Draft National Planning Practice Guidance

Assessment of housing and economic development needs

What is the purpose of the assessment of housing and economic development needs guidance?

1. This guidance supports local planning authorities in objectively assessing and evidencing development needs for housing (both market and affordable); and economic development (which includes main town centre uses). The assessment of housing and economic development needs includes the Strategic Housing Market Assessment requirement as set out in the National Planning Policy Framework.

What is the primary objective of the assessment?

2. The primary objective of identifying need is to:

   - identify the future quantity of housing needed, including a breakdown by type, tenure and size;
   - identify the future quantity of land or floorspace required for economic development uses including both the quantitative and qualitative needs for new development; and
   - provide a breakdown of that analysis in terms of quality and location, and to provide an indication of gaps in current land supply.

What is the definition of need?

3. Need for housing in the context of the guidance refers to the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period – and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet that demand.

4. Need for all land uses should address both the total number of homes or quantity of economic development floorspace needed based on quantitative assessments, but also on an understanding of the qualitative requirements of each market segment.

5. Any assessment of need should be realistic in taking account the particular nature of that area (for example geographic constraints and the nature of the market area). Assessing development needs should be proportionate and does not require local councils to consider purely hypothetical future scenarios, only future scenarios that could be reasonably expected to occur.

Can local planning authorities apply constraints to the assessment of development needs?

6. The assessment of development needs is an objective assessment of need based on facts and unbiased evidence. Plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historic under performance infrastructure or environmental constraints. However, these considerations will need to be addressed when bringing evidence bases together to identify specific policies within development plans.

Can local planning authorities use a different methodology?

7. The use of this standard methodology is strongly recommended because it will ensure that the assessment findings are transparently prepared. Local planning authorities may consider departing from the methodology, but they should explain why their particular local circumstances have led them to adopt a different approach where this is the case. The assessment should be thorough but proportionate, building where possible on existing information sources outlined within the guidance.

8. Please note that there is no one methodological approach or use of a particular dataset(s) that will provide a definitive assessment of development need

Can town/parish councils and designated neighbourhood forums (qualifying bodies) preparing neighbourhood plans use this guidance?

9. Town/parish councils and designated neighbourhood forums (qualifying bodies) preparing neighbourhood plans can use this guidance to identify specific local needs that may be relevant to a neighbourhood but any assessment at such a local level should be proportionate. Designated neighbourhood forums and parish/town councils can also refer to existing needs assessments prepared by the local planning authority as a starting point.

10. The neighbourhood plan should support the strategic development needs set out in Local Plans, including policies on housing and economic development. The level of housing and economic development is likely to be a strategic policy.

With whom do local planning authorities need to work?

11. Local planning authorities should assess their development needs working with the other local authorities in the relevant housing market area or functional economic market area in line with the duty to cooperate. This is because such needs are rarely constrained precisely by local authority administrative boundaries.

12. Where Local Plans are at different stages of production, local planning authorities can build upon the existing evidence base of partner local authorities in their housing market area but should co-ordinate future housing reviews so they take place at the same time.

13. Local communities, partner organisations, Local Enterprise Partnerships, businesses and business representative organisations, designated neighbourhood forums and parish/town councils preparing neighbourhood plans should be involved from the earliest stages of plan preparation, which includes the preparation of the evidence base in relation to development needs.

What areas should be assessed?

14. Needs should be assessed in relation to the relevant functional area: either a housing market area, a functional economic area in relation to economic uses, or an area of 'trade draw' in relation to main town centre uses.

15. Establishing the assessment area may identify smaller sub-markets with specific features, and it may be appropriate to investigate these specifically in order to create a detailed picture of local need. It is important also to recognise that there are 'market segments' (ie not all housing types or economic development have the same appeal to different occupants).

Is there a single source that will identify the assessment areas?

16. No single source of information on needs will be comprehensive in identifying the appropriate assessment area; careful consideration should be given to the appropriateness of each source of information and how they relate to one another. For example, for housing, where there are issues of affordability or low demand, house price or rental level analyses will be particularly important in identifying the assessment area. Where there are relatively high or volatile rates of household movement, migration data will be particularly important. Plan makers will need to consider the usefulness of each source of information and approach for their purposes. Local planning authorities can use a combination of approaches where necessary.

What is a housing market area?

17. A housing market area is a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work.

18. The extent of the housing market areas identified will vary, and many will in practice cut across various local planning authority administrative boundaries. Local planning authorities should work with all the other constituent authorities under the duty to cooperate.

