

Local Housing Need and the Standard Method: Appendix B to Local Plan Review Executive Committee Report 12 July 2023

The Introduction of the Standard Method

1. The 'standard method' for assessing local housing needs for planning purposes was first introduced in 2018.¹ It was based on the 2014-based Household Projections with a formula uplift for affordability, and then subject to a 'cap' in relation to current plan requirements.
2. In December 2020, the method was changed² to include an urban uplift in the 20 most populated cities and urban areas. Burnley was not identified as one of these areas.
3. Possible changes to the standard method were consulted on in December 2022.³ These are not discussed here. The outcome of this consultation is awaited.

The Standard Method for assessing Local Housing Need

What the NPPF says:

4. The National Planning Policy Framework (NPPF 2021 Paragraph 61)⁴ sets out the government's objective of *"significantly boosting the supply of homes."*
5. The NPPF states that:
"To determine the minimum number of homes needed, strategic policy 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."
6. It further requires the size, type and tenure of housing needed to be assessed and reflected in planning policies.
7. The identifying of the need figure is a separate process from then looking at whether an authority can meet the need (or any needs that cannot be met in neighbouring areas).

What the NPPG says:

8. The method itself is set out in detail in the national planning practice guidance (NPPG).
9. It states that *"the standard method uses a formula to identify the minimum number of homes expected to be planned for, in a way which addresses projected household growth and historic under-supply"* and *"identifies a minimum annual housing need figure. It does not produce a housing requirement figure"*. It allows and indeed supports in principle, plan requirements that are above the minimum figure.
10. The method requires LPAs to:

¹ In the July 2018 NPPF and its calculation later set in the 13 Sep 2018 planning practice guidance

² [16 Dec 2020 planning practice guidance](#)

³ [Levelling-up and Regeneration Bill: reforms to national planning policy - GOV.UK \(www.gov.uk\)](#)

⁴ <https://www.gov.uk/guidance/national-planning-policy-framework>

- Determine household growth using 2014-based sub national household projections for the area in question, based on the average over a 10-year period.
- Adjust this figure upwards according to a published affordability formula (thereby counting some of the same households more than once)
- Cap the level of increase that any one LPA can face, depending on the status of its existing plan (thereby excluding some households entirely)
- Apply an uplift in certain urban areas of 35%. (There is no relationship of this % to the local household projections).

Burnley's Current Standard Method (LHN) Figure

11. The latest Standard Method figure for Burnley (2023 – 2033) is 55 net additional dwellings per annum. This is calculated as follows:

Step One:	Household growth 2023–2033 (using 2014-based SNHPs)	$38,388 - 38,918 = 530$ $530/10 = 53$	53
Step Two:	Affordability ratio adjustment	2022 Affordability ratio = 1:4.59 $\frac{4.59 - 4}{4} \times 0.25 + 1 = 1.037$	1.037
Step Three:	Capping the level of any increase	Not applicable	0
Step Four:	Urban Centres Uplift	35% not applicable	0
Result:		$53 \times 1.037 = 55$	55

12. As a comparator and just for information, using the most recent 2018 SNHP's, the Standard Method for Burnley would be as follows:

Step One:	Household growth 2023–2033 (using 2018-based SNHPs)	$38,899 - 40,444 = 1545$ $530/10 = 156$	156
Step Two:	Affordability ratio adjustment	2022 Affordability ratio = 1:4.59 $\frac{4.59 - 4}{4} \times 0.25 + 1 = 1.037$	1.037
Step Three:	Capping the level of any increase	Not applicable	0
Step Four:	Urban Centres Uplift	35% not applicable	0
Result:		$156 \times 1.037 = 55$	162

Population and Household Estimates

13. The Council's Authority Monitoring Report, at its Table 5, compares the last 4 rounds of biennial population projections, the ONS mid-year estimates (MYE), the 2021 Census data and the SHMA projection used for the Local Plan.⁵ This is reproduced overleaf. When the population projections that

⁵ [Burnley Authority Monitoring Report 2021/22](#)

underpin the household projections are compared with the actual population figures for Burnley in 2021 (shown in red) the outdatedness of the 2014-based figures is apparent.

Table 1: Comparison of Population Projections for Burnley Borough:

	2012	2014	2016	2018	2020	2021	2032	2012 -2032	Average Annual Population Growth
2012-based SNPP	87,127	87,009	86,984	87,002	87,053	87,074	86,885	-242	-12
2014-based SNPP	(87,127)	87,291	87,250	87,286	87,369	87,400	87,303	+176	+9
2016-based SNPP	-	-	87,496	87,550	87,681	87,734	87,180		-20 (2016-2032)
2018-based SNPP	-	-	-	88,527	89,278	89,621	91,861		+238 (2018-2032)
MYE (Rounded)	87,100	87,200	87,500	88,500	89,300	-	-	-	+275 (2012-2020)
2021 Census (Rounded) 87,100 2011						94,700			+760 (2011-2021)
Burnley Local Plan Scenario Ei	87,127	87,291	87,522	87,894	88,545	88,890	92,460	5,333	+267

Source: ONS and Burnley Council

14. The Council's Authority Monitoring Report, at Table 30, also compares the last 4 rounds of biennial household projections and the SHMA projection used for the Local Plan. The following table also adds in the 2021 Census figure.

Table 2: Comparison of Household Projections for Burnley Borough

	2012	2014	2016	2018	2020	2021	2032	2012 -2032	Average annual h'hold growth	Average annual dwellings required inc. 3.5 % for vacancies & 2nd homes
2012-based SNHP	37,579	37,652	37,787	37,941	38,056	38,130	38,675	1,096	55	57
2014-based SNHP	37,583	37,732	37,856	38,029	38,183	38,263	38,880	1,297	65	67
2016-based SNHP	37,247	37,358	37,489	37,624	37,731	37,797	38,434	1,187	59	61
2018-based SNHP	37,247	37,358	37,489	37,952	38,342	38,531	40,289	3,042	152	157
2021 Census						39,872				
Burnley Local Plan Scenario Ei	37,583	37,732	37,530	37,915	38,404	38,684	41,326	3,743	187	194

Source: ONS, CLG and Burnley Borough Council.

Comment

15. The Government set out in the 2019 Conservative manifesto, for "300,000 homes a year by the mid-2020s". The figure, which is for England, was unveiled by then Chancellor Philip Hammond in November 2017. The latest available data for 2021/22 is 232,820.⁶

16. Views on the standard method vary; some local authorities progressing plans view it only as a starting point whilst others seek to use the figure as their plan requirement; some have sought to use a lower figure on the basis of 'exceptional circumstances'. 26 are reported to have halted plan making

⁶ [Housing supply: net additional dwellings, England: 2021 to 2022 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/housing-supply-net-additional-dwellings-england-2021-to-2022)

awaiting the outcome of the latest consultation on changes to the standard method and housing land supply.⁷

17. The figure generated by the standard method may change every year depending on the 10 year period used, the annual change in the affordability ratio and the position in relation to the cap. Despite the availability of more recent household projections (2016, 2018-based) and factual data (the 2021 Census), the government is insisting via the practice guidance that the 2014-based projections continue to be used in the standard method. Once the 2021 census data has been translated into new household projections (planned to be issued in 2024), this will become untenable.

18. Given the standard method's use of outdated household projections, LPAs in setting their local plan requirement will always need to look at the issue in more detail, testing the figure against other evidence and the sizes, types and tenures needed to meet the needs of different groups.

⁷ [Local Plan Watch: The 26 authorities that have paused or delayed their local plans since the government announced housing need changes | Planning Resource](#)