



JULY 2023

Implications of 2021 Census on Hertsmere's Housing Need

Final Draft Report

July 2023

Iceni Projects

Birmingham: The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT

London: Da Vinci House, 44 Saffron Hill, London, EC1N 8FH

Edinburgh: 11 Alva Street, Edinburgh, EH2 4PH

Glasgow: 177 West George Street, Glasgow, G2 2LB

Manchester: This is the Space, 68 Quay Street, Manchester, M3 3EJ

t: 020 3640 8508 | w: iceniprojects.com | e: mail@iceniprojects.com

linkedin: [linkedin.com/company/iceni-projects](https://www.linkedin.com/company/iceni-projects) | twitter: @iceniprojects

Implications of 2021 Census on
Hertsmere's Housing Need
FINAL DRAFT REPORT

CONTENTS

1.	NON-TECHNICAL SUMMARY	1
2.	INTRODUCTION.....	3
3.	DEMOGRAPHIC TRENDS AND PROJECTIONS.....	8
4.	HOUSING MARKET SIGNALS.....	28
5.	DRAWING THE EVIDENCE TOGETHER.....	38

1. NON-TECHNICAL SUMMARY

- 1.1 This report has been prepared to review Hertsmere's housing need – in particular considering any implications from the release of 2021 Census data and up-to-date evidence on population and demographic trends.
- 1.2 National planning policies currently set out that housing need should be defined using the 'standard method' which is set out in Planning Practice Guidance. This takes 2014-based Household Projections, which were produced by Government and expect growth of 519 households per year in Hertsmere. A percentage uplift (the affordability uplift) is then applied based on the latest average house price-to-income ratio published by the Office for National Statistics (ONS). The high ratio for Hertsmere (14.4) means a 65% uplift is applied, but the uplift is then 'capped' at 40% generating a local housing need of 726 homes a year.
- 1.3 Alternative approaches, or the use of alternative data, is only currently supported where 'exceptional circumstances' can be demonstrated. This report has sought to explore whether this is the case in Hertsmere.
- 1.4 Prior to the Census, the ONS mid year population estimate series had been pointing to lower population growth in Hertsmere than the official 2014-based projections which form the baseline in the standard method. They had been suggesting a Borough population of 105,300 persons in 2021, compared to 109,300 in the 2014 projections. However the 2021 Census results showed a population of 108,100 persons.
- 1.5 The report has compared and reviewed the ONS demographic evidence and the Census results and finds that whilst natural change (the difference between births and deaths) has been lower than predicted in the 2014 projections, this is a common factor across many areas. This partly reflects higher deaths during the Covid-19 pandemic. However when compared to the Census population, the evidence implies that there has been stronger net migration to Hertsmere than was expected in the 2014-based projections (which were based on trends from 2009-14).
- 1.6 The report models different demographic scenarios. It estimates that the next set of ONS projections, when they are released in 2024, might show population growth of 1.2% over the next decade, which is relatively modest. However capturing the stronger migration suggested by the 2021 Census data, it considers a trend-based scenario of 4.0% population growth over this period to be more realistic. These two scenarios produce a range for housing need of 296 – 448 homes a year if more recent births and deaths data is used in the modelling; but with the birth and death assumptions from the 2014-based projections, the range shown is of a need for 648 – 805 homes a year. The standard method figure of 726 homes a year sits centrally within this range.

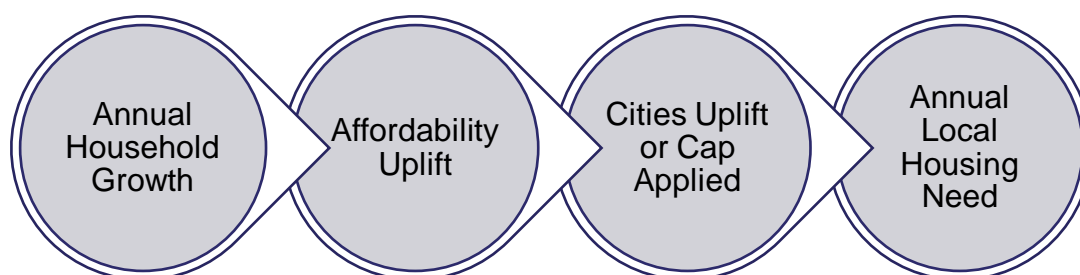
- 1.7 There is little current guidance on what 'exceptional circumstances' there might be to justify deviating from the standard method. The reduction in natural change through lower births and higher deaths than in the 2014-based demographic projections is a genuine demographic trend seen across many local authorities and therefore is not a factor specifically local to Hertsmere which would typically currently be considered 'exceptional.'
- 1.8 The affordability adjustment applied is significant, albeit that the uplift is capped, but is also set in a context whereby there are evident affordability pressures which are likely to have constrained the ability of households to form or move to the area, with significant unmet need for affordable housing and some evidence that the economic growth has been outpacing growth in the workforce in the Borough.
- 1.9 Set against current national policy at the time of writing, Iceni do not therefore consider that exceptional circumstances clearly exist to justify progressing a plan on the basis of reduced housing need. If the consultation proposals for changes to the NPPF are taken forwards by Government and include greater scope to take account of more recent demographic data, including the 2021 Census – either on natural change or household formation – this could provide scope to revise (downwards) the assessment of housing need to 648 dpa.
- 1.10 It is for the Council to overlay issues related to development constraints, land availability and infrastructure providing in determining the housing target. The Council may wish to consider closely current national policy and any changes in national planning policies related to how constraints – and particularly Green Belt – are considered as part of the plan-making process.

2. INTRODUCTION

- 2.1 Hertsmere Borough Council is in the process of preparing a new Local Plan which is intended to guide development in the Borough over a plan period from 2024-40. The Plan will need to set out a strategy for sustainably accommodating housing, alongside jobs, infrastructure and services in the Borough.
- 2.2 In preparing the Local Plan, the Council needs to have regard to national planning policies set out by Government in the National Planning Policy Framework (NPPF). In planning for housing, the NPPF sets out that the starting point is to undertake an assessment of the Borough's local housing needs.
- 2.3 Government's Planning Practice Guidance (PPG) establishes that housing need is an unconstrained assessment of the number of homes needed in an area. Assessing housing need is the first step in the process of deciding how many homes to be planned for through a Local Plan. The PPG sets out that this should be assessed separately from assessing land availability and considering constraints to development, such as areas liable to flooding, environmental and landscape designations, Green Belt and infrastructure capacity. These considerations are however brought together to inform how many homes should be planned for, as part of the plan making process and associated Sustainability Appraisal.

The Standard Method for assessing Housing Need

- 2.4 The Government introduced a standard method for calculating housing need in 2018 as part of a set of reforms intended to make the process of assessing housing need simpler, quicker and more transparent; with the aim of speeding up the process of preparing local plans.
- 2.5 The standard method essentially takes the average annual projected household growth from ONS 2014-based Household Projections, and then applies an uplift to this based on the latest average house price to earnings ratio in the local area. In some areas the uplift is 'capped' to support its deliverability; whilst in the top 20 cities and urban areas nationally a further 35% uplift is applied as part of an intended framework to focus housing provision nationally on our larger cities. The latter was introduced by Government following a consultation on potential reforms to the standard method in 2020. Figure 1.1 provides an overview of the methodology.

Figure 1.1: Standard Method Overview

- 2.6 Currently the standard method produces a minimum local housing need for Hertsmere of 726 dpa. The first step in the calculation is to calculate the projected household growth over the next 10 years using the ONS 2014-based Household Projections. These projections are based on population trends over the previous 5 years (2008/9-2014) and trends in household formation by age looking back to 1971. Household growth of 519 per annum is expected in the Borough.
- 2.7 An uplift is then applied based on the affordability characteristics. Hertsmere's high median house price to income ratio of 14.39, based on the earnings of those working full-time in the Borough, generates a substantial proportional uplift of 65%. Applying this to the household growth generates an (uncapped) need for 856 dwellings per annum (dpa). This is lower than the figure in the previous year's calculations as the affordability ratio has fallen. However a minimum figure is then identified by applying a further step – capping the affordability uplift at 40% - which generates the minimum local housing need figure of 726 dpa.

Table 2.1 Hertsmere's Standard Method Housing Need

	Hertsmere
Households 2023	45,302
Households 2033	50,490
Change in Households	5,188
Household Growth per annum	519
Affordability Ratio, 2022	14.39
Affordability Uplift	65%
Affordability Uplift	337
Stage 2 Local Housing Need (Uncapped Need) (dpa)	856
Affordability Uplift capped at 40% above Household Growth	208
Minimum (Capped) Local Housing Need (dpa)	726

- 2.8 The PPG currently sets out that the cap reduces the minimum number generated by the standard method, but does not reduce housing need itself; and therefore plans adopted on the basis of a capped figure could need an early review to ensure any housing need above the capped level is planned for as soon as realistically possible.

Context to this Report

- 2.9 The use of the standard method for calculating housing need is not mandatory. NPPF Para 61 sets out:

“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. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.”

- 2.10 Where a Council considers that it is warranted to deviate from the standard method it must therefore show that ‘exceptional circumstances’ exist to do so – particularly where it is considered that the area’s housing need falls *below* the standard method calculation.
- 2.11 The NPPF Glossary definition of ‘local housing need’ defines this as *“The number of homes identified as being needed through the application of the standard method set out in national planning guidance (or, in the context of preparing strategic policies only, this may be calculated using a justified alternative approach as provided for in paragraph 61 of this Framework.”* There is thus the opportunity to put forward a ‘justified alternative approach’ but a need to show that there are ‘exceptional circumstances’ in order to justify this. But any such approach, in accordance with NPPF Para 61, must reflect current and future demographic trends and market signals.
- 2.12 In reality, over the period since the introduction of the standard method in 2018, **there are very limited examples of Council’s showing that there are *exceptional circumstances* which warrant a lower housing need figure and to date we are not aware of any examples of alternative approaches being accepted by independent Inspectors examining Local Plans.**
- 2.13 However, Government has just completed a consultation on proposed changes to the NPPF as part of a wider package of reforms to national planning policy.¹ It is important to note that there is no

¹ [Levelling-up and Regeneration Bill: reforms to national planning policy - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/levelling-up-and-regeneration-bill-reforms-to-national-planning-policy)

guarantee or certainty at this stage that changes put forward in the consultation will be taken forward through amendments to the NPPF and associated Planning Practice Guidance (PPG).

- 2.14 The consultation proposed to emphasise that the standard method is an 'advisory starting point' for establishing a housing requirement for an area. The consultation also included proposed changes which identify that exceptional circumstances for deviation from the standard method justifying an alternative approach could relate to the particular characteristics of an authority. The consultation document sets out that areas with a high student population or high proportion of older persons could be justified in taking an alternative approach but asks for other potential examples. However the consultation did not propose any changes to the mechanics of the standard method itself at this point.
- 2.15 Significantly the consultation also includes changes related to the application of Green Belt policies, including proposed amendments to NPPF Para 140 setting out that Green Belt boundaries are not required to be reviewed or altered if this would be the only means of meeting the objectively assessed need for housing over the plan period. However Green Belt is rarely the only means of housing need, but one of a number of sources of supply including urban sites, infill development etc. National policy already requires these other sources of supply to be fully explored before consideration is given to reviewing Green Belt boundaries.
- 2.16 The proposed changes however overall appear to reduce the emphasis of national policy on meeting objectively assessed housing need *in full*. They propose to amend the NPPF to state that "*Green Belt boundaries are not required to be reviewed and altered if this would be the only means of meeting the objectively assessed need for housing over the plan period.*" Fundamentally however the plan-making process remains one of seeking to balance different considerations including the impacts of development of Green Belt or greenfield land and of meeting, or not meeting, housing need. These are judgements for the Council and are not considered in this report.