How can housing market areas be defined?

19. Housing market areas can be broadly defined by using three different sources of information as follows.

- **House prices and rates of change in house prices**
  Housing market areas can be identified by assessing patterns in the relationship between housing demand and supply across different locations. This analysis uses house prices to provide a 'market-based' reflection of housing market area boundaries. It enables the identification of areas which have clearly different price levels compared to surrounding areas. The findings provide information about differences across the area in terms of the price people pay for similar housing, market 'hotspots', low demand areas and volatility.

  Suggested data sources:
  Office for National Statistics, House Price Index, Land Registry House Price Index and Price Paid data (including sales), Department for Communities and Local Government Statistics including Live Tables on Affordability (lower quartile house prices/lower quartile earnings), Neighbourhood data from the Census.

- **Household migration and search patterns**
  Migration flows and housing search patterns reflect preferences and the trade-offs made when choosing

housing with different characteristics. Analysis of migration flow patterns can help to identify these relationships and the extent to which people move house within an area. The findings can identify the areas within which a relatively high proportion of household moves (typically 70 per cent) are contained. This excludes long distance moves (eg those due to a change of lifestyle or retirement), reflecting the fact that most people move relatively short distances due to connections to families, friends, jobs, and schools.

Suggested data sources:
Census, Office for National Statistics Internal Migration Statistics, and NHS registration data. Data from estate agents and local newspapers contain information about the geographical coverage of houses advertised for sale and rent.

- **Contextual data (eg travel to work area boundaries, retail and school catchment areas)**
  Travel to work areas can provide information about commuting flows and the spatial structure of the labour market, which will influence household price and location. They can also provide information about the areas within which people move without changing other aspects of their lives (eg work or service use).

  Suggested data sources:
  Office of National Statistics (travel to work areas), retailers and other service providers may be able to provide information about the origins of shoppers and service users, school catchment areas.

How can functional economic market areas be defined?

20. The geography of commercial property markets should be thought of in terms of the requirements of the market in terms of the location of premises, and the spatial factors used in analysing demand and supply – often referred to as the functional economic market area. Since patterns of economic activity vary from place to place, there is no standard approach to defining a functional economic market area, however, it is possible to define them taking account of factors including:

   - extent of any Local Enterprise Partnership within the area;
   - travel to work areas;
   - housing market area;
   - flow of goods, services and information within the local economy;
   - service market for consumers;
   - administrative area;
   - transport network.

   Suggested Data Source:
   Office of National Statistics (travel to work areas)

How can the area of 'trade draw' be defined?

21. The 'trade draw' area in relation to main town centres uses is defined in the context of the town centre impact test.

What methodological approach should be used?

22. Establishing future need for housing is not an exact science. No single approach will provide a definitive answer. Plan makers should avoid expending significant resources on primary research (information that is collected through surveys, focus groups or interviews etc and analysed to produce a new set of findings) as this will in many cases be a disproportionate way of establishing an evidence base. They should instead look to rely predominantly on secondary data (eg Census, national surveys) to inform their assessment which are identified within the guidance.

What is the starting point to establish the need for housing?

23. Household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need.

24. The household projections are produced by applying projected household representative rates to the population projections published by the Office for National Statistics. Projected household representative rates are based on trends observed in Census and Labour Force Survey data.

25. The household projections are trend based, ie they provide the household levels and structures that would result if the assumptions based on previous demographic trends in the population and rates of household formation were to be realised in practice. They do not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour.

26. The household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends. For example, formation rates may have been suppressed historically by under-supply and worsening affordability of housing. The assessment will therefore need to reflect the consequences of past under delivery of housing. As household projections do not reflect unmet housing need, local planning authorities should take a view based on available evidence of the extent to which household formation rates are or have been constrained by supply.

How often are the projections updated?

27. The Government's official population and household projections are generally updated every two years to take account of the latest demographic trends. Wherever possible, local needs assessments should be informed by the latest available information.

28. The 2011-based Interim Household Projections only cover a ten year period up to 2021, so plan makers would need to assess likely trends after 2021 to align with their development plan periods.

Can adjustments be made to household projection-based estimates of housing need?

29. The household projections produced by the Department for Communities and Local Government are statistically robust and are based on nationally consistent assumptions. However, plan makers may consider sensitivity testing, specific to their local circumstances, based on alternative assumptions in relation to the underlying demographic projections and household formation rates. Account should also be taken of the most recent demographic evidence including the latest Office of National Statistics population estimates.

