly with age such that the growing number of older residents is alone likely to increase the number of residents with disabilities. The Councils should be aware of this growing need in establishing appropriate policies on new housing provision, but the continued adaptation of existing homes – through Disabled Facilities Grants for example – will also be necessary where funding is available given that new homes account for only a fraction of the overall stock;

- **Families with children**, who often own their generally larger homes in this area but also rely to some extent on social housing and the private rented sector. South Essex could accommodate over 30,000 more households with children by 2040 if each authority meets its housing needs in full, emphasising the importance of providing a sufficient number of large homes suitable for families;

- **Privately renting households**, who are likely to increase in number given projected growth in those household types – such as unrelated sharing adults and families – that currently show the greatest tendency to rent in South Essex. This demand could be predominantly met through stock managed by private landlords, but Build to Rent schemes may also play a role where there is believed to have already been some developer interest in this area;

- **Students**, who do not appear to have recently grown in number according to available data which unavoidably includes those in both further and higher education. As of 2021, there are only around 800 properties exempt from paying Council Tax throughout South Essex, albeit this has increased by nearly half (45%) over the past five years; and

- **Self-builders**, who appear relatively small in number given that only 618 households – less than 0.1% of all in South Essex – have joined the Councils' respective registers. The Councils are nonetheless advised to actively monitor the adequacy and number of plots that are available, mindful of the general desire for larger homes amongst those expressing an interest.

Glossary

Affordable housing – housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is essential for local workers)

ASELA – Association of South Essex Authorities

BRMAs – Broad Rental Market Areas, for which LHA rates are calculated by the Valuation Office Agency

BTR – Build to Rent; purpose-built housing that is typically 100% rented out

DLUHC – Department for Levelling Up, Housing and Communities, formerly known as the Ministry of Housing, Communities and Local Government (MHCLG)

DMS – discounted market sale, involving the sale of newly built properties at a discount of 20-50% from their market value

EDNA – Economic Development Needs Assessment, separately commissioned by Thurrock Council

EU – European Union

Internal migration – individual moves between South Essex and other parts of England and the UK

International migration – individual moves between South Essex and other countries, outside of the UK

JSNA – Joint Strategic Needs Assessment

LHA – Local Housing Allowance, used to calculate housing benefit for tenants renting from private landlords

MHCLG – former Ministry of Housing, Communities and Local Government, now known as the Department for Levelling Up, Housing and Communities (DLUHC)

Natural change – the population change resulting from the difference between births and deaths

NPPF – National Planning Policy Framework, which sets out the Government's planning policies for England

ONS – Office for National Statistics, responsible for collecting and publishing official statistics relating to the economy, population and society

PPG – Planning Practice Guidance, issued and regularly updated by Government to supplement the NPPF

SBR – Self-Build Register, managed by a local authority to capture individuals who wish to self-build or have their own home built via custom build

SHMA – Strategic Housing Market Assessment(s) previously commissioned by the authorities

SHOP@ – Strategic Housing for Older People Analysis toolkit, produced by Housing LIN and widely used to forecast the housing and care needs of older people

SNPP – sub-national population projections, produced by the ONS

South Essex – the commissioning authorities of Basildon, Brentwood, Castle Point, Rochford, Southend-on-Sea and Thurrock

Standard method – the approach required to be used in all but exceptional circumstances to determine the minimum number of homes needed, according to the NPPF

VOA – Valuation Office Agency

Appendix 1: Neighbouring Authorities' Housing Need Evidence (November 2021)

Authority	Status of Local Plan	Latest published evidence on housing need	Summary of housing need
Maldon	The Maldon District Local Development Plan 2014-2029 was approved in 2017 and therefore examined in the context of the original NPPF. The Plan is approaching the five year review date.	The evidence of housing need evolved through the Local Plan Examination with the examining Inspector referencing the *'Implications of the DCLG 2014-based Household Projections for the Objectively Assessed Housing Need of Maldon District (OAN Update)'* - produced in August 2016 – as the most recent evidence considered in deriving the housing requirement. The Council is currently in the process of preparing a Local Housing Needs Assessment including a housing need survey[213].	The Council identified Maldon as being a self-contained housing market area (HMA) with this accepted by the Local Plan Inspector, recognising that Maldon was not included in other neighbouring HMAs[214]. The Council's evidence base indicated that there was an objectively assessed need (OAN) for 260 dwellings per annum. The Inspector examining the Local Plan concluded that the OAN lay within the range 220 – 275 dwellings per annum, and therefore considered the concluded OAN as representing the district's housing need. However, the Inspector proceeded to set the Plan requirement at 310 dwellings per annum to allow for the level of housing provision to support forecast job growth and to cater for the influence of the Plan's economic growth aspirations.
Chelmsford	The Chelmsford Local Plan 2013-2036 was adopted in May 2020 and was examined in the context of the original NPPF.	Braintree District Council, Chelmsford City Council, Colchester Borough Council, Tendring District Council Objectively Assessed Housing Need Study November 2016 update (Peter Brett Associates)	Chelmsford is identified as falling within a HMA with Braintree, Chelmsford, Colchester and Tendring. The Council's evidence concluded that there was an OAN for 805 dwellings per annum in Chelmsford. This incorporated a 20% uplift from the 2014-based household projections to take account of jobs-led housing need, with this uplift also considered to respond to market signals. No adjustment was considered necessary to allow for London's unmet housing needs. The concluded OAN was considered to

[213] https://www.maldon.gov.uk/info/20045/planning_and_building_control/9789/local_housing_needs_assessment