Report Purpose and Structure

- 2.17 The 2014-based Household Projections are now of a relative vintage. The Council has asked Icen Projects Limited ('Icen') supported by demographer Justin Gardner (JGC) to provide a 'sense check' on the housing need figures taking account of the results from the 2021 Census, results from which have now started to be released.
- 2.18 In headline terms, the Census shows a population in Hertsmere of 107,800 persons in 2021, which is lower than that projected in the 2014-based ONS projections which feed into the standard method (109,300 persons).
- 2.19 The remainder of the report is thus structured in three sections:

- Section 2 reviews demographic evidence including the 2021 Census data;
- Section 3 considers wider 'market signals' related to the supply/demand balance for housing;
- These are brought together in Section 4 which sets out our conclusions.

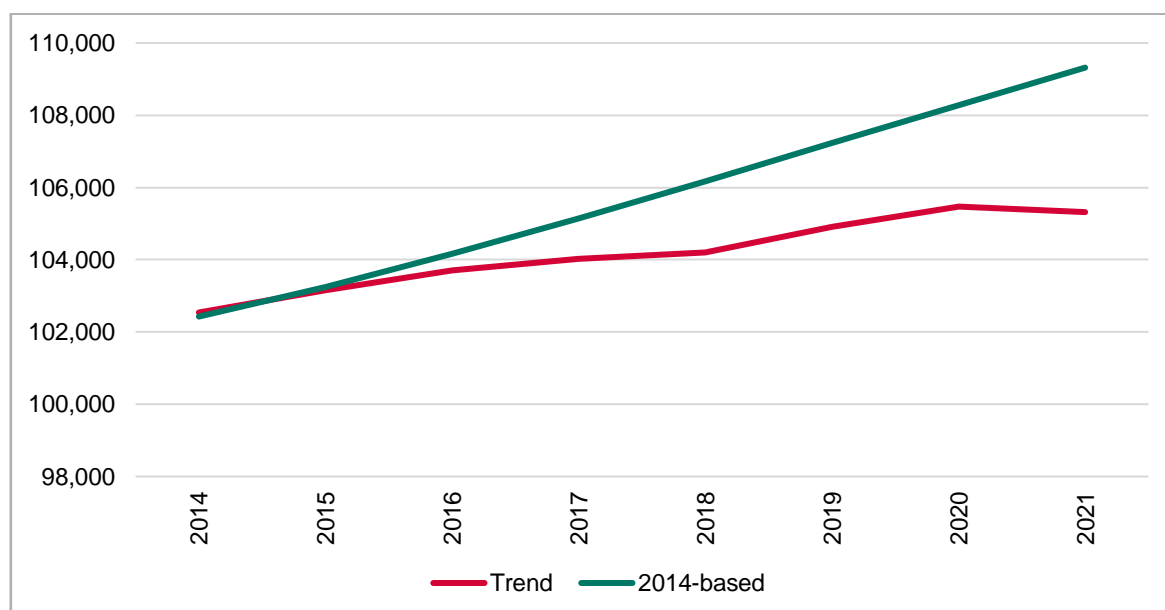
3. DEMOGRAPHIC TRENDS AND PROJECTIONS

- 3.1 This section of the report considers recent demographic trends in Hertsmere. The analysis looks at how accurate the 2014-based projections have been and also briefly reviews the most recent projections by ONS (2018-based). It considers the implications of 2021 Census data. It then uses these to develop a trend-based projection with a 2021 base.
- 3.2 The analysis uses the best information available at the time of writing in Spring 2023. It should be noted that more recent demographic data will affect different local authorities in different ways; but also that ONS will release further data in due course including potential revisions to previous Mid-Year Population Estimates; and new (post-Census) household projections. The Council may need to consider these as part of the plan preparation process in due course.

Population Trends

- 3.3 The figure below shows how the population of Hertsmere has been estimated to have changed in the period from 2014 to 2021 based on pre-Census data. This draws on ONS Mid-Year Population Estimates (MYEs). This is in contrast with how the population was projected to have changed in the 2014-SNPP which forms the basis of the 2014-based Household Projections used in the standard method. It is clear from this that ONS population estimates were suggesting population growth been far weaker than was projected nine years ago.

Figure 2.1 Population trends and as projection in 2014-SNPP – Hertsmere



Source: ONS

- 3.4 The table below shows the population figures in 2014 and 2021 for the two sources above. This shows population increase of around 2,800 people based on the ONS annual estimates, from the Mid-Year Estimates (MYE) series, compared with a projected increase in the 2014-SNPP of 6,900 people. This is a significant difference. It should be noted that base figures for 2014 are slightly different in the two sources, as ONS revised its population estimates for 2011-16 based on improved migration statistics – however for Hertsmere the difference is fairly minor.
- 3.5 Migration in this report includes both internal migration between Hertsmere and other local authorities within England; between other home nations such as with Scotland, Wales and Northern Ireland; and international migration from outside of the UK.

Table 3.1 Population trends and as projected in 2014-SNPP – Hertsmere

	2014	2021	Change	% change
MYE Trend	102,540	105,325	2,785	2.7%
2014-based	102,427	109,318	6,891	6.7%

Source: ONS

- 3.6 However, **since publication of the 2021 Census, ONS has revised its MYE for 2021** and this puts the figure for the population in Hertsmere at a somewhat higher 108,105 persons. ONS are yet to adjust the back series of population estimates, but on the basis of the data above it is the case that there is a difference in 2021 of 2,780 people from the previous MYE and the MYE once adjusted for the Census. This implies an average undercount of population in the MYE timeseries between 2011-21 of around 278 per annum on average. In effect, **the 2021 Census data points to ONS under-estimating population growth in the MYE timeseries.**
- 3.7 This would suggest a trend based position in 2014 of around 103,374 and population growth over the 7-years of around 4,700 people. This is more than the trend as recorded by ONS prior to the Census release; but substantially down on the growth level projected in 2014.

Table 3.2 Population trends (including as revised for 2021 Census) and as projected in 2014-SNPP – Hertsmere

	2014	2021	Change	% change
MYE Trend	102,540	105,325	2,785	2.7%
2014-based	102,427	109,318	6,891	6.7%
Trend (Census adjusted)	103,374	108,105	4,731	4.6%

Source: ONS

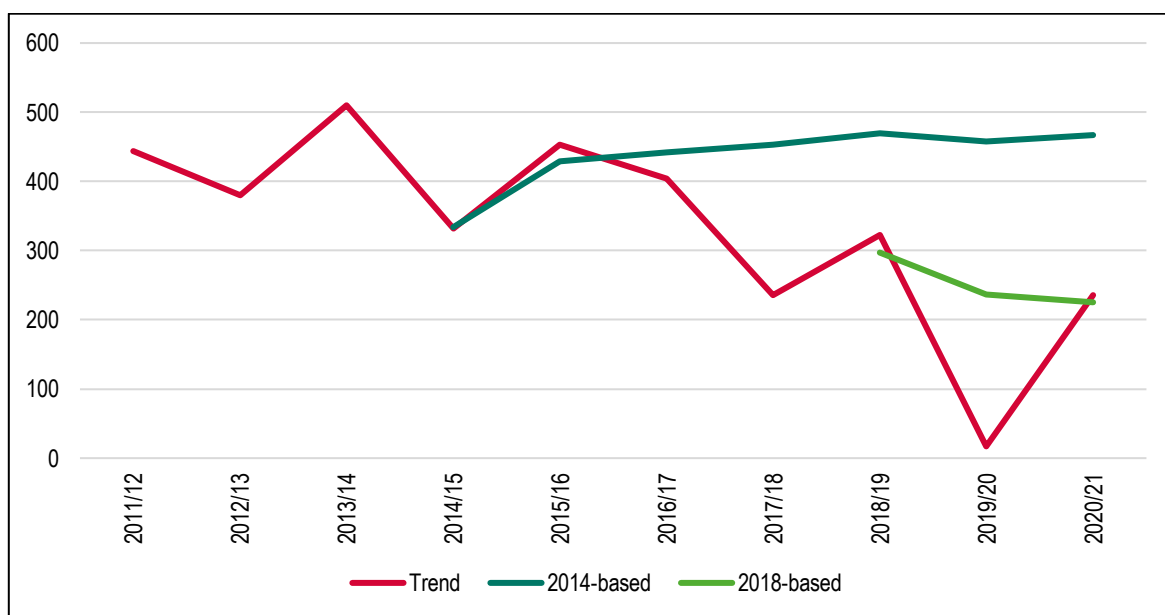
- 3.8 We can investigate the potential reasons for the difference between recent trends and projected changes in the 2014-SNPP. The components of population change can be split into two main categories:

- Natural Change (births minus deaths); and
- Net migration (the balance between people moving in and out of Hertsmere).

Natural Change

- 3.9 The figure below shows past trends in natural change (going back to 2011) and how this was projected forward in the 2014-SNPP. The data is clear that **natural change has been falling but that the 2014-SNPP (which feed into the household projections and thus the standard method) did not pick up on this trend** (projecting forward a relatively flat level of natural change in Hertsmere). The most recent (2018-based) SNPP does seem to have recognised this reduced level of natural change.

Figure 2.2 Natural change (2011-21) – trends and data from 2014- and 2018-based SNPP – Hertsmere



Source: ONS

- 3.10 The table below shows the above data along with averages for relevant time periods. This confirms the reduction in natural change over time and shows **natural change in the past 7-years to have been an average of 286 per annum, notably below the projected level in 2014-based projections**. The analysis also shows a lower level of natural change in the 2018-SNPP but that recent trends suggest it has been even lower. This appears to have been partly influenced by the impact of the Covid-19 pandemic on deaths.

Table 3.3 Natural Change (2011-21) – Hertsmere

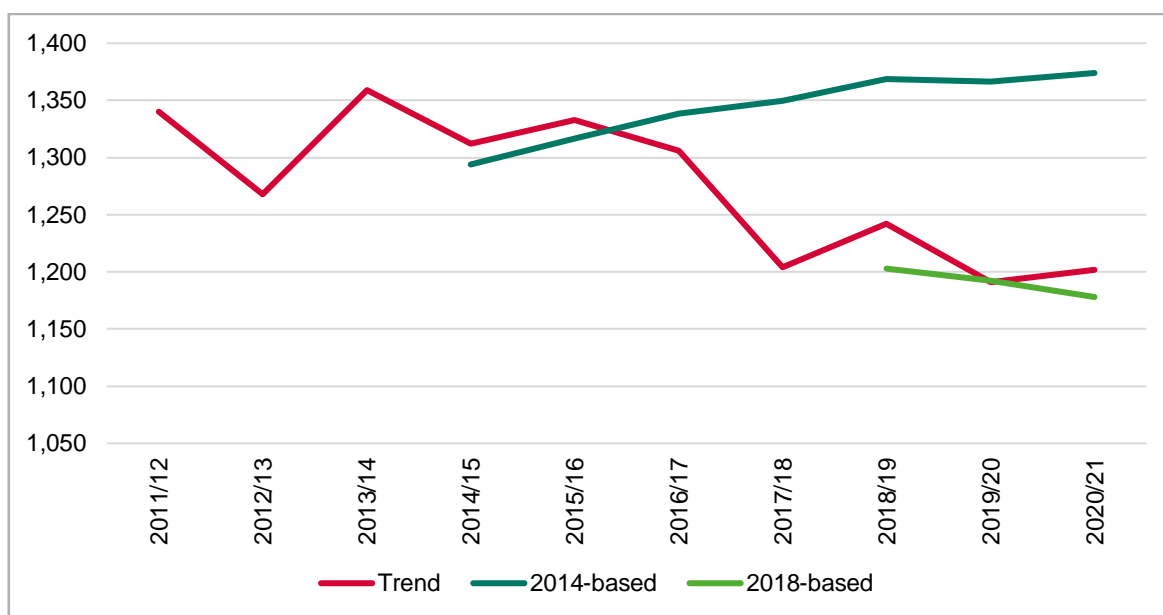
	MYE Trend	2014-based	2018-based
2011/12	444	-	-
2012/13	380	-	-
2013/14	510	-	-
2014/15	332	334	-
2015/16	453	429	-
2016/17	404	442	-
2017/18	236	453	-
2018/19	323	470	297
2019/20	17 ²	458	237
2020/21	236	467	225
Average (2014-21)	286	436	-
Average (2018-21)	192	465	253

Source: ONS

- 3.11 Natural change is lower because of a combination of lower births, which could potentially be influenced by housing supply constraints as households are unable to set up independent households until later in life; but also increases in life expectancy which have not been as strong as predicted in the 2014-based Household Projections (and therefore higher mortality). These are factors seen in more recent data nationally, rather than trends specific to Hertsmere. There is also the possibility of a Covid-related spike in deaths within the data for the Borough as identified above.
- 3.12 The two figures below therefore show trends in births and deaths separately. Overall in the 2014-21 period, the number of births recorded by trends was around 88 people per annum lower whereas the number of deaths was 62 people higher.