30. Any local changes would need to be clearly explained and justified on the basis of established sources of robust evidence.

31. Issues will vary across areas but might include:
    - migration levels that may be affected by changes in employment growth or a one off event such as a large employer moving in or out of an area or a large housing development such as an urban extension in the last five years
    - demographic structure that may be affected by local circumstances or policies eg expansion in education or facilities for older people

How should employment trends be taken into account?

32. Plan makers should make an assessment of the likely growth in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area. Any cross-boundary migration assumptions, particularly where one area decides to assume a lower internal migration figure than the housing market area figures suggest, will need to be agreed with the other relevant local planning authority under the duty to cooperate. Failure to do so will mean that there would be an increase in unmet housing need.

33. Where the supply of working age population (labour force supply) is less than the projected job growth, this will result in unsustainable commuting patterns and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider increasing their housing numbers to address these problems.

How should market signals be taken into account?

34. The housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings. Prices or rents rising faster than the national/local average may well indicate particular market undersupply relative to demand. Relevant signals may include the following:

    - **Land Prices**
      Land values are determined by the demand for land in particular uses, relative to the supply of land in those uses. The allocation of land supply designated for each different use, independently of price, can result in substantial price discontinuities for adjoining parcels of land (or land with otherwise similar characteristics). Price premiums provide direct information on the shortage of land in any locality for any particular use.

    - **House Prices**
      Mix adjusted house prices (adjusted to allow for the different types of houses sold in each period) measure inflation in house prices. Longer term changes may indicate an imbalance between the demand for and the supply of housing. The Office for National Statistics publishes a monthly House Price Index at regional level. The Land Registry also publishes a House Price Index and Price Paid data at local authority level.

    - **Rents**
      Rents provide an indication of the cost of consuming housing in a market area. Mixed adjusted rent information (adjusted to allow for the different types of properties rented in each period) shows changes

in housing costs over time. Longer term changes may indicate an imbalance between demand for and supply of housing. The Office for National Statistics publishes a monthly Private Rental Index.

- **Affordability**
  Assessing affordability involves comparing house costs against the ability to pay. The ratio between lower quartile house prices and the lower quartile income or earnings can be used to assess the relative affordability of housing. The Department for Communities and Local Government publishes quarterly the ratio of lower quartile house price to lower quartile earnings by local authority district.

- **Rate of Development**
  Local planning authorities monitor the stock and flows of land allocated, permissions granted, and take-up of those permissions in terms of completions. Supply indicators may include the flow of new permissions expressed as a number of units per year relative to the planned number and the flow of actual completions per year relative to the planned number. A meaningful period should be used to measure supply. If the historic rate of development shows that actual supply falls below planned supply, future supply should be increased to reflect the likelihood of under-delivery of a plan. The Department for Communities and Local Government publishes quarterly planning application statistics.

- **Overcrowding**
  Indicators on overcrowding, concealed and sharing households, homelessness and the numbers in temporary accommodation demonstrate un-met need for housing. Longer term increase in the number of such households may be a signal to consider increasing planned housing numbers. The number of households accepted as homeless and in temporary accommodation is published in the quarterly Statutory Homelessness release.

How should plan makers respond to market signals?

35. Appropriate comparisons of indicators should be made. This includes comparison with longer term trends (both in absolute levels and rates of change) in the: housing market area; similar demographic and economic areas; and nationally. Divergence under any of these circumstances will require upward adjustment to planned housing numbers compared to ones based solely on household projections. Volatility in some indicators requires care to be taken: in these cases rolling average comparisons may be helpful to identify persistent changes and trends.

36. In areas where an upward adjustment is required, plan makers should set this adjustment at a level that is reasonable. The more significant the affordability constraints (as reflected in rising prices and rents, and worsening affordability ratio) and the stronger other indicators of high demand (eg the differential between land prices), the larger the improvement in affordability needed and, therefore, the larger the additional supply response should be.

37. Market signals are affected by a number of economic factors, and plan makers should not attempt to estimate the precise impact of an increase in housing supply. Rather they should increase planned supply by an amount that, on reasonable assumptions and consistent with principles of sustainable development, could be expected to improve affordability, and monitor the response of the market over the plan period.