[214] Maldon District Local Development Plan 2014 – 2029: Report to the Secretary of State, June 2017, paragraph 36

			be reasonable and justified through the Local Plan examination. The Council's evidence also included a separate calculation of a need for 179 affordable homes per annum in Chelmsford which was assessed by the examining Inspector to be compliant with PPG.
Epping Forest	The Epping Forest Local Plan was submitted in September 2018 for examination in the context of the original NPPF. The Council consulted on Main Modifications between July – September 2021.	Strategic Housing Market Assessment (July 2017) (ORS)	The Council's evidence identified that Epping Forest is located within a HMA which extends to also cover Harlow and Uttlesford. The 2017 SHMA identified an OAN of 572 dwellings per annum over the period from 2011 to 2033. The Inspector's interim findings appear to accept this concluded need[215]. It is noted that separate evidence was published to consider the implications of the 2018-based household projections, but the conclusion was reached that this did not change the calculated need[216].
Havering	The Havering Local Plan (2016-31) was submitted for examination in March 2018. The Inspector's final report was published in October 2021 and found the plan to be sound. It is now intended to go to Council in November 2021 in order to approve its adoption.	GLA Strategic Housing Market Assessment 2017 / SHMA Update for Havering 2016 (ORS)	With Havering forming part of the London-wide housing market area, the examined housing requirement relates to the London Plan 2021 target to provide for 12,850 homes between 2019/20 and 2028/29 (1,285dpa). However, given that the plan period overlaps with the period covered by the 2016 London Plan, the annual target set within that (1,170dpa) is used between 2016 and 2019. This leaves an overall requirement for 12,505 homes over the period from 2016 to 2027. The Inspector's letter notes that the SHMA Update for Havering identified a higher need for 30,052 homes over the period 2011-2033

[215] Inspector's Advice after Hearings, 2 August 2019 [ED98] paragraph 20

[216] Letter from Epping Forest District Council to the Inspector, 4 September 2020 [ED114]

			(1,366 dpa) but that London boroughs are not required to carry out their own needs assessment and so this calculated need has not been used. It is noted that through the examination of the Plan, Essex County Council and the authorities of Basildon, Thurrock and Rochford expressed objections due to concerns relating to Havering's unmet housing need[217].
Dartford	The Council consulted on its Pre-Submission (Publication) Local Plan between September and October 2021.	Dartford and Ebbsfleet Residential Needs Assessment (2019) and Dartford and Ebbsfleet Residential Needs Assessment Update (2021), both prepared by HDH	The Council's evidence base uses the standard method to establish a local need for 750 dwellings per annum, in accordance with the revised NPPF. It is observed in the Council's Residential Requirement Report that this reflects core demographic trends occurring in Dartford, and also takes account of key economic factors for home purchase[218]. The Dartford and Ebbsfleet Housing Needs Assessment separately found that the assessment of housing needs did not necessitate aiming for a requirement beyond the standard method, on the basis of calculated affordable housing need. Similarly the Council observe that levels of delivery have been below calculated need with no growth strategies or infrastructure improvements anticipated to drive higher levels of local housing need.
Gravesham	The Council is undertaking a partial review of the Local Plan Core Strategy, with a Regulation 18 consultation running	Gravesham – Housing and Demographics (March 2020), Edge Analytics	The Council initially, through the Local Plan review, produced a Strategic Housing and Economic Needs Assessment (SHENA) calculated a need for 7,905 homes between 2011 and 2028, or 465 dwellings per annum. Following the introduction of the standard method, the

[217] Report on the Examination of the Havering Local Plan, October 2021, paragraph 19

[218] Dartford Borough Council (September 2021) Residential Requirement Report

	between October and December 2020.		latest consultation document now references its suggestion of a need for at least 655 dwellings per annum or 10,480 homes between 2020 and 2036. Its underlying evidence base suggests that such a level of provision will accommodate economic demand[219].
Medway	The Council is preparing a new Local Plan. Its Local Development Scheme anticipated that a publication version of the plan would be consulted upon in 2021.	Local Housing Needs Assessment 2021 (August 2021), Arc4 Medway – Housing and Demographics April 2021 report, Edge Analytics	The Housing Needs Assessment applies the standard method and calculates a need for 1,586 homes per annum, also separately calculating a need for 870 affordable homes each year. It indicates that there is no reason to apply further uplifts to account for regeneration strategies and infrastructure improvements. Consideration is also given to the modelling of demographic scenarios in the Edge Analytics report which confirms that the standard method could support an increase of 1,554 jobs each year. It is noted in this context that the Plan includes a forecast in which 17,000 jobs will be created, which could be accommodated by this level of housing provision with no separate adjustment required. It is separately noted that there is a possibility that Medway will support Gravesham in meeting an unmet need for around 2,000 homes.

[219] Regulation 18 Stage 2 Consultation Part 1: Local Plan core strategy partial review and site allocations (October 2020)

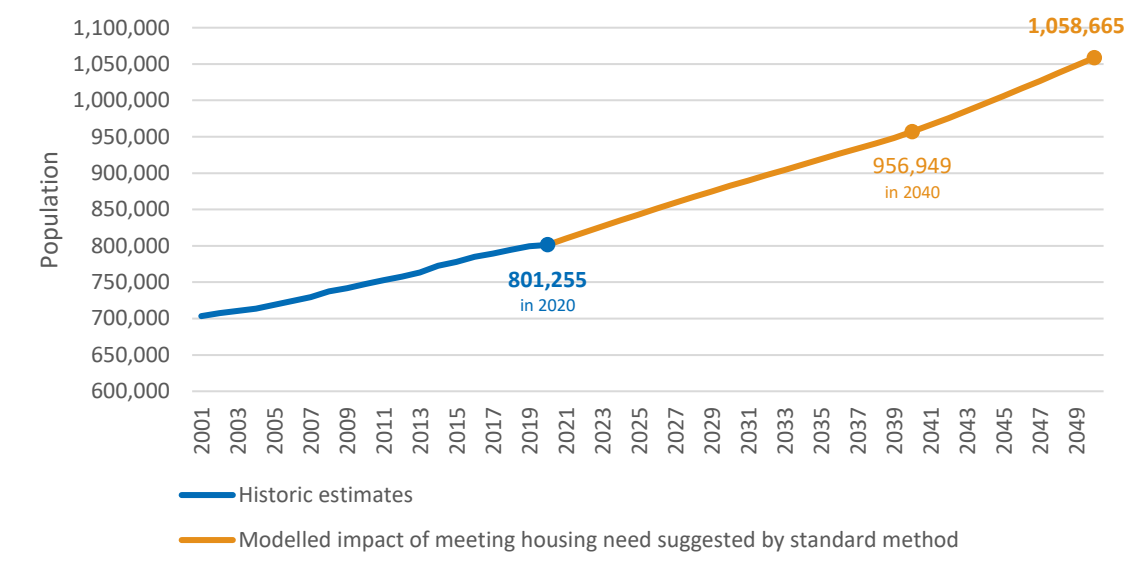
Appendix 2: Overview of Demographic Modelling to 2050

This report has generally focused on the period from 2020 to 2040, but the Councils have also requested an indication of change to 2050 which is provided by this appendix.

