

Appendix B: Fareham Borough Council's technical clarification regarding the 'Application of proposed formula for assessing housing need, with contextual data' contained in the Government's consultation documentation.

1. The Government published a consultation report on 14 September 2017 'Planning for the right homes in the right places' (Appendix A) which included a formula for calculating the proposed standardised approach to assessing housing need. The report was also accompanied by a data table ('Application of proposed formula for assessing housing need, with contextual data') which provides a breakdown of the proposed formula for assessing housing need, and the contextual information behind the formula, including details on Local Planning Authorities current local plan target.
2. This appendix is broken down into two sections, the first section deals with the indicative assessment of housing need for the Draft (Fareham) Local Plan 2036 and the second section deals with the assessment of housing need for the adopted Local Plan.

## Section 1

### *Step 1: Setting the baseline*

3. The data table provides details on the indicative assessment of housing need based on the proposed formula (see Appendix A). This section provides a breakdown of the calculations used by the Government to derive the housing need for Fareham Borough. Firstly, the average household growth over a 10 year period was taken from the ONS 2014 household projections, which were published in July 2016<sup>1</sup>. For Fareham Borough this is 401 dwellings per annum.

### *Step 2: An adjustment to take account of market signals*

4. The next step is to adjust the above household projection figure for the Fareham Borough by taking into account 'market signals'. The adjustment formula for each local planning authority is the following:

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

5. For the Fareham Borough the adjustment factor is shown below using the Government's formula. The affordability ratio for Fareham is 9.2, which is the median housing prices to the median earnings ratio. The figures in brackets are the working figures for the formula.

$$(\text{Adjustment factor}) = \frac{9.2 - 4 (5.2)}{4} \times 0.25$$

$$0.325 = \frac{5.2}{4} \times 0.25$$

### *Step 3: Capping the level of increase*

6. As set out in the Government's consultation, there is a proposed capping of the level of any increase depending on the status of the local plan in each authority. For those authorities who have adopted a local plan in the last five years (Category A), the housing need figure should be capped at 40% above the annual requirement figure currently set out in their local plan. For those authorities with a local plan which was adopted more than five years ago (Category B), the housing need figure is capped at 40% above whichever is the higher of the household projection or annual housing requirement in the local plan.
7. The Government's consultation reports that our Adopted Local Plan is more than five years old; hence we are treated as a Category B authority.

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<sup>1</sup> <https://www.gov.uk/government/statistics/2014-based-household-projections-in-england-2014-to-2039>

8. Based on this proposed formula our housing projection of 401 dwellings per annum, the Government has applied an adjustment factor is 32.5% (as set out in paragraph 5 above) for Fareham Borough and, as a Category B authority, therefore has not applied a cap.

*Step 4: Current local assessment of housing need*

9. In order to produce a 'final' figure for the assessment of housing need for local authorities, including Fareham, the ONS household projection figure is multiplied by the adjustment factor plus 1, which produces a local housing need assessment figure of 531 dwellings per annum, as shown below.

$$\begin{array}{rclcl}
 \mathbf{401} & \mathbf{x} & \mathbf{1 + (0.325)} & \mathbf{=} & \mathbf{531} \\
 \text{(household} & & \text{(1 + adjustment factor for} & & \text{(Local housing need)} \\
 \text{projection for} & & \text{Fareham)} & & \\
 \text{Fareham)} & & & & 
 \end{array}$$

The Government's calculation is detailed in Table 1 below:

Table 1

	<b>Adoption date of Local Plan used in calculation of need based on proposed formula</b>	<b>Plan age</b>	<b>Most recently adopted Local Plan number (dwellings per annum)</b>	<b>Indicative Assessment of Housing need based on proposed formula (dwellings per annum)</b>
Current Figures in consultation document	01/08/2011	More than 5 years	147	<b>531 (not capped)</b>

*Please note that Officer's worked through these calculations as the full calculation is not fully shown in the Government's consultation documentation (Application of proposed formula for assessing housing need, with contextual data).*