38. The list of indictors above is not exhaustive. Other indicators, including those at lower spatial levels, are available and may be useful in coming to a full assessment of prevailing market conditions. In broad terms, the assessment should take account both of indicators relating to price (such as house prices, rents, affordability ratios) and quantity (such as overcrowding and rates of development).

How should the needs for all types of housing be addressed?

39. Once an overall housing figure has been identified, plan makers will need to break this down by tenure, household type (singles, couples and families) and household size. Plan makers should therefore examine current and future trends of:

- the proportion of the population of different age profile;
- the types of household (eg singles, couples, families by age group, numbers of children and dependents);
- the current housing stock size of dwellings (eg one, two+ bedrooms);
- the tenure composition of housing.

40. This information should be drawn together to understand how age profile and household mix relate to each other, and how this may change in the future. When considering future need for different types of housing, plan makers will need to consider whether they plan to attract a different age profile eg increasing the number of working age people.

41. Plan makers should look at the household types, tenure and size in the current stock and in recent supply, and assess whether continuation of these trends would meet future needs.

42. Identifying the need for certain types of housing and the needs of different groups is discussed below in more detail.

- **The private rented sector**
  Tenure data from the Office of National Statistics can be used to understand the future need for private rented sector housing. However, this will be based on past trends. Market signals in the demand for private rented sector housing could be indicated from a change in rents. Evidence can also be sourced from the English Housing Survey, which will provide at national level updated information on tenure trends, Office of National Statistics Private Rental Index, the Valuation Office Agency, HomeLet Rental Index and other commercial sources.

- **People wishing to build their own homes**
  The Government wants to enable more people to build their own home and wants to make this form of housing a mainstream housing option. There is strong industry evidence of significant demand for such housing, as supported by successive surveys. Local planning authorities should, therefore, plan to meet the strong latent demand for such housing. Additional local demand, over and above current levels of delivery can be identified from secondary data sources such as: building plot search websites and enquiries for building plots from local estate agents. However, such data is unlikely on its own to provide reliable local information on the local demand for self build housing. Plan makers should, therefore, consider surveying local residents, possibly as part of any wider surveys, to assess local housing need for this type of housing, and compile a local list or register of people who want to build their own homes.

- **Family housing**
  Plan makers can identify current numbers of families, including those with children, by using the local household projections.

- **Housing for older people**
  The need to provide housing for older people is critical given the projected increase in the number of

households aged 65 and over accounts for over half of the new households (Department for Communities and Local Government Household Projections 2013). Plan makers will need to consider the size of dwellings needed in the future in order to free up houses that are under occupied. The age profile of the population can be drawn from Census data. Projections of population and households by age group should be used. The future need for older persons housing broken down by tenure and type eg sheltered, enhanced sheltered, extra care and registered care can be obtained from a number of online tool kits provided by the sector.

- **Households with specific needs**
  There is no one source of information about people with disabilities who require adaptations in the home, either now or in the future. The Census provides information on the number of people with long-term limiting illness and plan makers can access information from the Department of Work and Pensions on the numbers of Disability Living Allowance/Attendance Allowance benefit claimants. Whilst these data can provide a good indication of the number of people with disabilities, not all of the people included within these counts will require adaptations in the home. Applications for Disabled Facilities Grant will provide an indication of levels of expressed need, although this could underestimate total need. If necessary, plan makers can engage with partners to better understand their housing requirements.

How should affordable housing need be calculated?

43. Plan makers working with relevant colleagues within their local authority (eg housing, health and social care departments) will need to estimate the number of households and projected households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market.

44. This calculation involves adding together the current unmet housing need and the projected future housing need and then subtracting this from the current supply of housing stock.

What types of households are considered in housing need?

45. The types of households to be considered in housing need are:

- homeless households or insecure tenure (e.g. housing that is too expensive compared to disposable income);
- households where there is a mismatch between the housing needed and the actual dwelling (e.g. overcrowded households);
- households containing people with social or physical impairment or other specific needs living in unsuitable dwellings (e.g. accessed via steps) which cannot be made suitable in-situ
- households that lack basic facilities (e.g. a bathroom or kitchen) and those subject to major disrepair or that are unfit for habitation;
- households containing people with particular social needs (e.g. escaping harassment) which cannot be resolved except through a move.

How should the current unmet gross need for affordable housing be calculated?