The PPG states that the standard method provides an annual number '*which can be applied to the whole plan period*'[220]. It is therefore valid in principle to assume that there will be a need for at least 4,691 dwellings per annum in South Essex throughout the period to 2050, even if the level of uncertainty naturally increases further into the future.

Such a level of housing provision could lead to there being some **1.059 million people** living in South Essex by 2050, an increase of almost a third (32%) from 2020.

Figure 2.1 Population Impact of Aligning with Standard Method in South Essex



Source: ONS; Edge Analytics

See also: Figure 3.2

Table 2.1 overleaf shows that Brentwood would be expected to see the strongest increase in proportionate terms, due to its housing need being relatively large compared to its population. Castle Point and Rochford would be expected to grow their populations at barely half this rate.

[220] PPG Reference ID 2a-012-20190220

Table 2.1 Population Impact of Aligning with Standard Method in South Essex

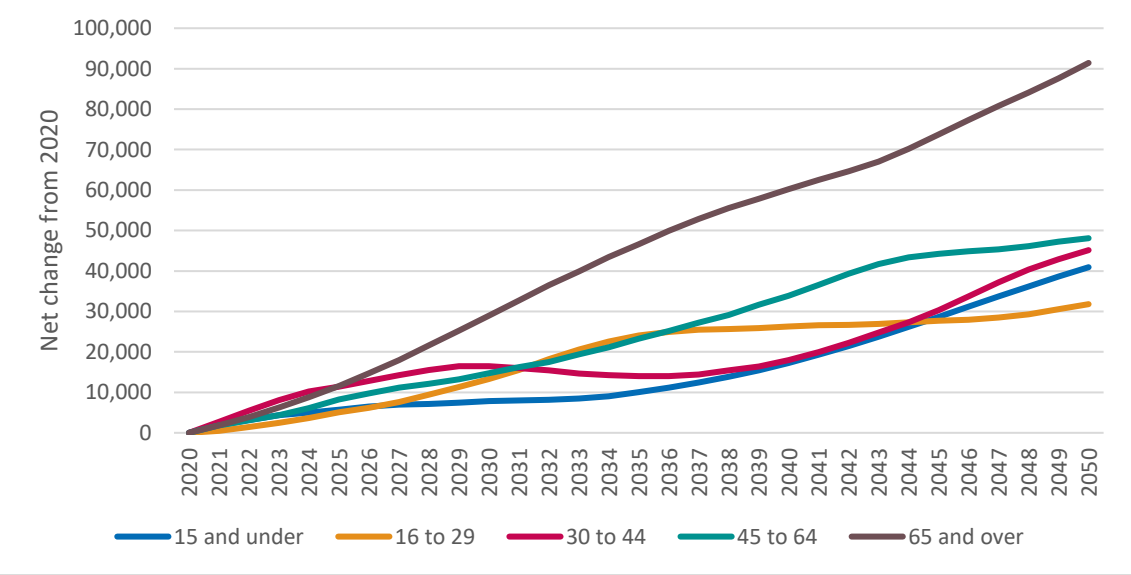
	2020	2050	Change	% change
Brentwood	77,242	112,026	34,784	45%
Thurrock	175,531	244,294	68,763	39%
Southend-on-Sea	182,773	242,352	59,579	33%
Basildon	187,558	244,533	56,975	30%
Castle Point	90,524	109,815	19,291	21%
Rochford	87,627	105,645	18,018	21%
South Essex	**801,255**	**1,058,665**	**257,410**	**32%**

Source: ONS; Edge Analytics

See also: Figure 3.3

The modelling suggests that the older population will continue to see the strongest growth over the extended period to 2050, albeit all age groups would also be expected to keep growing as shown at Figure 2.2.

Figure 2.2 Change in Population of South Essex by Age Cohort



Source: Edge Analytics

The modelling suggests that 23% of South Essex residents would be aged 65 or above as of 2050 if each authority meets their housing needs in full, rising further from the 22% projected in 2040 and noted in the earlier Figure 3.6. Most authorities would likewise see further increases beyond 2040 as shown by Table 2.2 overleaf.

Table 2.2 Projected Change in Age Profile of South Essex Authorities

		15 and under	16 to 29	30 to 44	45 to 64	65 and over
Basildon	2020	21%	16%	20%	25%	17%
	2040	20%	16%	19%	25%	20%
	2050	20%	15%	20%	24%	21%
Brentwood	2020	19%	15%	19%	27%	20%
	2040	19%	15%	19%	26%	22%
	2050	19%	14%	19%	25%	23%
Castle Point	2020	17%	15%	16%	27%	26%
	2040	17%	15%	16%	25%	28%
	2050	17%	14%	16%	24%	29%
Rochford	2020	17%	15%	17%	28%	23%
	2040	16%	14%	16%	26%	28%
	2050	17%	13%	17%	25%	28%
Southend-on-Sea	2020	20%	15%	20%	27%	20%
	2040	17%	15%	18%	26%	24%
	2050	18%	149%	19%	24%	25%
Thurrock	2020	23%	16%	23%	24%	14%
	2040	21%	17%	20%	26%	17%
	2050	22%	16%	21%	24%	18%
South Essex	**2020**	**20%**	**15%**	**20%**	**26%**	**19%**
	2040	**19%**	**15%**	**18%**	**25%**	**22%**
	2050	**19%**	**14%**	**19%**	**24%**	**23%**

Source: ONS; Edge Analytics

See also: Figure 3.6 and Table 3.4

The modelling indicates that population growth of this scale and profile could provide the labour to support an additional **124,693 jobs** between 2020 and 2050, at an average rate of 4,156 jobs per annum which is only marginally higher than when calculated over the shorter period to 2040 (c.4,123 jobs per annum). This cannot be compared against baseline forecasts as neither Experian nor Cambridge Econometrics look beyond 2040.

Appendix 3: Demographic Modelling Assumptions

Turley

South Essex

Data Inputs & Assumptions

June 2022

edge analytics

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Acknowledgements

Demographic statistics used in this report have been derived from data from the Office for National Statistics licensed under the Open Government Licence v.3.0.

Contents

1 POPGROUP Methodology

1.1 POPGROUP is a suite of demographic models used to derive forecasts of populations, households and labour force, for areas and social groups. The main POPGROUP model (Figure 1) is a 'cohort component' model, which enables the development of population forecasts based on births, deaths and migration inputs and assumptions.