## Section 2

10. The Government's data table (in Appendix A and shown in Table 3) also provides information on the number of dwellings per annum based on the most recently adopted Local Plan figure for each LPA in England. The figure that has been used by the Government for Fareham Borough is 147 dwellings per annum. This figure is incorrect as it is based on the housing requirement for the Local Plan Part 1 (LPP1): Core Strategy alone, and does not take into account the revised housing requirement figures from the adopted Local Plan Part 2 (LPP2): Development Sites and Policies and the Local Plan Part 3 (LPP3): The Welborne Plan.
11. The most recently adopted Local Plan figure should be 327 dwellings per annum. This takes into account the Borough's revised housing requirements as set out in LPP2 (Table 4, page 78)<sup>2</sup>. This housing requirement revises the Core Strategy figure and sets a housing requirement of 2,202 for the plan period 2011–2026, which equates to 147 dwellings per annum, and the housing trajectory set out in the Welborne Plan (Table 10.1, page 126)<sup>3</sup> which is a stepped trajectory, but for 2017/18 sets a figure of 180 dwellings per annum. Therefore, combined the overall adopted Local Plan housing requirement per annum is 327 dwellings for 2017/18.
12. Furthermore, the capped plan target for the Borough's housing requirement is 458 dwellings per annum. A 'capped' plan target is required as set out in paragraph 5 of this report. In the Government's methodology for the proposed formula those authorities that have a plan adopted in the last 5 years a 40% 'capping' is applied to the housing requirement. **The 'capping' is derived by multiplying the Borough's per annum housing target (in the current Adopted Local Plan) of 327 by the Government's capped increase of 1.40 (40%) which equates to 458 dwellings per annum.**
13. In addition, the Government data provided on the adopted Local Plan age is incorrect as it is currently states the plan date is more than 5 years old (01/08/2011). The correct adoption date for the Local Plan should be that of the latest adopted document, which is LPP2 and LPP3, which were both adopted in June 2015.
14. Further information on the Borough's revised figures as set out above is provided in Table 2 on the following page.

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<sup>2</sup> <http://www.fareham.gov.uk/PDF/planning/LP2DSPAadopted.pdf>

<sup>3</sup> <http://www.fareham.gov.uk/PDF/planning/LP3WelborneAdopted.pdf>

Table 2

	<b>Adoption date of Local Plan used in calculation of need based on proposed formula</b>	<b>Plan age</b>	<b>Most recently adopted Local Plan number (dwellings per annum)</b>	<b><i>Indicative Assessment of Housing need based on proposed formula (dwellings per annum)</i></b>
Correct Figures	<i>08/06/2015</i>	<i>Less than 5 years</i>	<i>327</i>	<b><i>458 (capped)</i></b>

Table 3:

Extract for Fareham Borough from Appendix A of the Government Consultation Paper: Application of proposed formula for assessing housing need, with contextual data

Local Authority	Indicative Assessment of housing need based on proposed formula, 2016 to 2026 ( <i>dwelling per annum</i> )	Current local assessment of housing need, based on most recently publicly available data ( <i>dwelling per annum</i> )	Proportion of Local Authority land area covered by Green Belt, National Parks, Areas of Outstanding Natural Beauty or Sites of Special Scientific Interest	Source of Current assessment for housing need	Page reference in document (where available)	Most recent adopted Local Plan number ( <i>dwelling per annum</i> )	Adoption date of Local Plan used in calculation of need based on proposed formula	Source for Local Plan used in calculation of need based on proposed formula	Page number reference in document (where available)
Fareham	531	420	3%	<a href="http://www.fareham.gov.uk/PDF/planning/LP2DSPAdopted.pdf">http://www.fareham.gov.uk/PDF/planning/LP2DSPAdopted.pdf</a>	-	147	01 August 2011	<a href="http://www.fareham.gov.uk/PDF/planning/LP2DSPAdopted.pdf">http://www.fareham.gov.uk/PDF/planning/LP2DSPAdopted.pdf</a>	78

Reference: Planning for the Right Homes in the Right Places – Housing Need Consultation Data Table