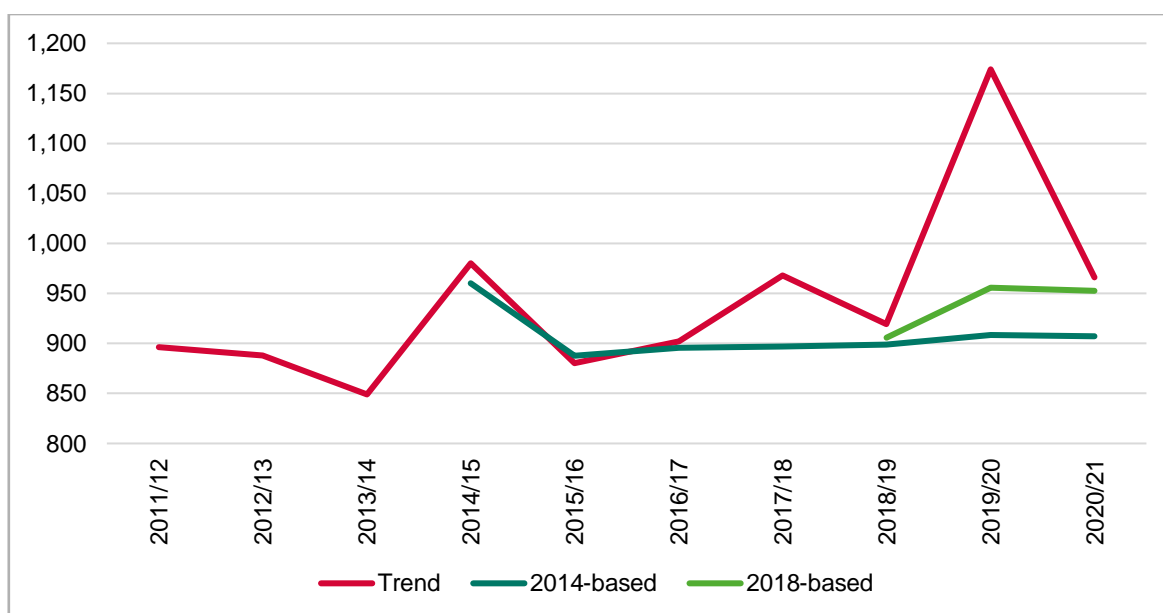
² The figure of 17 for 2019/20 looks like an anomaly in the context of other figures and has been driven by a notable increase in the number of deaths in this period (see additional figures below). Although not certain, it is likely this is influenced by the Covid-19 pandemic although the data does still point to a clear downward trend in natural change.

Figure 2.8 Births (2011-21) – trends and data from 2014- and 2018-based SNPP – Hertsmere



Source: ONS

Figure 2.9 Deaths (2011-21) – trends and data from 2014- and 2018-based SNPP – Hertsmere



Source: ONS

- 3.13 Lower births do not have a direct effect on housing need as they are unlikely to influence household formation over the period to 2040; however higher deaths may do.

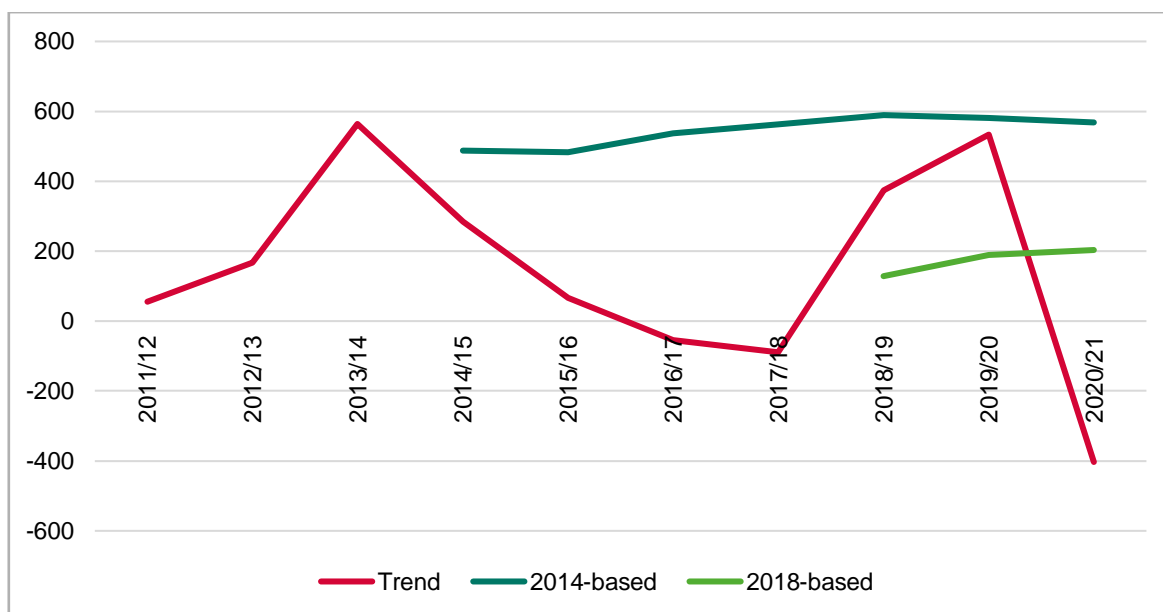
Net Migration to Hertsmere

- 3.14 The figure below shows the same information for net migration and whilst this is more variable on a year by year basis it typically shows the same trend as for natural change. Where the figure is positive, it relates to net in-migration to Hertsmere in the relevant year; whilst where it is negative (such as in 2020/21) it relates to net out-migration. Net migration is the balance between in- and out-

migration. The (pre-Census) MYE trend data suggested net migration had generally been falling slightly (albeit with year-on-year variability) and this does seem to have been picked up to some degree by the most recent (2018-based) projections.

- 3.15 It should be noted the net figures are influenced by much larger flows in and out of the area which is likely to build in a degree of error for any specific year. For example, in 2021/21 the ONS data points to a net internal out migration of 457 people – this however being made up of in-migration of 8,936 and out-migration of 9,393. Overall, whilst average net migration in the ONS Mid-Year Estimates did look to be falling, if averaged over different periods, albeit it is quite difficult from this data to see a definitive trend. Just over the 10-years shown in the figure below, net migration increased, then fell, then increased again, before falling in the most recent year for which data has been published. Overall there is a degree of variability year-on-year.

Figure 2.3 Net migration to Hertsmere (2011-21) – trends and data from 2014- and 2018-based SNPP – Hertsmere



Source: ONS

- 3.16 The table below shows the same data for each year and selected averages. This shows that the MYE trend suggested is substantially different (and below) the projected levels in the 2014-SNPP. This analysis also highlights the 2018-SNPP as showing a similar level of net migration into Hertsmere over the past three years as have been seen in past trends based on the MYE estimates.

Table 3.4 Net Migration Trends and Projections – Hertsmere

	MYE Trend	2014-based	2018-based
2011/12	55	-	-
2012/13	168	-	-
2013/14	564	-	-
2014/15	285	487	-
2015/16	67	483	-
2016/17	-54	537	-
2017/18	-89	563	-
2018/19	375	589	129
2019/20	534	581	189
2020/21	-403	568	203
Average (2014-21)	102	544	-
Average (2018-21)	169	580	174

Source: ONS

- 3.17 A further table below splits out the net migration between internal (i.e. moves from one part of the UK to- and from-Hertsmere) and international migration. This shows some considerable variability with a clear move from internal migration being the main source of net migration to Hertsmere in the 2014-based projection, to a situation where international migration is the main component (in 2018-SNPP) – interestingly the recent trends (2018-21) seem to show a shift back towards internal migration. These patterns continue to show how difficult it is to pick up firms trends in the data for Hertsmere.

Table 3.5 Net Migration Trends and Projections split between internal and international migration – Hertsmere

	MYE Trend		2014-base		2018-based	
	Internal	Inter-national	Internal	Inter-national	Internal	Inter-national
2011/12	171	-116	-	-	-	-
2012/13	257	-89	-	-	-	-
2013/14	294	270	-	-	-	-
2014/15	-123	408	315	171	-	-
2015/16	-292	359	389	94	-	-
2016/17	-353	299	472	65	-	-
2017/18	-216	127	507	56	-	-
2018/19	329	46	556	33	-122	250
2019/20	547	-13	562	19	-48	237
2020/21	-457	54	561	7	-21	224
Average (2014-21)	-81	183	480	64	-	-
Average (2018-21)	140	29	560	20	-63	237

Source: ONS

- 3.18 However, it should also be noted that **there is a difference of 2,780 people between MYE data (as estimated by ONS) and MYE once adjusted for the Census and this could be attributed to**

errors in the recording of migration – i.e. migration to Hertsmere could have been underestimated. This raises questions around the reliability of the MYE timeseries.

Understanding the Different Sets of Figures

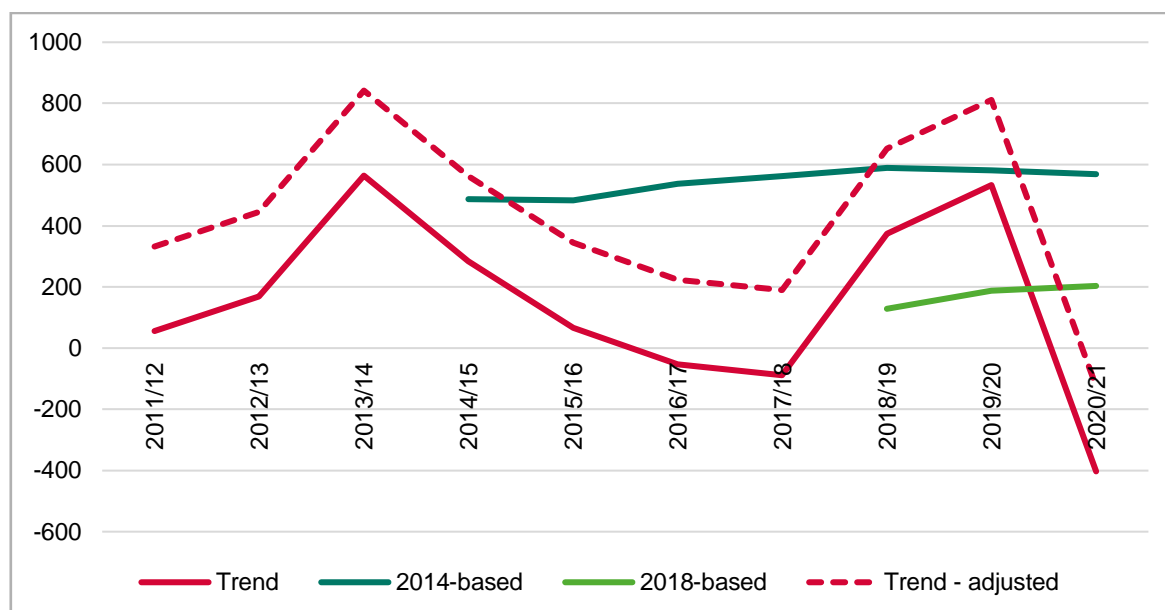
The 'MYE trend' or 'trend' data considered above is drawn from ONS' estimates of births, deaths and migration, which it produces annually. Births and deaths tend to be recorded fairly accurately; however it is more difficult to accurately record migration between areas, including internal migration between different parts of the UK and internationally. The ONS rely on people reregistering with GPs and other administrative data sources to track migration in the inter-Censal period; and to surveys of international migration at ports and airports which are then distributed to different local authorities using a range of administrative data. It is important to remember that the data are 'estimates' in these terms.