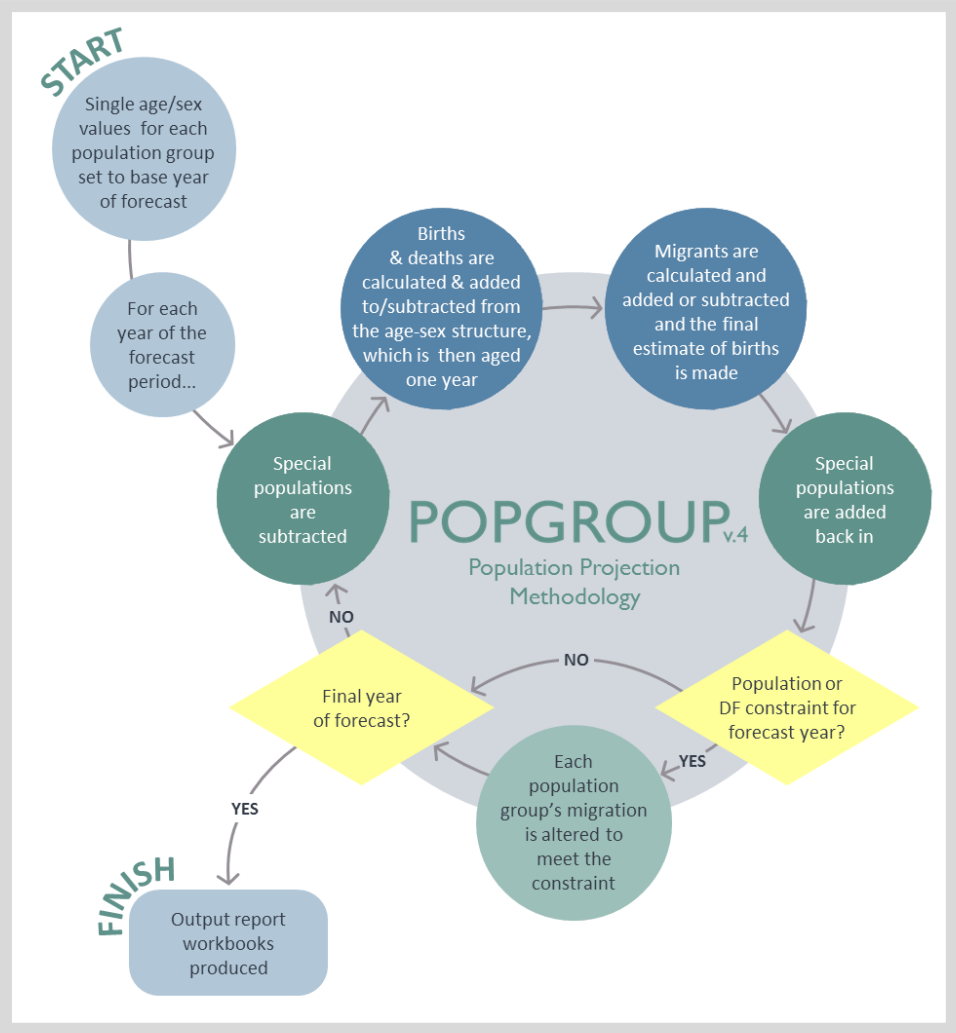

Figure 1: POPGROUP population projection methodology

1.2 The Derived Forecast (DF) model sits alongside the population model (Figure 2), providing a headship rate model for household and dwelling projections and an economic activity rate model for labour force and employment projections.

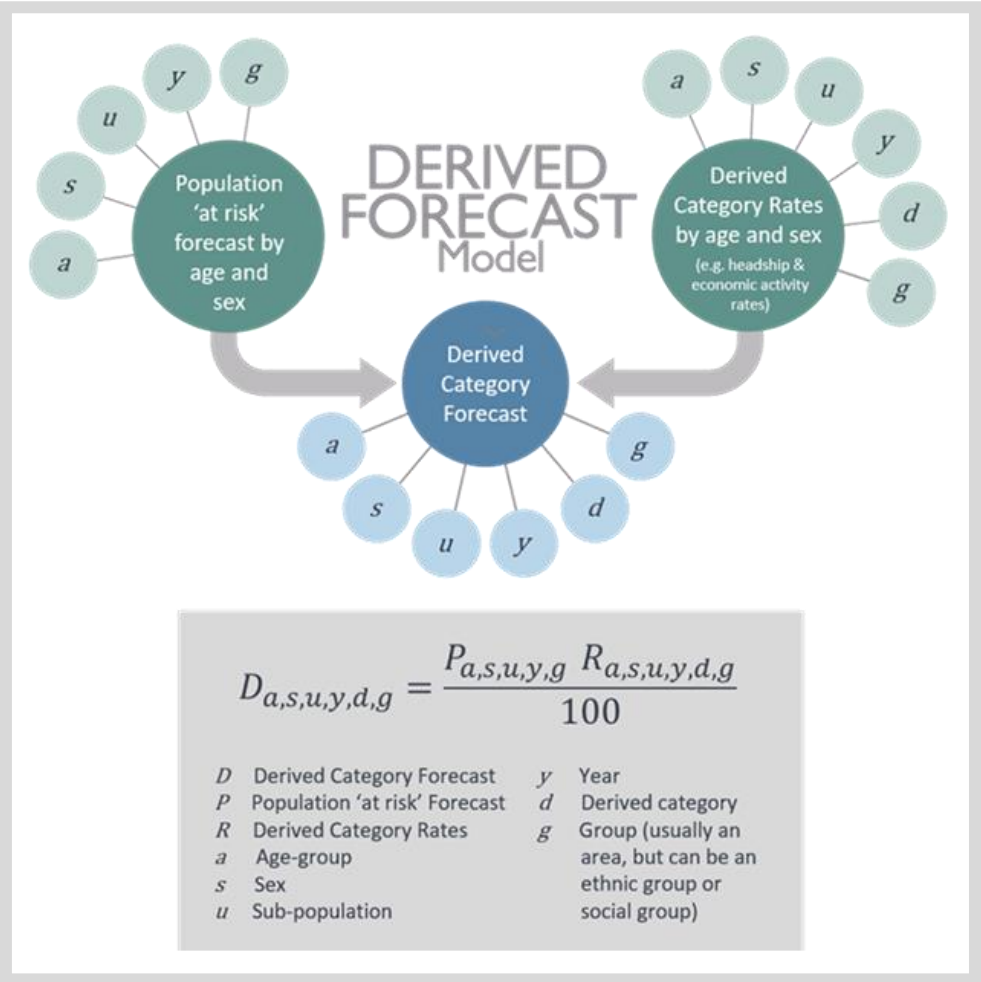

Figure 2: Derived Forecast (DF) methodology

2 Data Inputs & Assumptions

Introduction

2.1 Edge Analytics has developed a suite of demographic scenarios for the six local authority districts that make up South Essex, using POPGROUP v4 and the Derived Forecast model. The POPGROUP suite of demographic models draws data from a number of sources, building a historical picture of population, households, fertility, mortality and migration on which to base its scenario forecasts.

