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Dear Mark,

Thank you for your letter of 6 December on behalf of your constituent, Cllr Frank Andrews of 14 St. Nicholas Grove, Wrea Green, Preston, Lancashire, PR4 2WB, about housing supply.

The Government recognises that, for too long, not enough homes have been built, and that house prices are simply unaffordable in many places as a result. Making sure we plan for the right number of homes is a crucial first step, and this needs to start with an honest and transparent conversation about local housing need.

This is why we have consulted on a new standard approach which will provide a transparent and consistent basis for understanding the need for homes in each area – one which is more realistic about the current and future housing pressures in each place and reflects affordability.

This standard method would, if applied universally to each local planning authority immediately using current data, lead to a total housing need across the country of just over 266,000 homes, including 72,000 in London. For Fylde, the local housing need has been calculated at 296 homes.

This standard methodology uses projections of future household growth in each area as a starting point. The Office for National Statistics(ONS) projections for numbers of households in each local authority are the most robust estimates of future growth. Using the ONS projections puts every place in the country on the same page, using publically available figures produced to high standards. Projected household growth take into account a number of different factors. Cllr Andrews may be interested to know that the majority of the growth in households (almost two thirds) is through natural population change, such as more people living longer, rather than net migration, whilst rising incomes can also create greater demand for more housing.

An adjustment is then made to these figures based on local housing affordability. The median affordability ratios, also published by the ONS at a local authority level, provide the best basis for adjusting household projections. The affordability ratios compare the median house prices (based on all houses sold on the open market in a given year in a local authority) to median

earnings (based on full-time earnings for those working in that local authority area). This recognises that housing affordability is related to both incomes and house prices.

It is important to note that this is not a local housing *target*, and assessing needs is the starting point in the process, not the end; local authorities still need to consider how much of their need can be accommodated, and whether they can take unmet need from neighbouring areas, recognising any environmental constraints.

There also is nothing to stop ambitious local authorities from planning for more homes should they wish, and we will support this. Plans are tested at examination by the Planning Inspectorate to ensure they are robust.

Our consultation on housing methodology closed in November. We are currently analysing responses and hope to make further announcements in early 2018.

1/2 2018.


DOMINIC RAAB MP