It is therefore likely for any given year of data that there will be some (possibly notable) degree of error with migration estimates from ONS and so it is important to look at general trends, which in the case of Hertsmere are also quite variable.

To add a level of complexity, it is also possible for there to be recording issues with Census, which means estimates of population change between 2011 and 2021 could over- or under-estimate population change. However the Census is likely to be more comprehensive and reliable than other data sources.

The difference between the rolled forward population estimates and the Census results is known as Unattributable Population Change (UPC).

- 3.19 If the analysis above is repeated but with an allowance of 278 per annum included in net migration (to reflect the potential under-recording of migration in the ONS data) then trend figures become much closer to data in the 2014-SNPP (albeit still lower). For the purposes of the analysis (data shown in the figure and table below) the adjusted figures are called a UPC (Unattributable Population Change) Adjustment.

Figure 2.4 Net migration (2011-21) – trends (including UPC adjustment) and data from 2014- and 2018-based SNPP – Hertsmere

Source: ONS

- 3.20 UPC is an adjustment that is typically made by ONS to reconcile Mid-Year Estimates and Census data. It is not possible to precisely 'attribute' the extent to which this relates to errors in Census counts or the Mid-Year Estimates (such as under-estimates of migration). ONS however recognises that migration is more difficult to accurately measure than other components of population change.

Table 3.6 Adjusted Net Migration Estimates and Historic Projections – Hertsmere

	Trend – adjusted	2014-based	2018-based
2011/12	333	-	-
2012/13	446	-	-
2013/14	842	-	-
2014/15	563	487	-
2015/16	345	483	-
2016/17	224	537	-
2017/18	189	563	-
2018/19	653	589	129
2019/20	812	581	189
2020/21	-125	568	203
Average (2014-21)	380	544	-
Average (2018-21)	447	580	174

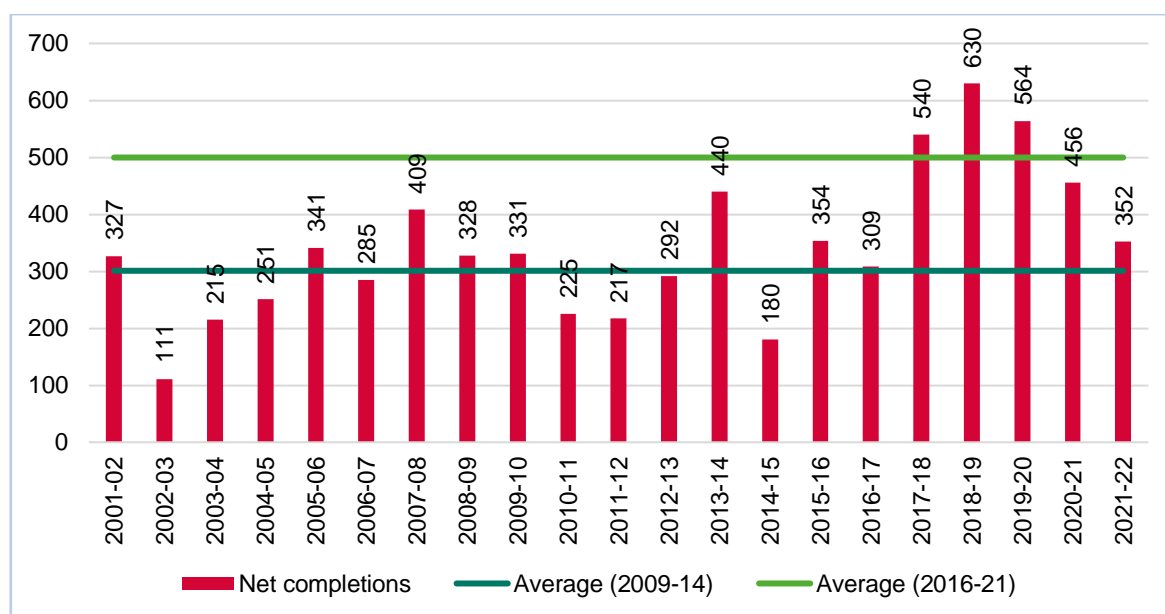
Source: ONS

- 3.21 The data is clear that population growth in Hertsmere has been lower than was projected in the 2014-SNPP and this is due to a combination of lower natural change and also reduced net migration. **The difference between recent trends and the 2014-SNPP for Hertsmere is sufficiently great to suggest that the 2014-based figures cannot be considered as providing a realistic trend-**

based projection based on interrogation of the demographic data. There are however other considerations to take into account, as the report comes onto.

- 3.22 The next sub-section uses information about past trends to consider what a (2021-based) trend-based projection might look like. However before doing this, Iceni has sought to consider the potential argument that the reduction in population growth has been due to lower housing delivery, i.e. fewer homes for people to live in reduces the opportunity for the population to grow.
- 3.23 As can be seen from the figure below, whilst housing delivery is variable over time it was significantly stronger in the 2016-21 period (the most recent 5 year period) than in 2009-14 (the period which fed into the 2014-based Population Projections). Therefore the lower level of population growth in the recent past cannot be attributed to lower housebuilding, it appears to be a genuine underlying demographic trend.

Figure 2.5 Net Housing Completions Trends – Hertsmere



Source: DLUHC Live Table 122

Developing new Trend-Based Projections

- 3.24 We next move on to develop new trend-based population and household projections that broadly follows the methodology used by ONS. This takes account of the publication of the 2021 Census data which has essentially reset estimates of population (size and age structure) compared with previous mid-year population estimates (MYE) from ONS. It reflects the analysis in the previous section, which has shown that there has been a genuine divergence of demographic trends in Hertsmere from those shown in the ONS 2014-based projections.

- 3.25 The analysis seeks to provide projections rebased to 2021 (Census data) which informs the starting point population structure. It draws on ONS MYE data up to 2021 – including data about births, deaths and migration. The projection developed looks at estimated migration trends over the past 5-years. A 5-year period has been chosen as it is consistent with the time period typically used by ONS when developing subnational population projections.
- 3.26 The preceding sub-section has shown that much of the lower levels of population growth has been due to a reduction in natural change – this is not a feature unique to Hertsmere. Therefore further (variant) projections have been run which continue to use the assumptions about natural change that underpin the 2014-SNPP. Variance in natural change from the 2014-based Projections is a trend nationally and therefore, in our view, is unlikely to represent an 'exceptional circumstance' on its own for deviation from the standard method.
- 3.27 The general methodology used for each of the components, and the outputs from a trend based projection, are set out below. The latest ONS projections are a 2018-based set of SNPP and whilst these are not directly used in the analysis, data has been taken from these to help provide a view about population dynamics (such as the age/sex profile of fertility, mortality and migration). We set out the approach for each of the components of the demographic projections in turn.

Natural Change

- 3.28 Natural change is made up of births and deaths and the analysis above has shown a general downward trend over time.
- 3.29 To project trends forward the analysis looks at each of births and deaths separately and compares projected figures in the 2018-SNPP with actual recorded figures in the MYE. The analysis also takes account of differences between the estimated population size and structure in 2021 (in the 2018-SNPP) and the ONS MYE (as revised to take account of Census data). Overall, it is estimated recent trends in fertility are 7% lower than figures in the 2018-SNPP; with mortality rates typically being around 12% higher. Life expectancy has not been improving as rapidly as ONS had been expecting in the 2014-based Population Projections and ONS itself has recognised this in its more recent demographic projections. There is also some effect of Covid which resulted in a spike in deaths as shown in Figure 3.9.

Migration – Projections based on the MYE data

- 3.30 When looking at migration, our starting point is to consider levels of migration over the past 5-years (2016-21). Analysis also seeks to determine a baseline start position for each of in- and out-migration and to do this data from MYE up to 2021 has been used.
- 3.31 To be consistent with the methodology used by ONS when developing SNPP, data for the previous five years has been studied. Information about migration estimates is shown in the table below, drawn

from the ONS MYE series, with average figures provided for 2016-21 (latest 5-years), 2013-18 (the 5-year period prior to the last published SNPP) and 2009-14 (the 5-year period relevant to 2014-based projections, as used in the Standard Method).

- 3.32 This (pre-Census) MYE data shows net migration to be generally decreasing, from an average net in-migration of around 334 people per annum in the 5-years to 2014, down to an in-migration of 73 for the last 5-years for which data is available.

Table 3.7 Past trends in net migration from ONS MYE series – Hertsmere

	Internal (domestic)	International	All net migration
2009/10	263	111	374
2010/11	532	-25	507
2011/12	171	-116	55
2012/13	257	-89	168
2013/14	294	270	564
2014/15	-123	408	285
2015/16	-292	359	67
2016/17	-353	299	-54
2017/18	-216	127	-89
2018/19	329	46	375
2019/20	547	-13	534
2020/21	-457	54	-403
Average (2009-14)	303	30	334
Average (2013-18)	-138	293	155
Average (2016-21)	-30	103	73

Source: ONS

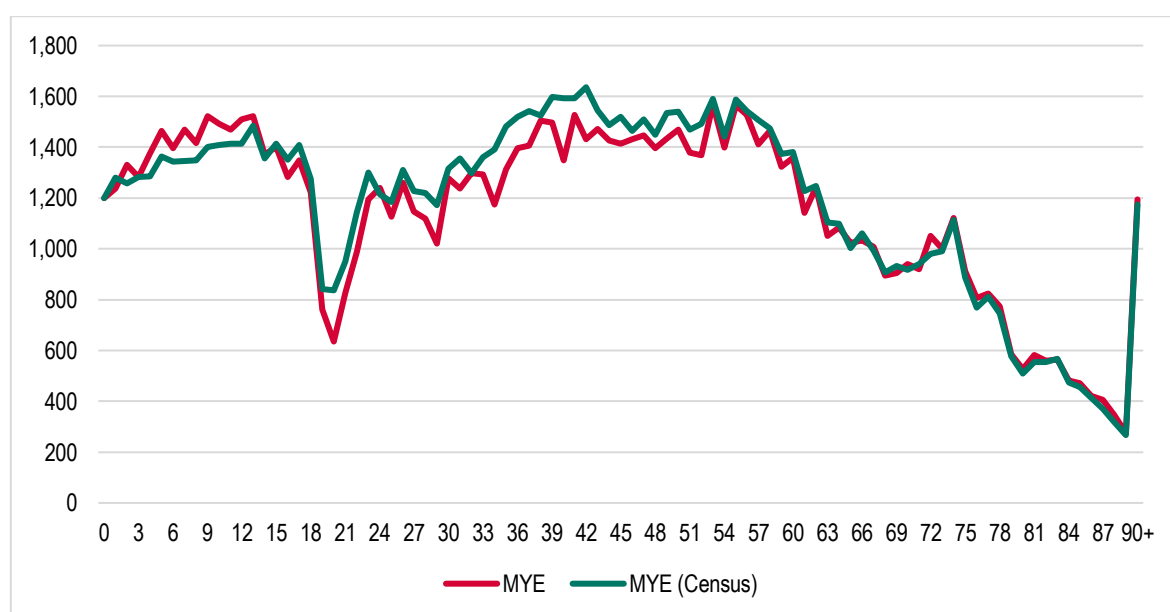
- 3.33 As with fertility and mortality data, the information above has been used to make adjustments to the 2018-based SNPP to reflect recent trends – this has been done separately for both internal and international migration. For example in the table above, international migration to Hertsmere has on average been 190 people per annum lower in the 2016-21 period compared with 2013-18 and so the modelling reduces international migration in the projection by this amount. This is done by making equivalent changes to both in and out migration.
- 3.34 As with much of the analysis, it is not entirely clear what is driving certain trends, and there are also question marks over the quality of data, particularly if looked at over a short period or for an individual year. The data does seem to show a reduction in international migration in the recent past which may in part be due to factors such as Brexit and/or the pandemic. That said, the latest data does not factor in possible increases seen since 2021 such as in relation to immigration from Afghanistan, Hong Kong and Ukraine. It is also the case that since 2021, ONS has recorded the highest levels of net international migration on record – this data not yet being available at a local authority level.