2.2 Using historical data evidence from the Office for National Statistics (ONS) for 2001–2020, in conjunction with information from the ONS sub-national population projections (SNPPs) and Ministry of Housing, Communities and Local Governments (MHCLG) household projections, a series of assumptions have been derived which drive the scenario forecasts.

Scenario Definitions

2.3 Edge Analytics has developed two dwelling-led scenarios for South Essex, taking into account the latest demographic and economic evidence.

2.4 The following scenarios have been configured for this analysis:

- **Dwelling-led Historical** – Uses an ONS **2014** mid-year estimate (MYE) base year and models the population impact of an average annual dwelling growth figure for each authority, based on historical housing need targets (Table 1), up to 2020.
- **Dwelling-led** – Uses an ONS **2020** MYE base year and models the population impact of an average annual dwelling growth figure for each authority, derived from the MHCLG's Standard Method (Table 1), up to 2050.

Table 1: Dwelling growth targets

Local Authority	Scenario	
	Dwelling-led Historical	Dwelling-led
Basildon	986	1,041
Brentwood	380	580
Castle Point	311	352
Rochford	361	360
Southend-on-Sea	1,072	1,177
Thurrock	1,381	1,181
South Essex	**4,491**	**4,691**

Source: South Essex SHMA Addendum, Brentwood SHMA Part One, MHCLG

2.5 Under a 'dwelling-led' scenario, population growth is determined by the annual change in dwellings using key assumptions on household headship rates, communal population statistics, and a dwelling vacancy rate.

Inputs & Assumptions

Population

2.6 Historical population statistics are provided by ONS MYEs, with all data disaggregated by single year of age and sex. MYEs are used up to the respective base years of each scenario. From the base year onwards, future population counts are estimated by single year of age and sex, using assumptions outlined below. The **Dwelling-led Historical** scenario uses the MYEs up until the 2014 base year. The **Dwelling-led** scenario uses the MYEs up until the 2020 base year.

Births & Fertility

2.7 Historical mid-year to mid-year counts of births by sex have been sourced from the ONS MYEs.

2.8 In the **Dwelling-led Historical** scenario, birth counts are applied from 2001/02 to 2013/14. From 2014/15, an area- and age-specific fertility rate (ASFR) schedule is derived from the ONS 2014-based SNPP, taking into account the 'actual' trend of births estimated by the ONS MYEs between 2014/15 and 2019/20. In combination with the 'population at risk' (i.e. all women between the age of 15–49), these ASFR assumptions provide the basis for the calculation of births in each year of the forecast period.

2.9 In the **Dwelling-led** scenario, birth counts are applied from 2001/02 to 2019/20. From 2020/21, an ASFR schedule is derived from the latest ONS 2018-based SNPP. In combination with the 'population at risk' (i.e. all women between the age of 15–49), these ASFR assumptions provide the basis for the calculation of births in each year of the forecast period.

Deaths & Mortality

2.10 Historical mid-year to mid-year counts of deaths by sex and five-year age group have been sourced from the ONS MYEs.

2.11 In the **Dwelling-led Historical** scenario, counts of deaths by age and sex are applied from 2001/02 to 2013/14. From 2014/15, an area- and age-specific mortality rate (ASMR) schedule is derived from the ONS 2014-based SNPP, taking into account the 'actual' trend of deaths estimated by the ONS MYEs between 2014/15 and 2019/20. In combination with the 'population-at-risk' (i.e. all population), these ASMR assumptions provide the basis for the calculation of deaths in each year of the forecast period.

2.12 In the **Dwelling-led** scenario, counts of deaths by age and sex are applied from 2001/02 to 2019/20. From 2020/21, an ASMR schedule is derived from the latest ONS 2018-based SNPP. In combination with the 'population-at-risk' (i.e. all population), these ASMR assumptions provide the basis for the calculation of deaths in each year of the forecast period.

Internal Migration

2.13 Historical mid-year to mid-year estimates of internal in- and out-migration by five-year age-group and sex have been sourced from the ONS MYEs.

2.14 In the **Dwelling-led Historical** scenario, counts of internal migration are applied from 2001/02 to 2019/20. From 2014/15, the level of internal migration is altered by the model to meet the defined annual dwelling growth target. A higher level of net internal migration will occur if there is insufficient population and households to meet the defined change in dwellings. The profile of internal migrants is defined by an area- and age-specific migration rate (ASMigR) schedule, derived from the ONS 2014-based SNPP.

2.15 In the **Dwelling-led** scenario, counts of internal migration are applied from 2001/02 to 2019/20. From 2020/21, the scenario calculates its own internal migration assumptions to ensure an appropriate balance between the population and the targeted change in dwellings. A higher level of net internal migration will occur if there is insufficient population and households to meet the forecast changed in dwellings. The profile of internal migrants is defined by an ASMigR schedule, derived from the ONS 2018-based SNPP alternative internal migration variant.

International Migration

2.16 Historical mid-year to mid-year estimates of immigration and emigration by five-year age-groups and sex have been sourced from the ONS MYEs.

2.17 In the **Dwelling-led Historical** scenario, historical counts of international migration are applied from 2001/02 to 2019/20. An ASMigR schedule of rates from the ONS 2014-based SNPP is used to distribute counts by single year of age.

2.18 In the **Dwelling-led** scenario, historical counts of international migration are applied from 2001/02 to 2019/20. From 2020/21, counts are taken from the ONS 2018-based SNPP. An ASMigR schedule of rates from the ONS 2018-based SNPP is used to distribute future counts by single year of age.

