

East Herts Five Year Land Supply Position Statement Addendum - April 2024

New Affordability Ratios:

On the 25 March 2024 the Government published new affordability ratios¹. Affordability ratios are calculated by dividing house prices by gross annual workplace-based earnings.

These new ratios – released annually to reflect the situation in the previous year, in this case 2023 – alter the scale of the affordability uplift applied to the baseline at the second step of the standard method calculation.

The updated housing requirement, using the new affordability ratio, is set out below. The updated requirement has also been amended to use the current year (2024) as the starting point from which to calculate growth.

The consequence of the new affordability ratio, applied to the latest baseline figure, is that the Council's Five Year Housing Land Supply position has improved from 5.57 years to 5.95 years. This is explained below.

Updated Housing Requirement:

The standard method formula uses 4 steps to determine the annual housing requirement figure:

- Step 1 - Setting the baseline;
- Step 2 - An adjustment to take account of affordability;
- Step 3 - Capping the level of any increase;
- Step 4 - Cities and urban centres uplift.

Steps 3 and 4 are not relevant to East Herts. Steps 1 and 2 are calculated as follows:

Step 1: uses the 2014-based household projections² to calculate any increase across the 10-year period 2024-2034. There is a projected increase of 7,268 new households over the 10 year period, equivalent to an average household growth of 726.8 per year – it is this figure which forms the baseline figure.

Step 2: makes an adjustment for affordability using the median workplace-based affordability ratio. The ratio for East Herts is now 10.92 which, after applying the methodology set out in the PPG³, translates to an adjustment figure 1.432.

¹ [House price to workplace-based earnings ratio - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

² [Household projections - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

³ [Housing and economic needs assessment - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

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Annual need figure: multiplying the baseline figure (726.8) and the affordability adjustment figure (1.432) produces an updated annual housing requirement of **1,041** dwellings per year. The previous annual housing requirement, included in the March 2024 Position Statement, was for 1,112 dwellings per year.

Five Year Land Supply Requirement:

Taking into account the new established need of 1,041 dwellings, the overall housing need for the next five year period for East Herts is therefore **5,205** dwellings. There is no requirement to add any shortfall, or include a buffer.

Supply of Housing:

The total identified supply of deliverable housing from all sources and sites that are considered deliverable is as set out in the March 2024 Position Statement (see page 56), and is summarised in the table below:

Source of Supply	Number of dwellings anticipated
Major Development – Deliverable in Principle	4,313
Non-major Development – Deliverable in Principle	452
Net Losses	-2
Deliverable Sites Part b)	1,126
Windfall Allowance	300
Total identified supply	6,189

Conclusion:

The established housing requirement is for **5,205** dwellings across the five-year period 2023-2028. The identified supply of deliverable housing sites is **6,189** dwellings.

As set out below, the Council is now able to demonstrate a five-year land supply position of **5.95** years against the housing requirement.

Annual Housing Requirement	Five Year Housing Requirement	Identified Supply of Housing	Five Year Land Supply Calculation
1,041	5,205	6,189	5.95 years