- 3.35 The first set of projections developed use the migration estimates based on the MYE timeseries – i.e. data which pre-dates the release of the 2021 Census.

Migration – Projections adjusted for the 2021 Census data

- 3.36 The above approach provides a helpful starting point, and is likely to broadly reflect the approach which ONS will use in due course to preparing future population projections.
- 3.37 However the above analysis is based on migration data as published by ONS. Icenic would note that the 2021 Census did show a higher population in 2021 than previously estimated in Mid-Year Estimates (some 2,780 more people – 278 per annum). It is unknown what to precisely attribute this difference in estimates to and ONS are likely to simply use a component of population change called 'Unattributable Population Change' (UPC) when they fully update the MYE. It is also unlikely that ONS will consider UPC in any future projections.
- 3.38 It is worth briefly looking at the population this 2,800 or so people is attributed to, with the figure below showing the age structure in the MYE and also the MYE once adjusted for Census data. This analysis shows no clear trend, with the MYE showing a lower population for most age groups from late teens up to early 50s – the MYE does appear to show slightly more children, whilst the older person population is virtually identical from these two sources. It is therefore not clear that there is a specific group in the population being systematically over- or under-estimated.

Figure 2.6 Comparing the 2021 age structure from the MYE and the MYE once adjusted for Census data – Hertsmere



Source: ONS

- 3.39 We consider, taking account of the 2021 Census data for Hertsmere and the likely greater accuracy of ONS data on births and deaths, that it is reasonable to develop a further set of projections where

further adjustments are made to take account of UPC. This essentially means assuming the lower 278 per annum average net migration shown in the MYE trend data is due to an under-recording of migration and therefore is added to the projected migration figures. As with previous figures, this is applied equally to both in and out-migration.

Migration Scenarios

3.40 Therefore two projection scenarios have been developed and can be summarised as:

- **5-year trend (MYE)** – based on migration trends over the past five years (2016-21) as published by ONS – this projection matches as closely as possible the method and time period typically used by ONS in projections; and
- **5-year trend (Census)** – the same projection as above, but with a further adjustment to take account of differences between ONS population estimates in 2021 and population estimates as informed by the Census. This is more closely aligned with population trends shown by the Census but by making a 'Census-based' adjustment does move away from the method typically used by ONS. This essentially builds in Unattributable Population Change, which ONS is unlikely to do in their next set of projections, but is nonetheless appropriate for the purpose of considering different scenarios for demographic growth.

3.41 These projections have been developed ahead of any new projections from ONS which at the time of writing did not have any confirmed release date. A new set of (2021-based) national population projections are due in December 2023 and it is likely that subnational projections for local authorities will be 2-3 months after this (Spring 2024). Household projections are likely to follow in the Summer of 2024.

Natural Change Sensitivity Analysis

3.42 Two further sensitivities have been developed which maintain assumptions (notably about birth and death rates) from the 2014-based SNPP. For consistency, the migration profile (by age and sex) has also been drawn from this source in these projections. This reflects our findings that the difference in natural change is not a factor specific or unique to Hertsmere. The two additional scenarios can be summarised as:

- **5-year trend (MYE-14b)** – based on migration trends over the past five years (2016-21) as published by ONS – but using data for birth and death rates and the profile of migration as in the 2014-based SNPP; and
- **5-year trend (Census-14b)** – the same projection as above, but with a further adjustment to take account of differences between ONS population estimates in 2021 and population estimates as informed by the Census.

Borough-wide Population Projection Outputs

- 3.43 The above estimates of fertility, mortality and migration (including changes over time) have been modelled to develop projections for the period to 2033 – this date being chosen as it is possible to develop an equivalent estimate of housing need using the framework of the Standard Method, which calculates housing need over a 10 year period (and then applies an affordability adjustment to this). The table below shows projected population growth for each of the scenarios. These show population increases of between 1.2% and 4.0% when using up-to-date information about natural change.

Table 3.8 Projected Population Growth in Core Scenarios – Hertsmere

	Population 2023	Population 2033	Change	% change
5-year trend (MYE)	108,580	109,885	1,306	1.2%
5-year trend (Census)	109,140	113,513	4,373	4.0%

Source: Demographic projections

- 3.44 If birth and death rate data from the 2014-based projections are used rather than up-to-date information then a much higher level of population growth is derived – as shown in the table below. This is essentially based on trends which are outdated, but is modelled to show what is driving the changes in the demographic growth projected. Comparing Tables 2.7 and 2.8, it is clear that using more recent data on natural change has a notable downward impact on overall population growth. It is used to help isolate the influence of local factors which might provide justification for the existence of exceptional circumstances to deviate from the standard method as opposed to factors which affect many areas.

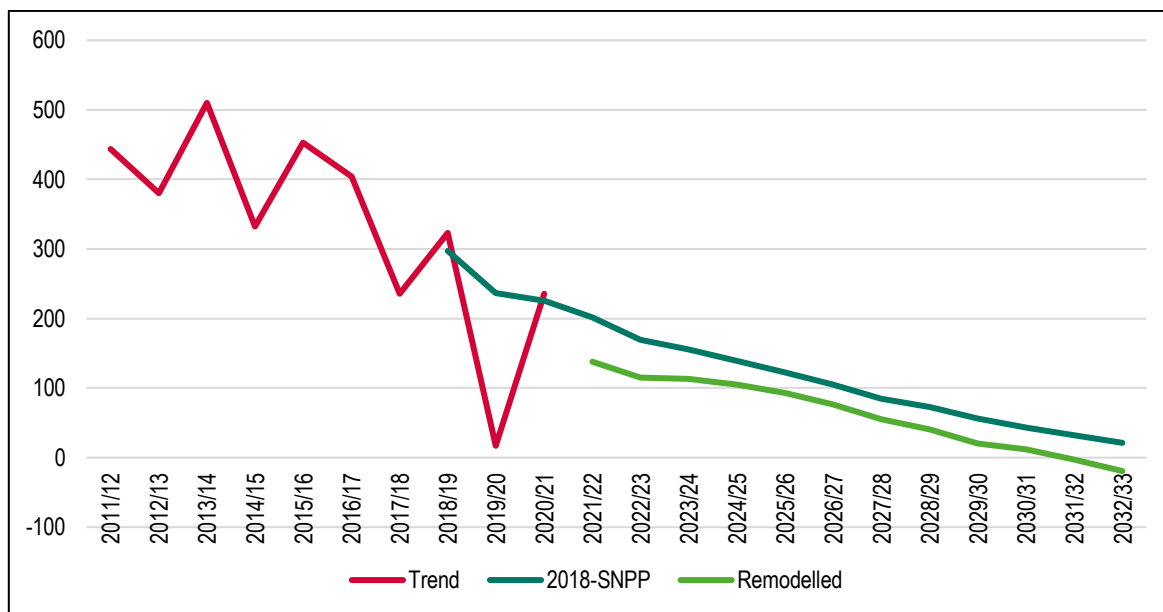
Table 3.9 Projected Population Growth: Natural Change Sensitivities – Hertsmere

	Population 2023	Population 2033	Change	% change
5-year trend (MYE-14b)	109,863	117,179	7,316	6.7%
5-year trend (Census-14b)	110,425	120,905	10,480	9.5%

Source: Demographic projections

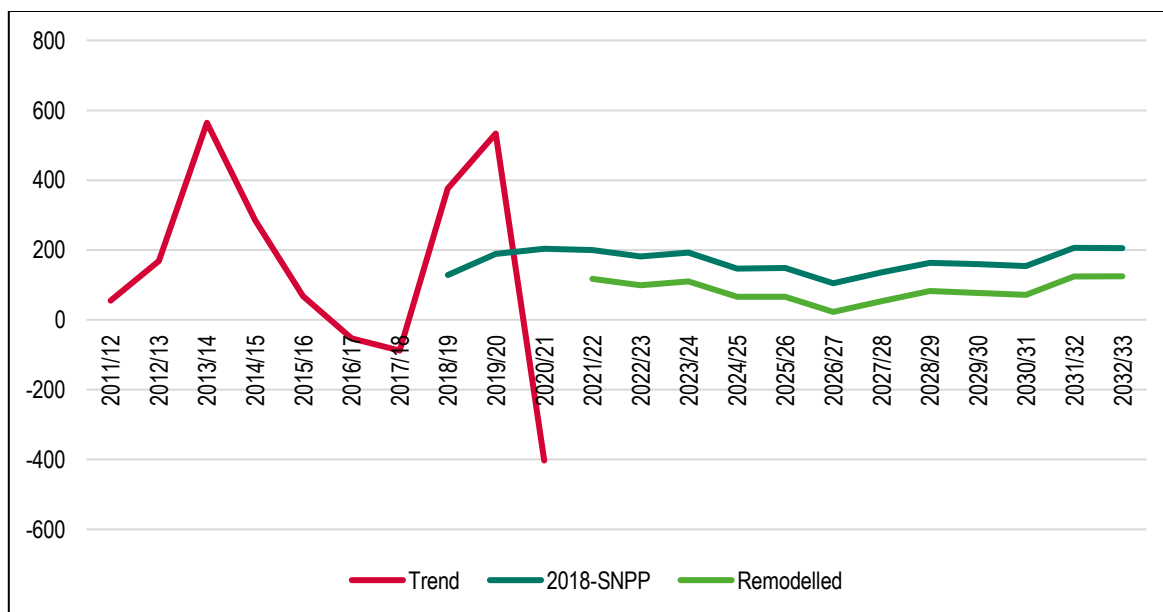
- 3.45 Below are a series of charts showing key components of change (using the 5-year trend (MYE) projection). For contrast, data is compared with that from the 2018-based SNPP, that being the most recent projection released by ONS.

Figure 2.6 Past trends and projected natural change – Hertsmere



Source: ONS and demographic projections

Figure 2.7 Past trends and projected net migration – Hertsmere



Source: ONS and demographic projections

- 3.46 The five year projection without any adjustment for UPC, and taking account of the latest data on natural change, is likely to most closely mirror what the next ONS sets of projections might show for population change in the Borough. However this does not take account of the stronger population growth shown by the Census data relative to the MYE trend. The Census data suggests that population growth could be stronger.
- 3.47 Iceni consider that having regard to the Census data is appropriate. We consider that there is unlikely to be an 'exceptional circumstances' case for deviation from the standard method based on natural

change data alone as these dynamics are not unique to Hertsmere but affect a range of different local authorities.