Households & Dwellings

2.19 The 2011 Census defines a household as *"one person living alone, or a group of people (not necessarily related) living at the same address who share cooking facilities and share a living room or sitting room or dining area."*

2.20 In POPGROUP, a *dwelling* is defined as a unit of accommodation which can either be occupied by one household or vacant.

2.21 In a **Dwelling-led** scenario, assumptions on communal populations, household headship rates, and a dwelling vacancy rate are used to derive the level of population growth required to meet the defined dwelling-growth target. These assumptions have been sourced from the 2011 Census, and the MHCLG 2014-based household projection model.

Household Headship Rates

2.22 A household headship rate (or household representative rate) is defined as the *"probability of anyone in a particular demographic group being classified as being a household representative."*[1]

2.23 The household headship rates used in the POPGROUP modelling for the six authorities have been drawn from the MHCLG 2014-based household projection model, which is underpinned by the ONS 2014-based SNPP. The MHCLG household projections are derived through the application of projected headship rates to a projection of the private household population (i.e., the total population *minus* the communal population). The methodology used by MHCLG in its household projection models consists of two stages:

- **Stage One** produces the national and local authority projections for the total number of households by sex, age-group and relationship-status.
- **Stage Two** provides the detailed 'household-type' projection by age-group, controlled to the previous Stage One totals.

2.24 In each scenario, **Stage Two** headship rates have been applied by age-group, sex and 'household type' (Table 2) to the private household population to derive the number and type of households.

Table 2: MHCLG 2014-based Stage Two household type classification

MHCLG Category	Description
One person male	One person households: Male
One person female	One person: Female
Couple no child	One family and no others: Couple households: No dependent children
Cple+adlts no child	A couple and one or more other adults: No dependent children
One child	Households with one dependent child
Two children	Households with two dependent children
Three+ children	Households with three or more dependent children
Other households	Other households with two or more adults

Source: MHCLG

2.25 In the **Dwelling-led Historical** scenario, the following sensitivity to household headship rates has been applied:

- **HH-14 Return**: Between 2014 and 2024, the MHCLG 2014-based headship rates in the 25–34 age group return to their 2001 values. In Southend, the headship rates also return in the 35–44 age group. No adjustments have been made to the other age groups.

2.26 In the **Dwelling-led** scenario, the following sensitivity to household headship rates has been applied:

- **HH-14 Return**: Between 2020 and 2040, the MHCLG 2014-based headship rates in the 25–34 age group return to their 2001 values, fixed thereafter. In Rochford, Southend and Thurrock, the headship rates also return in the 35–44 age group. No adjustments have been made to the other age groups.

[1] MHCLG Household Projections 2014-based: Methodological Report

Communal Population Statistics

2.27 Household projections in POPGROUP exclude the population 'not-in-households' (i.e., the communal/institutional population). These data are drawn from the MHCLG 2014-based household projections, which use statistics from the 2011 Census. Examples of communal establishments include prisons, residential care homes, student halls of residence and certain armed forces accommodation.

2.28 For ages 0–74, the number of people in each age group not-in-households is fixed throughout the forecast period. For ages 75–85+, the population not-in-households varies across the forecast period depending on the size of the population.

Vacancy Rate

2.29 The relationship between households and dwellings is modelled using a 'vacancy rate', derived from MHCLG Council Taxbase statistics for 2020. Vacancy rates for each of the six authorities are presented in Table 3. These rates have been applied and fixed throughout the forecast period.

Table 3: Vacancy rates

Local Authority	Vacancy Rate
Basildon	1.7%
Brentwood	2.7%
Castle Point	2.0%
Rochford	1.5%
Southend-on-Sea	2.6%
Thurrock	2.1%

Source: MHCLG Council Taxbase 2020

Labour Force & Employment

2.30 In the **Dwelling-led** scenario, economic activity rates, unemployment rates and commuting ratios have been applied to the population growth trajectory, to derive the size of the resident labour force, and the level of employment growth that could be supported in each of the six authorities.

Economic Activity Rates

2.31 Economic activity rates are the proportion of the population that are actively involved in the labour force, either employed or unemployed and looking for work. Economic activity rates by five-year age group (16–89) and sex have been derived from the 2011 Census statistics, with adjustments made in line with the Office for Budget Responsibility's (OBR) analysis of labour market trends in its 2018 Fiscal Sustainability Report.[2]

Commuting Ratios

2.32 The difference between the level of employment in an area and the size of the resident workforce (i.e. residents in employment) can be used to infer a 'commuting ratio'. A ratio higher than 1.00 indicates a net out-commute (the number of resident workers exceeds the level of employment in the area). A commuting ratio lower than 1.00 indicates the reverse: a net in-commute (the level of employment in

[2] OBR Fiscal Sustainability Report, July 2018

the area exceeds the size of the resident workforce). The closer the ratio is to 1.00, the greater the balance between the size of the resident workforce and the level of employment.

2.33 2011 commuting ratios have been applied and fixed throughout the forecast period (Table 4).

Table 4: Commuting ratios

Local Authority	Number of resident workers (a)	Employment (b)	Commuting Ratio (a/b)
Basildon	83,490	83,343	1.00
Brentwood	36,621	34,270	1.07
Castle Point	41,711	25,608	1.63
Rochford	40,878	26,853	1.52
Southend-on-Sea	81,899	72,636	1.13
Thurrock	77,668	64,449	1.21

Source: 2011 Census

Unemployment Rate

2.34 Unemployment rates measure the proportion of unemployed people within the economically active population. Historical unemployment rates are sourced from ONS model-based estimates. For all six authorities, a 5-year average (2016–2020) unemployment rate has been applied and fixed throughout the forecast period (Table 5).

Table 5: Unemployment rates

Local Authority	Vacancy Rate
Basildon	4.3%
Brentwood	3.4%
Castle Point	3.4%
Rochford	2.9%
Southend-on-Sea	4.3%
Thurrock	4.5%

Source: ONS

Appendix 4: Further Detail on Affordable Housing Need Calculations

This appendix provides further detail on the affordable housing need calculations presented in section 6 of this report, first providing an authority-level breakdown by size before benchmarking the costs associated with various products.