Household Projections

- 3.48 The final part of the projection is to convert population estimates into households by discounting the communal population (to give a household population) and then applying household representative rates (HRR).³ This is consistent with the approach used by ONS in preparing its household projections. The first analysis is however to estimate the number of households in the Borough as of 2021.
- 3.49 The 2021 Census showed a total of 42,683 households and this has been used as a base figure. However, it should be noted that the Census figure is for March whereas the projections typically use mid-year as a data point. This is only a small difference but does mean that the actual estimate of households in 2021 would be slightly different. For the purposes of projecting forward, this will however have a negligible impact on figures.
- 3.50 We can cross-reference the Census households total with other data sources. National housing statistics pointed to a dwelling stock in 2021 of 44,900 in Hertsmere, and to vacant dwellings of almost 1,600 which points to a slightly higher number of households (than recorded in the Census) at 43,400. It is unclear to why this figure may be slightly higher but it could reflect vacant properties which are not registered as such for Council Tax purposes. The number of vacant dwellings in 2021 equated to around 3.5% of the housing stock. A large proportion of these vacant properties will not be long-term empty properties but temporarily unoccupied due to churn in the housing market, the repair or renovation of properties or other factors such as probate delays. The Council Tax data recorded just 650 long-term vacants, defined as those vacant for over 6 months, which equates to less than 1% of the housing stock.
- 3.51 By applying the population age structure (by sex) to HRRs (taken from the 2018-SNHP) it is possible to estimate households, the HRRs are then adjusted to match the 42,683 estimate and then these revised HRRs can be applied to the population projections.
- 3.52 The analysis projects an increase of up to 320 households per annum over the 2023-33 period with the 5-year trend (MYE) projection showing an annual figure of 211.

³ The proportion of people of a given age/sex who are the designated household representative (equivalent to a head of household)

Table 3.10 Projected change in households – range of scenarios – Hertsmere

	Households 2023	Households 2033	Change in households	Per annum
5-year trend (MYE)	43,140	45,253	2,113	211
5-year trend (Census)	43,328	46,525	3,197	320

Source: Demographic projections

- 3.53 There has however been significant criticisms of the HRR assumptions from the 2018-based Household Projections. Whilst the 2014-based Projections (and previous sets) have used (age specific) trends in household formation looking back to 1971, the 2016 and 2018-based Projections are based on trends using just two data points – from the 2001 and 2011 Census – because of methodological changes in how households are defined. Household formation amongst younger households fell over this period, influenced in part by housing supply and declining affordability, and the projections assume this would continue to 2021; and then maintain (lower) household formation assumptions in the projections thereafter.
- 3.54 The approach is not particularly appropriate for planning purposes (as in effect it bakes in declining affordability reducing the ability of households to form and assumes that this continues moving forwards resulting in declining household formation); and indeed this contributes to why Government has rejected the use of more recent demographic projections in calculating housing need (through the standard method).
- 3.55 Therefore the projections linking more directly to the 2014-based projections data about HRRs has been taken from the 2014-based projections (although again adjusted in 2021 to match the estimated figure above (42,683 households in 2021). The table below shows the outputs from these projections, which show notably higher levels of household growth. **The current 2014-based Projections sit centrally within the range shown.**

Table 3.11 Projected change in households – range of scenarios – Hertsmere

	Households 2023	Households 2033	Change in households	Per annum
5-year trend (MYE-14b)	43,592	48,218	4,626	463
5-year trend (Census-14b)	43,786	49,537	5,752	575

Source: Demographic projections

Standard Method using Alternative Trend-based Projections

- 3.56 Based on the analysis above, the table below calculates housing need using the Standard Method, but replacing the 2014-based SNHP with the alternative projections shown above.
- 3.57 The need is substantially lower than the analysis using 2014-based projections, with an uncapped need shown for up to 575 dwellings per annum. The figure of 296 homes a year in the table below is

however considered to be more likely to be close to the next (2021-based) household projections when published as this is based as closely as possible on typical ONS methodology. If using data sitting behind the 2014-based projections (notably about birth and death rates) then far higher estimates of need are generated.

Table 3.12 Standard Method Housing Need Calculations using revised demographic projections – Hertsmere

	5-year trend (MYE)	5-year trend (Census)	5-year trend (MYE-14b)	5-year trend (Census-14b)
Households 2023	43,140	43,328	43,592	43,786
Households 2033	45,253	46,525	48,218	49,537
Change in households	2,113	3,197	4,626	5,752
Per annum change	211	320	463	575
Affordability ratio (2022)	14.39	14.39	14.39	14.39
Uplift to household growth	65%	65%	65%	65%
Uncapped need (per annum)	349	527	763	949
Capped minimum LHN	296	448	648	805

Source: Derived from a range of ONS sources

3.58 There are judgements to be made in determining the appropriate projection to take forwards. Iceni consider that the following conclusions can be drawn:

- The use of the latest demographic data would point to a lower housing need. If the ONS data on natural change is used, a range of between 296-448 homes pa is shown. It seems highly likely that future ONS demographic projections will show lower demographic growth, and support figures in this range once an affordability uplift is applied.
- However the Census points to evidence that migration to Hertsmere has been under-estimated in the MYE timeseries, and therefore the lower end of this range is not justified.
- Furthermore the higher end of this range (448 dpa), as well as the lower figure of 296 dpa, are based particularly on the application of lower assumptions on natural change and household formation, using more recent data, which are not 'local factors' but are considerations which affect a range of areas nationally. We doubt whether based on the current national policy framework these could represent 'exceptional circumstances.' However the national policy framework/ guidance could evolve in due course.
- The higher range, of 648 – 805 dpa is therefore more potentially more appropriate set against current national policy and setting aside the potential for changes to this. We would comment that:
 - The lower end figure (648 dpa) is potentially problematic, as the 2021 Census data shows that there is the potential for migration to have been under-estimated in the MYE dataset and

therefore there is potential that the projections feeding into this calculation under-estimate population growth.

- Equally at the higher end of the range, there is not clear evidence to show that all of the difference between the Census population and previous MYE figures is due to migration as opposed to inaccuracies in Census data (or higher natural change).

3.59 Coincidentally the current standard method figure (726 dpa) for the minimum local housing need sits centrally within this higher range. As set out in the conclusions section, under the framework of the current national policy and guidance, we do not consider that exceptional circumstances exist for deviation from the standard method. However it may be appropriate to consider this further should national policy and associated guidance evolve.

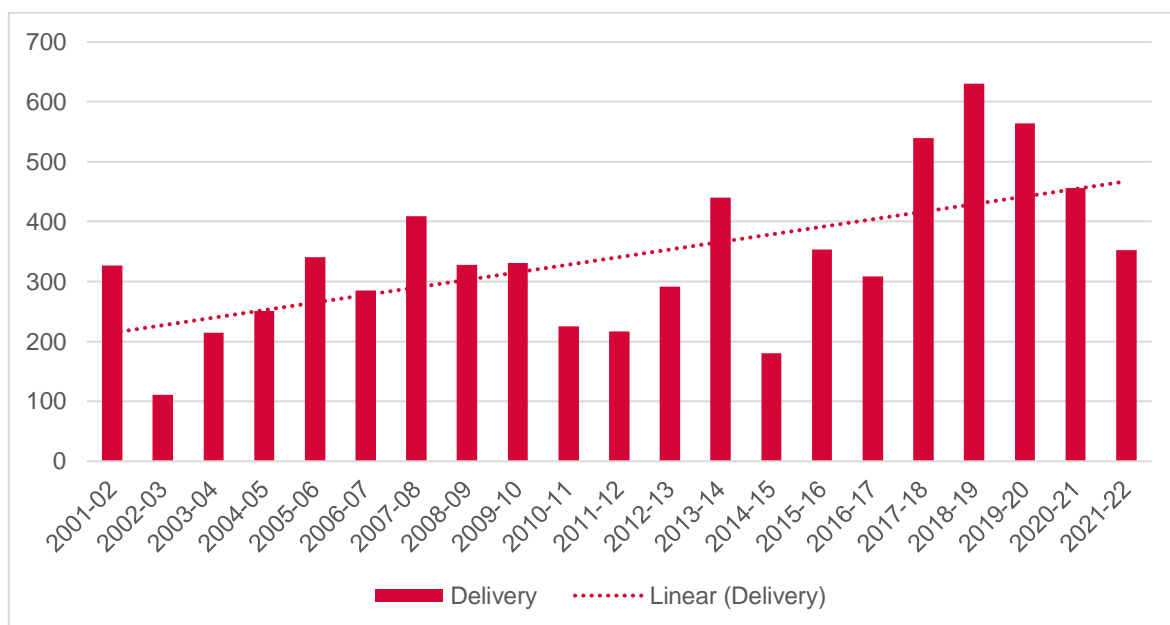
4. HOUSING MARKET SIGNALS

- 4.1 In this section we move on to consider evidence of housing market signals, which would need to be considered in drawing conclusions on any alternative approach to housing provision. The NPPF sets out in Para 61 that any alternative approach to the standard method also needs to reflect current and future demographic growth and market signals. Alongside demographics there is therefore a need to consider evidence from market signals.

Housing Delivery

- 4.2 The figure above demonstrates the annual dwelling delivery in Hertsmere from to 2001-02 monitoring period onwards. Over this period delivery has increased overall as can be seen on the linear delivery trend line. Increased delivery has been particularly apparent in the last 5 years with average delivery per annum from 2017-22 sitting at 508 dpa. There is however significant variability year-on-year, and a downward trend from delivery since a peak in 2018/19. We understand that the stronger delivery between 2017-20 was influenced by office-to-residential conversions and redevelopment of employment premises. The introduction of an Article 4 direction (which was put in place in 2019) has since influenced this. As the Council's 2022 Housing Delivery Test Action Plan outlines, there have been a lack of larger sites coming on stream with housing delivery significantly constrained by the Green Belt designation covering almost 80% of the Borough.

Figure 3.1 Hertsmere Historic Net Completions



Source: Hertsmere AMR Data

Housing Costs

House Prices

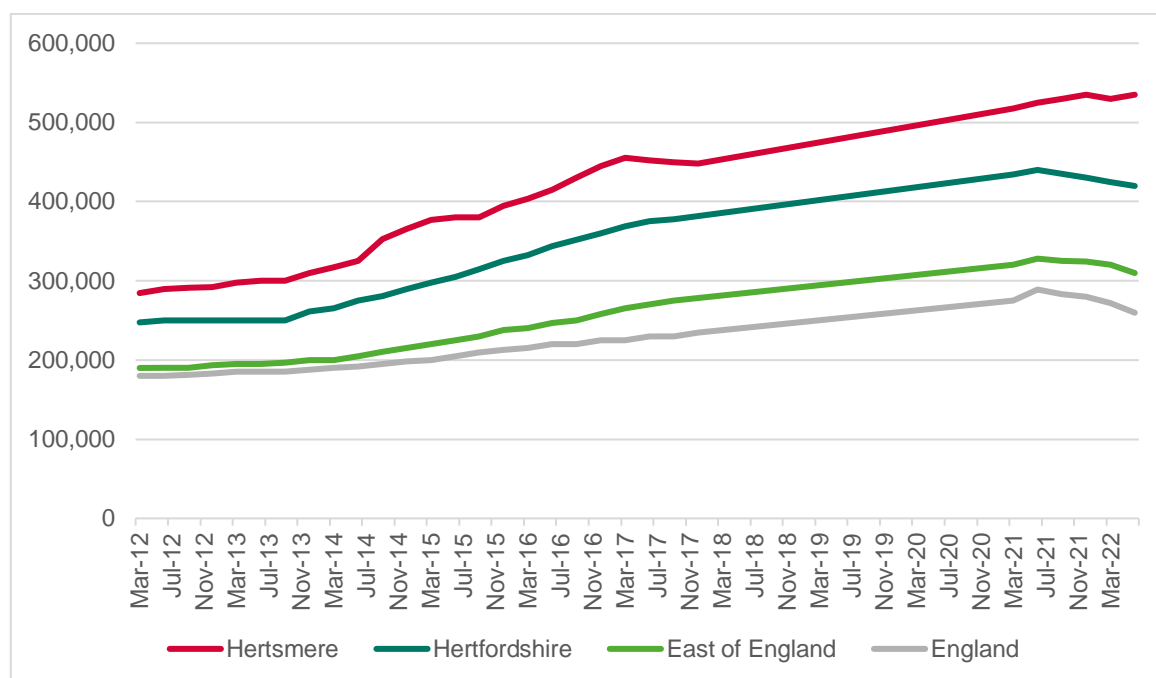
- 4.3 In June 2022 the median average house price in Hertsmere was £535,000. House prices were above the Hertfordshire, regional and national average; with higher median prices seen across the separate property types with prices for detached properties exceeding the Hertfordshire median by over £200,000. Higher prices indicate strong demand for housing in the Borough, given that the price growth is sustained it is likely that this demand largely outstrips the supply available. High prices also points to Hertsmere in particular being less affordable than neighbouring authorities.