Size of affordable housing needed[221]

Basildon

	1 bed	2 beds	3 beds	4+ beds	Total
A1 Existing affordable housing tenants in need	184	166	110	44	**504**
A2 Others on housing register	383	383	50	29	**845**
A3 Total housing need currently	**567** 42%	**549** 41%	**160** 12%	**73** 5%	**1,349** 100%
B2 Newly forming households unable to privately rent in the open market	181	512	82	46	**821**
B3 Existing households falling into need	35	17	19	6	**78**
B4 Total newly arising need, gross annual	**216**	**529**	**101**	**52**	**899**
C3 Annual gross need over 19 years *(A3 + (B4 x 19)) ÷ 19*	**246** 25%	**558** 58%	**110** 11%	**56** 6%	**970** 100%
D1 Committed supply of affordable housing	118	117	13	3	**251**
D2 Affordable homes occupied but vacated by households in need	184	166	110	44	**504**
D3 Emerging supply (D1+D2) annualised over 19 years	16	15	6	2	**40**
D4 Lettings to new tenants per annum	242	106	53	9	**409**
D5 Estimated supply per annum	**258** 57%	**121** 27%	**60** 13%	**11** 2%	**449** 100%
Net need per annum *C3-D5*	**-12** -2%	**438** 84%	**50** 10%	**45** 9%	**521** 100%

[221] These tables aggregate to the South Essex totals presented at **Tables 6.5 and 6.8**, and are similarly abridged

Brentwood

	1 bed	2 beds	3 beds	4+ beds	Total
A1 Existing affordable housing tenants in need	117	116	96	8	**337**
A2 Others on housing register	320	261	109	2	**692**
A3 Total housing need currently	**437** 42%	**377** 37%	**205** 20%	**10** 1%	**1,029** 100%
B2 Newly forming households unable to privately rent in the open market	156	118	45	2	**321**
B3 Existing households falling into need	45	34	13	1	**93**
B4 Total newly arising need, gross annual	**201**	**152**	**58**	**3**	**414**
C3 Annual gross need over 19 years *(A3 + (B4 x 19)) ÷ 19*	**224** 48%	**172** 37%	**68** 15%	**3** 1%	**468** 100%
D1 Committed supply of affordable housing	1	0	0	1	**2**
D2 Affordable homes occupied but vacated by households in need	117	116	96	8	**337**
D3 Emerging supply (D1+D2) annualised over 19 years	6	6	5	0	**18**
D4 Lettings to new tenants per annum	40	35	13	0	**88**
D5 Estimated supply per annum	**46** 43%	**41** 39%	**18** 17%	**1** 1%	**106** 100%
Net need per annum *C3-D5*	**178** 49%	**131** 36%	**50** 14%	**3** 1%	**363** 100%

Castle Point

	1 bed	2 beds	3 beds	4+ beds	Total
A1 Existing affordable housing tenants in need	55	41	29	0	**125**
A2 Others on housing register	151	101	84	2	**338**
A3 Total housing need currently	**206** 44%	**142** 31%	**113** 24%	**2** 0%	**463** 100%
B2 Newly forming households unable to privately rent in the open market	144	88	59	1	**293**
B3 Existing households falling into need	44	30	14	0	**89**
B4 Total newly arising need, gross annual	**188**	**119**	**73**	**1**	**381**
C3 Annual gross need over 19 years *(A3 + (B4 x 19)) ÷ 19*	**199** 49%	**126** 31%	**79** 19%	**2** 0%	**406** 100%
D1 Committed supply of affordable housing	0	16	5	0	**21**
D2 Affordable homes occupied but vacated by households in need	55	41	29	0	**125**
D3 Emerging supply (D1+D2) annualised over 19 years	3	3	2	0	**8**
D4 Lettings to new tenants per annum	41	24	7	0	**72**
D5 Estimated supply per annum	**44** 55%	**27** 34%	**9** 11%	**0** 0%	**80** 100%
Net need per annum *C3-D5*	**155** 48%	**99** 30%	**70** 21%	**2** 0%	**326** 100%

Rochford

	1 bed	2 beds	3 beds	4+ beds	Total
A1 Existing affordable housing tenants in need	104	71	69	14	**257**
A2 Others on housing register	293	289	112	26	**719**
A3 Total housing need currently	**397** 41%	**359** 37%	**180** 18%	**40** 4%	**976** 100%
B2 Newly forming households unable to privately rent in the open market	109	95	33	8	**246**
B3 Existing households falling into need	49	36	21	5	**110**
B4 Total newly arising need, gross annual	**158**	**131**	**54**	**13**	**356**
C3 Annual gross need over 19 years *(A3 + (B4 x 19)) ÷ 19*	**178** 44%	**150** 37%	**64** 16%	**15** 4%	**408** 100%
D1 Committed supply of affordable housing	198	235	85	31	**549**
D2 Affordable homes occupied but vacated by households in need	104	71	69	14	**257**
D3 Emerging supply (D1+D2) annualised over 19 years	16	16	8	2	**42**
D4 Lettings to new tenants per annum	73	33	10	1	**117**
D5 Estimated supply per annum	**89** 56%	**49** 31%	**18** 11%	**4** 2%	**160** 100%
Net need per annum *C3-D5*	**90** 36%	**101** 41%	**46** 18%	**11** 5%	**248** 100%

Southend-on-Sea

	1 bed	2 beds	3 beds	4+ beds	Total
A1 Existing affordable housing tenants in need	90	110	120	18	**338**
A2 Others on housing register	302	305	169	22	**798**
A3 Total housing need currently	**392** 35%	**415** 37%	**289** 25%	**40** 4%	**1,136** 100%
B2 Newly forming households unable to privately rent in the open market	253	248	109	21	**631**
B3 Existing households falling into need	65	37	41	5	**148**
B4 Total newly arising need, gross annual	**317**	**285**	**150**	**27**	**778**
C3 Annual gross need over 19 years *(A3 + (B4 x 19)) ÷ 19*	**338** 40%	**307** 37%	**165** 20%	**29** 3%	**838** 100%
D1 Committed supply of affordable housing	86	122	52	2	**262**
D2 Affordable homes occupied but vacated by households in need	90	110	120	18	**338**
D3 Emerging supply (D1+D2) annualised over 19 years	9	12	9	1	**32**
D4 Lettings to new tenants per annum	199	65	33	2	**299**
D5 Estimated supply per annum	**208** 63%	**77** 23%	**42** 13%	**3** 1%	**331** 100%
Net need per annum *C3-D5*	**130** 26%	**229** 45%	**123** 24%	**25** 5%	**507** 100%