Table 4.1 Median House Prices (June 2022)

	Detached	Semi	Terrace	Flat	All
Hertsmere	£1,018,000	£600,000	£480,250	£300,000	£535,000
Hertfordshire	£800,000	£522,000	£390,000	£251,000	£420,000
East of England	£310,000	£205,000	£170,000	£125,000	£310,000
England	£400,000	£245,000	£215,000	£210,500	£260,000

Source: ONS Median House Price for administrative areas statistics

- 4.4 The Figure below shows absolute price change in all property types in Hertsmere and the wider areas from March 2012 to June 2022. **Over the 10 year period the average median house price in Hertsmere has increase by £245,000** – a very substantial increase of 84.5% from the median price seen in 2012 (£290,000). This is the highest absolute and percentage increase amongst all assessed areas which can be seen by the steeper sloping chart in the figure below. For comparison Hertfordshire county also sees a high level of growth at 68% over the 10 year period, an absolute total of £170,000.

Figure 3.2 House price change (March 2012 to June 2022)

Source: ONS Median House Price for administrative area statistics

- 4.5 Whilst there are a range of influence on house prices and price relationships operate more at a sub-regional/ regional than local level, the sustained rise in housing costs is consistent with a supply/demand imbalance pointing to housing supply not keeping pace with effective demand for market homes.
- 4.6 Across the 5 year period from 2017 to 2022 the percentage increase has been somewhat less dramatic across all areas, albeit still significant at a total increase of £83,000 in Hertsmere (18.4%). The East of England for comparison has seen growth of £40,000 (14.8%).

Table 4.2 Median House price change 2017 to 2022

	June 2017	June 2022	Absolute Change	% Change
Hertsmere	£452,000	£535,000	£83,000	18.4%
Hertfordshire	£375,000	£420,000	£45,000	12%
East of England	£270,000	£310,000	£40,000	14.8%
England	£229,896	£260,000	£30,104	13.1%

Source: ONS Median House Price for administrative area statistics

Rental Costs

- 4.7 Rental costs in Hertsmere, much like in the sales market, are high when compared to wider areas with costs for all sizes of properties higher than the England average of £800 pcm.

Table 4.3 Median Rental costs pcm (September 2022)

	1 Bed	2 Beds	3 Beds	4 + Beds	All
Hertsmere	£950	£1,275	£1,555	£2,200	£1,300
Hertfordshire	£893	£1,150	£1,450	£2,000	£1,121
East of England	£725	£875	£1,025	£1,475	£875
England	£715	£793	£895	£1,500	£800

Source: ONS Private Rental Market Summary Statistics

The table below shows the change in average rental costs across all property sizes in each area over 1, 5 and 10 years. It can be seen that rental costs in Hertsmere have seen the highest absolute change over the longer-term; with lower proportional growth over the longer-term reflecting the higher starting point for rental values. The wider market trend currently is of relatively rapid rental growth, influenced by a combination of increased demand (due to mortgage finance constraints) which is not being matched by supply (in particular as rental homes have become a less attractive investment proposition). Overall this points to particularly strong rental growth and likely indicates a level of supply demand imbalance where the demand for rental properties outstrips the supply.

Table 4.4 Growth in Rental Costs (£PCM)

Change	Hertsmere		Hertfordshire		East of England		England	
	Absolute £PCM	%	Absolute £PCM	%	Absolute £PCM	%	Absolute £PCM	%
1 year (Sept 2021)	£50	4.00%	£21	1.91%	£25	2.94%	£45	5.96%
5 yrs (Sept 2017)	£100	8.33%	£121	12.10%	£125	16.67%	£125	18.52%
10 yrs (Sept 2012)	£350	36.84%	£321	40.13%	£275	45.83%	£225	39.13%

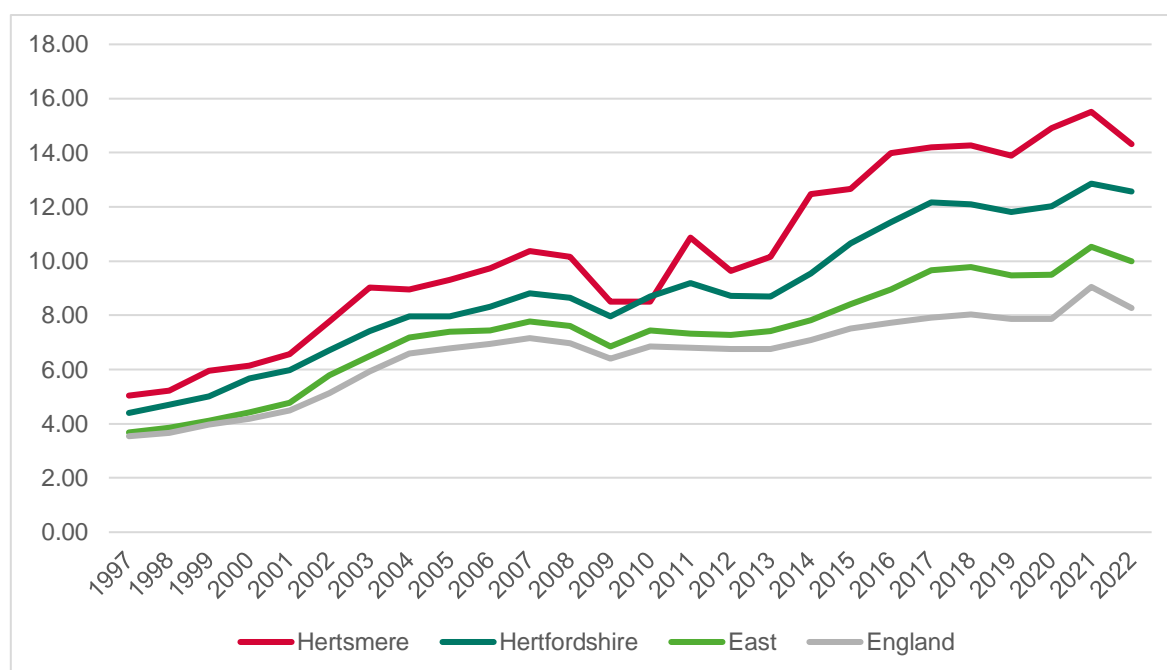
Source: ONS and VOA Private Rental Market Summary Statistics

Affordability Ratios

- 4.8 Affordability ratios in many areas have a direct bearing on housing need through the standard method. This is of less significance for Hertsmere as the standard method figure is 'capped' at 40% over the household growth.
- 4.9 The table below looks at the median affordability ratio of Hertsmere against the wider comparators from 1997 to 2022. The ratio divides median property prices in the area by the median annual pay for those working within it. In 2021 Hertsmere's median house price to earnings ratio was 15.51, this

dropped slightly to 14.32 in 2022 to 14.32 meaning that the median house prices is 14.32 times the annual salary of full-time workers working in the Borough. The drop witnessed in the affordability ratio in the Borough is not unique to the area and it likely influenced by the decreasing or stagnating house prices and increasing of wages in light of the national cost of living prices. As such Hertsmere still has one of the highest affordability ratios of areas outside of London – albeit this is likely influenced in part by its accessibility to the Capital. This high ratio will make it particularly hard for younger households to purchase property in the Borough.

Figure 3.5 Trend in Median House Price-to-Earnings Ratio, 1997-2022



Source: ONS affordability ratio

Wider Market Indicators

- 4.10 The table below shows the number of overcrowded households in Hertsmere and England over time based on Census data regarding room occupancy⁴. Whilst the number of overcrowded households in Hertsmere increased between 2001-11, it has since dropped slightly in Hertsmere. Overcrowding indicates a level of unaffordability within a given area. In Hertsmere, in particular, the 7.6% seen in the 2021 Census data is higher than England as well as Hertfordshire (6.13%) and the Eastern (5.97%) region as a whole. This coupled with the high house prices shown points to particular

⁴ Whether a household's accommodation is overcrowded, ideally occupied or under-occupied. This is calculated by comparing the number of rooms the household requires (base on the number of people within that household) to the number of available rooms.

affordability pressures within the Borough which are ultimately forcing households to live in overcrowded properties where family members need to share rooms.

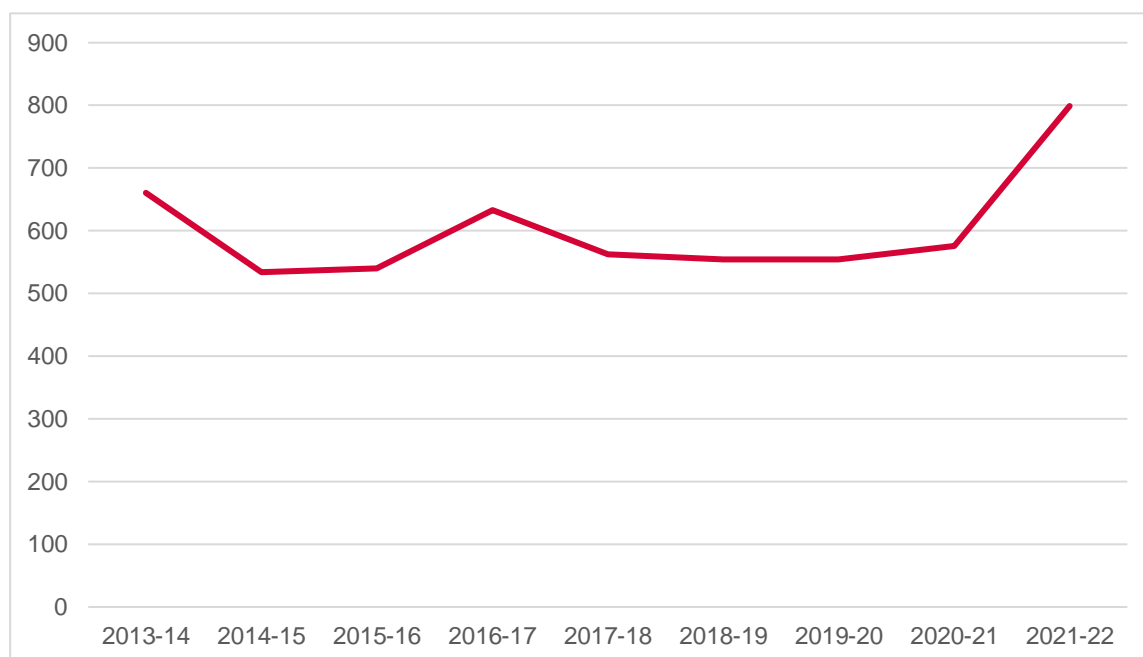
Table 4.5 Overcrowded Households against the Room Standard

	Hertsmere			England		
	2001	2011	2021	2001	2011	2021
Total Households	2,324	3,281	3,243	1,457,512	1,412,634	1,510,250
%	6.1%	8.25%	7.6%	7.1%	8.74%	6.44%

Source: Icen analysis of census data

- 4.11 Analysis of Hertsmere's Housing Register numbers also indicates a high level of need for affordable housing within the Borough with a particular increase seen from 2020/21 to 2021/22, which given the increasing rental costs and the cost of living crisis in the UK this is unsurprising. The evidence points to 800 households on the Housing Register in need of affordable housing.