Thurrock

	1 bed	2 beds	3 beds	4+ beds	Total
A1 Existing affordable housing tenants in need	268	106	35	26	**435**
A2 Others on housing register	131	78	22	10	**241**
A3 Total housing need currently	**399** 59%	**184** 27%	**57** 8%	**36** 5%	**676** 100%
B2 Newly forming households unable to privately rent in the open market	392	238	77	23	**731**
B3 Existing households falling into need	34	34	25	6	**99**
B4 Total newly arising need, gross annual	**426**	**273**	**102**	**29**	**830**
C3 Annual gross need over 19 years *(A3 + (B4 x 19)) ÷ 19*	**447** 52%	**283** 33%	**105** 12%	**31** 4%	**866** 100%
D1 Committed supply of affordable housing	650	395	128	38	**1,211**
D2 Affordable homes occupied but vacated by households in need	268	106	35	26	**435**
D3 Emerging supply (D1+D2) annualised over 19 years	48	26	9	3	**87**
D4 Lettings to new tenants per annum	146	111	67	6	**331**
D5 Estimated supply per annum	**195** 47%	**138** 33%	**76** 18%	**9** 2%	**418** 100%
Net need per annum *C3-D5*	**253** 56%	**145** 32%	**29** 7%	**21** 5%	**448** 100%

Summarising the role of different products

Basildon

	Assumed deposit	Annual cost	Income required	Able to afford	Unable to afford	Deviation from most affordable market option
Market purchase	**£13,400**	**£14,488**	**£43,464**	**43%**	**57%**	**–**
Market rent	**–**	**£9,900**	**£29,700**	**63%**	**37%**	**–**
80% market sale	£8,200	£8,866	£26,598	71%	29%	8%
80% market rent	–	£7,920	£23,760	71%	29%	8%
70% market sale	£7,175	£7,758	£23,273	71%	29%	8%
25% share	£0	£6,561	£19,684	79%	21%	16%
50% share	£0	£6,318	£18,955	79%	21%	16%
60% market rent	–	£5,940	£17,820	79%	21%	16%
50% market sale	£5,125	£5,541	£16,623	87%	13%	24%

Brentwood

	Assumed deposit	Annual cost	Income required	Able to afford	Unable to afford	Deviation from most affordable market option
Market purchase	**£18,250**	**£19,732**	**£59,196**	**41%**	**59%**	**–**
Market rent	**–**	**£11,100**	**£33,300**	**69%**	**31%**	**–**
80% market sale	£9,840	£10,639	£31,917	75%	25%	6%
70% market sale	£8,610	£9,309	£27,927	75%	25%	6%
80% market rent	–	£8,880	£26,640	81%	19%	12%
25% share	£0	£7,873	£23,620	81%	19%	12%
50% share	£0	£7,582	£22,746	81%	19%	12%
60% market rent	–	£6,660	£19,980	87%	13%	18%
50% market sale	£6,150	£6,649	£19,948	87%	13%	18%

Castle Point

	Assumed deposit	Annual cost	Income required	Able to afford	Unable to afford	Deviation from most affordable market option
Market purchase	**£13,463**	**£14,556**	**£43,667**	**47%**	**53%**	**–**
Market rent	**–**	**£9,600**	**£28,800**	**67%**	**33%**	**–**
80% market sale	£7,430	£8,033	£24,100	75%	25%	8%
80% market rent	–	£7,680	£23,040	75%	25%	8%
70% market sale	£6,501	£7,029	£21,087	82%	18%	15%
25% share	£0	£5,945	£17,835	82%	18%	15%
60% market rent	–	£5,760	£17,280	90%	10%	23%
50% share	£0	£5,725	£17,175	90%	10%	23%
50% market sale	£4,644	£5,021	£15,062	90%	10%	23%

Rochford

	Assumed deposit	Annual cost	Income required	Able to afford	Unable to afford	Deviation from most affordable market option
Market purchase	**£15,488**	**£16,745**	**£50,235**	**45%**	**55%**	**–**
80% market sale	**£14,760**	£15,958	£47,875	45%	55%	-25%
70% market sale	**£12,915**	£13,964	£41,891	58%	42%	-13%
25% share	£0	£11,810	£35,430	64%	36%	-6%
50% share	£0	£11,373	£34,119	64%	36%	-6%
50% market sale	**£9,225**	£9,974	£29,922	71%	29%	0%
Market rent	**–**	**£9,576**	**£28,728**	**71%**	**29%**	**–**
80% market rent	–	£7,661	£22,982	78%	22%	7%
60% market rent	–	£5,746	£17,237	91%	9%	21%

Southend-on-Sea

	Assumed deposit	Annual cost	Income required	Able to afford	Unable to afford	Deviation from most affordable market option
Market purchase	**£11,750**	**£12,704**	**£38,112**	**49%**	**51%**	**–**
Market rent	**–**	**£8,100**	**£24,300**	**71%**	**29%**	**–**
80% market rent	–	£6,480	£19,440	79%	21%	8%
80% market sale	£5,600	£6,055	£18,164	79%	21%	8%
70% market sale	£4,900	£5,298	£15,893	87%	13%	17%
60% market rent	–	£4,860	£14,580	87%	13%	17%
25% share	£0	£4,481	£13,442	87%	13%	17%
50% share	£0	£4,315	£12,945	87%	13%	17%
50% market sale	£3,500	£3,784	£11,352	94%	6%	24%

Thurrock

	Assumed deposit	Annual cost	Income required	Able to afford	Unable to afford	Deviation from most affordable market option
80% market sale	£12,760	£13,796	£41,388	52%	48%	-14%
Market purchase	**£12,750**	**£13,785**	**£41,356**	**52%**	**48%**	**–**
70% market sale	£11,165	£12,071	£36,214	59%	41%	-7%
25% share	£0	£10,210	£30,629	66%	34%	0%
50% share	£0	£9,832	£29,496	66%	34%	0%
Market rent	**–**	**£9,540**	**£28,620**	**66%**	**34%**	**–**
50% market sale	£7,975	£8,622	£25,867	74%	26%	8%
80% market rent	–	£7,632	£22,986	74%	26%	8%
60% market rent	–	£5,724	£17,172	89%	11%	23%

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