Figure 3.3 Households on Hertsmere's Housing Register



Source: DLUHC and MHCLG, Local authority Housing Data

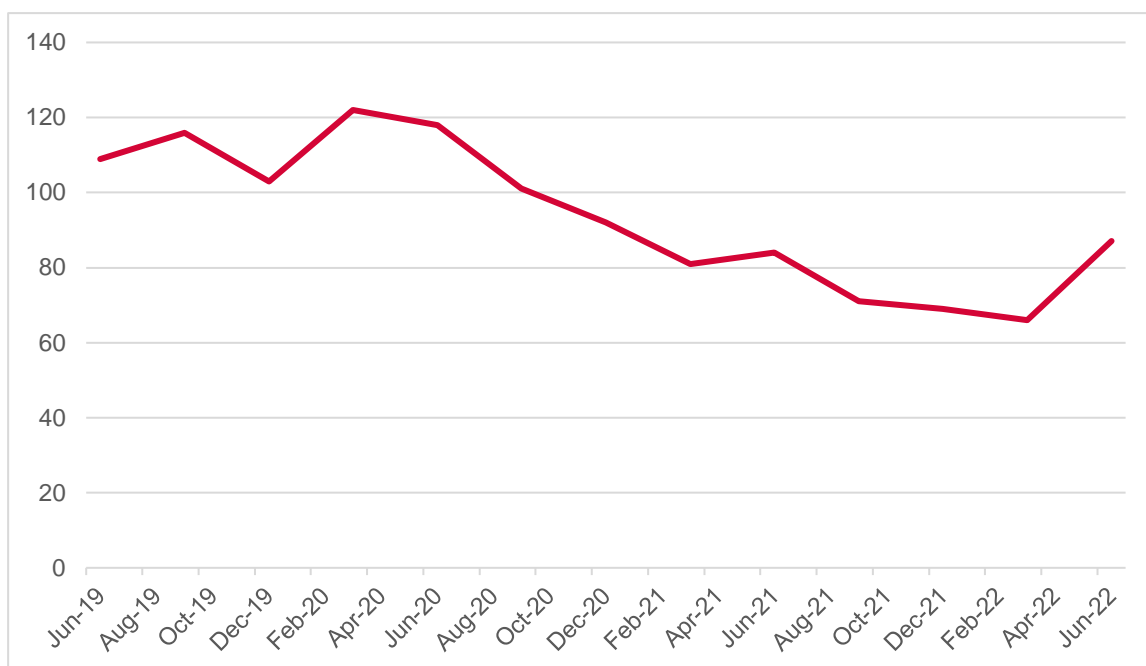
- 4.12 The table below shows the number of dwellings let to households in response to nomination from Hertsmere since 2012-13. On average there are 321 nominations each year. If the housing register saw no new additions from people in need of housing and successful nominations kept at the same pace it would **take 2.48 years to house those currently on the Housing Register in permanent accommodation.**

Table 4.6 Number of successful lettings nomination by Hertsmere

Year	Lettings Nominations
2012-13	345
2013-14	343
2014-15	291
2015-16	308
2016-17	263
2017-18	255
2018-19	265
2019-20	No Data Available
2020-21	478
2021-22	346
Average	321

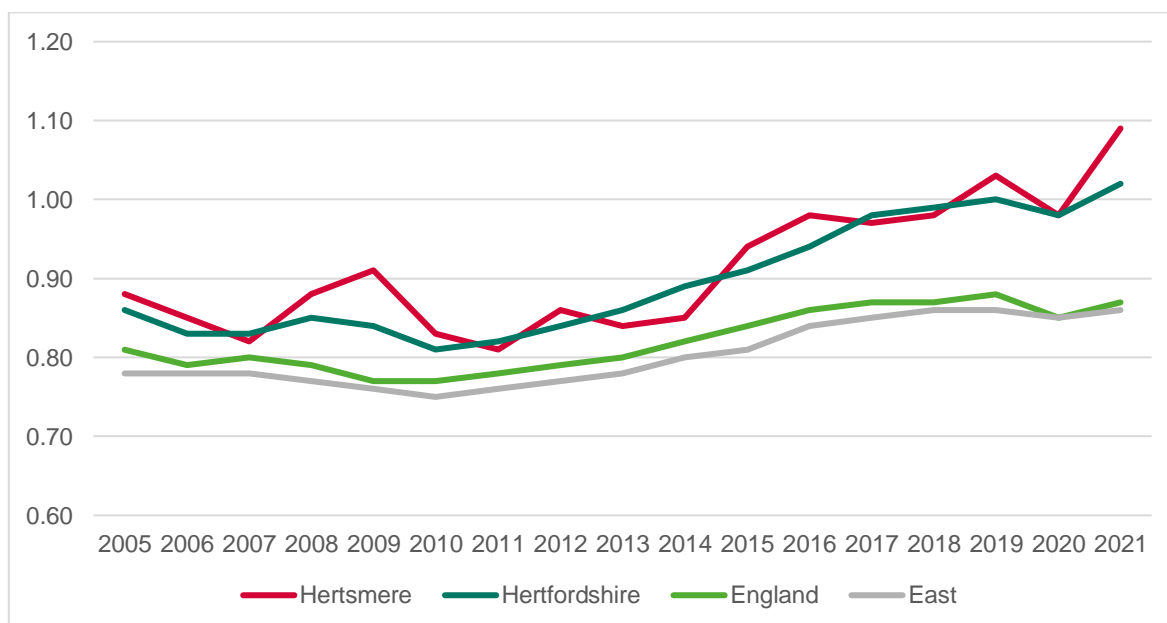
Source: DLUHC and MHCLG, Local authority Housing Data

- 4.13 Data for Hertsmere showing the number of people in the Borough housed in Temporary Accommodation from June 2019 onwards is shown in the table below. Following the introduction of Covid restrictions in March 2020 there was an increase of those in Temporary Accommodation. This has been falling since with the exception of a two jumps, one in June 2021, likely a factor of the end of the Covid induced evictions ban in May 2021; and most recently again from April to June 2022 potentially a further indicator of the UK cost of living crisis. Despite these jumps the number of people housed in Temporary Accommodation has fallen since 2019. This is likely to be influenced by investment by the Council to address the issue.
- 4.14 However the fact that over 80 households in Hertsmere are consistently housed in temporary, non-secure, homes does point to the pressures which exist in the Borough in meeting housing need; and a need to boost housing delivery. Additionally a sustained use of temporary accommodation is a very expensive cost to the council and shows the additional pressures that exist in meeting acute housing needs.

Figure 3.4 People housed in Temporary Accommodation


Source: DLUHC and MHCLG, Live tables on Homelessness

- 4.15 Finally, we have sought to consider the balance between homes and jobs. Jobs density data describes the ratio of jobs in a Borough to the working-age population aged 16-65. In Hertsmere, the jobs density is above 1, meaning that there are more jobs in the Borough than working-age people, and the jobs density has been growing. This points to increasing levels of net in-commuting to the Borough and suggests that housing provision may not been keeping pace with economic growth.

Figure 3.6 Trend in Jobs Density


Source: NOMIS

Conclusion

- 4.16 Overall the analysis shows clearly that Hertsmere remains an unaffordable borough with high housing and rental costs in relation to earnings that put particular pressure on affordability.
- 4.17 Although overall housing delivery does appear to have increased largely, despite a likely Covid related downturn, this does not appear to have kept up with the pace of jobs growth in the area. Considering also that population growth within the Borough has similarly not been able to keep pace with jobs growth, this suggests an increasing level of in-commuting to the Borough.

5. DRAWING THE EVIDENCE TOGETHER

- 5.1 The standard method describes a minimum local housing need for Hertsmere of 726 dpa. It is important to note that the need is capped at 40% above the household growth shown in the 2014-based Household Projections with actual (uncapped) housing need shown in the calculations being 856 dpa using the latest data.
- 5.2 This report's demographic analysis shows that population growth in Hertsmere has been lower than projected in the 2014-based demographic projections. But the 2021 Census data also suggests that ONS could well have under-estimated population growth in Hertsmere in recent years in its Mid-Year Estimate time series data.
- 5.3 The uncertainties associated with the demographic data mean that it is important to consider and bring together the different demographic projection scenarios in drawing robust conclusions, which enable Iceni to examine and quantify the influences of different factors on the housing need figures.
- 5.4 The report's modelling of more recent demographic trends points to notably lower demographic growth, and lower overall housing need. Taking account of lower natural change, published ONS data on migration from the Mid-Year Estimate series and household formation assumptions from the 2018-based Household Projections, would point to a need for 296 dpa (when applied through the standard method framework). Overlaying the Census data, and making adjustments for UPC to reflect the potential for migration to be under-estimated, could yield a minimum need for 448 dpa.
- 5.5 However there are key issues to be consider:
- The Census points to evidence that migration to Hertsmere has been under-estimated, and therefore the lower end of this range (296 dpa) is not justified.
 - Furthermore the higher end of this range (448 dpa) is based particularly on the application of lower assumptions on natural change and household formation, using more recent data, which are not 'local factors' but are considerations which affect a range of areas nationally. We doubt whether based on the current national policy framework these could represent 'exceptional circumstances' as they would be applicable in a range of areas nationally. This is not based on circumstances which are in any way unique to Hertsmere. However the national policy framework/ guidance could evolve over the coming months and the Council may therefore wish to keep this under review.
- 5.6 Iceni's view, based on our experience and understanding of national policy as currently drafted, is that 'exceptional circumstances' exist where there are specific *local* factors which justify deviation from the national methodology. The report thus models growth scenarios which use assumptions

consistent with the 2014-based ONS projections on births, deaths and household formation (rebased as appropriate).

- 5.7 This approach yields housing need of between 648 – 805 dpa and is potentially more appropriate set against current national policy and setting aside the potential for changes to this. We would comment that:
- The lower end figure (648 dpa) is potentially problematic, as the 2021 Census data shows that there is the potential for net migration to have been under-estimated in historic ONS estimates.
 - Equally at the higher end of the range, there is not clear evidence to show that all of the difference between the Census population and previous MYE figures is due to migration as opposed to inaccuracies in Census data, either in 2011 or 2021, or higher natural change.
- 5.8 Coincidentally the current standard method figure (726 dpa) for the minimum local housing need sits centrally within this higher range.
- 5.9 The standard methodology uses household projections as a building block as do other elements of this report. Standing back from the data, Hertsmere is a high value housing market, an economically dynamic area and close to London. Green Belt coverage is likely to have constrained housing delivery and means that on all demographic scenarios, lower population growth is expected relative to wider regional/national benchmarks or many non-Green Belt areas with similar market characteristics.
- 5.10 Against the 2021 NPPF, we do not therefore consider that exceptional circumstances clearly exist to justify progressing a plan on the basis of reduced housing need. If the consultation proposals for changes to the NPPF are taken forward by Government and include greater scope to take account of more recent demographic data, including the 2021 Census – either on natural change or household formation – this could provide scope to revise (downwards) the assessment of housing need to c 650 dpa.
- 5.11 It is for the Council to overlay issues related to development constraints, land availability and infrastructure providing in determining the housing target. The Council will need to consider closely current national policy or any changes in national planning policies related to how constraints – and particularly Green Belt – are considered as part of the plan-making process.
- 5.12 Balanced against this, the Council will need to consider other issues such as the effect of overall housing provision on affordable housing delivery and on its local economy in drawing robust conclusions on the appropriate housing target for the Borough.