46. Plan makers should establish unmet (gross) need for affordable housing by assessing past trends and recording current estimates of:

- the number of homeless households;

- the number of those in priority need who are currently housed in temporary accommodation;
- the number of households in over-crowded housing;
- the number of concealed households;
- the number of existing affordable housing tenants in need (i.e. householders currently housed in unsuitable dwellings);
- the number of households from other tenures in need and those that cannot afford their own homes.

47. Care should be taken to avoid double-counting, which may be brought about with the same households being identified on more than one transfer list, and to include only those households who cannot afford to access suitable housing in the market.

Suggested data sources:
Local authorities will hold data on the number of homeless households, those in temporary accommodation and extent of overcrowding. The Census also provides data on concealed households and overcrowding which can be compared with trends contained in the English Housing Survey. Housing registers and local authority and registered social landlord transfer lists will also provide relevant information.

How should the number of newly arising households likely to be in housing need be calculated (gross annual estimate)?

48. Projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimation of the number of existing households falling into need. This process should identify the minimum household income required to access lower quartile (entry level) market housing (plan makers should use current cost in this process, but may wish to factor in changes in house prices and wages). It should then assess what proportion of newly-forming households will be unable to access market housing.

Suggested data sources:
Department for Communities and Local Government household projections, English Housing Survey, local authority and registered social landlords databases, and mortgage lenders.

Total newly arising housing need (gross per year) =
(the number of newly forming households x the proportion unable to afford market housing) + existing households falling into need

How should the current total affordable housing supply available be calculated?

49. There will be a current supply of housing stock that can be used to accommodate households in need as well as future supply. To identify the total affordable housing supply requires identifying the current housing stock by:

- identifying the number of affordable dwellings that are going to be vacated by current occupiers that are fit for use by other households in need;
- identifying surplus stock (vacant properties);
- identifying the committed supply of new affordable units (social rented and intermediate housing) at the point of the assessment (number and size);
- identifying units to be taken out of management (demolition or replacement schemes that lead to net losses of stock).

Sources of data:
Department for Communities and Local Government affordable housing supply statistics to show recent trends, and local authority and Registered Social Landlord records including housing register, transfer lists, demolition and conversion programmes**,** development programme of affordable housing providers.

Total affordable housing stock available =
Dwellings currently occupied by households in need + surplus stock + committed additional housing stock –
units to be taken out of management

What is the likely level of future housing supply of social re-lets (net) and intermediate affordable housing (excluding transfers)?

50. Plan makers should calculate the level of likely future affordable housing supply taking into account future annual supply of social housing re-lets (net), calculated on the basis of past trends (generally the average number of re-lets over the previous three years should be taken as the predicted annual levels), and the future annual supply of intermediate affordable housing (the number of units that come up for re-let or re-sale should be available from local operators of intermediate housing schemes).

Suggested data sources:
Local Authority and Registered Social Landlord data, CORE (COntinuous REcording of lettings and sales in social housing) data on the number of lettings, Housing Strategy Statistical Appendix data on the number of lettings in council owned housing.

Future annual supply of affordable housing units =
  the number of social rented units + the number of intermediate affordable units

What is the relationship between the current housing stock and current and future needs?

51. Plan makers should look at the household size in the current stock and assess whether these match current and future needs.

What is the total need for affordable housing?

52. The total need for affordable housing should be converted into annual flows by calculating the total net need (subtract total available stock from total gross need) and converting total net need into an annual flow.

53. The total affordable housing need should then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes.

How should the current situation be assessed? – Employment Land

54. In understanding the current market in relation to economic and main town centre uses, plan makers should liaise closely with the business community to understand their current and potential future requirements. Plan makers should also consider:

- The recent pattern of employment land supply and loss to other uses (based on planning applications). This can be generated though a simple assessment of employment land by sub-areas and market segment, where there are distinct property market areas within authorities.
- Market intelligence (from local data and discussions with developers and property agents, recent surveys of business needs or engagement with business and economic forums).
- Market signals, such as levels and changes in rental values, and differentials between land values in different uses.
- Public information on employment land and premises required.
- Information held by other public sector bodies and utilities in relation to infrastructure constraints.
- The existing stock of employment land. This will indicate the demand for and supply of employment land and determine the likely business needs and future market requirements (though it is important to recognise that existing stock may not reflect the future needs of business). Recent statistics on take-up of sites should be consulted at this stage, along with other primary and secondary data sources to gain an understanding of the spatial implications of 'revealed demand' for employment land.
- The locational and premises requirements of particular types of business.
- Identification of oversupply and evidence of market failure (e.g. physical or ownership constraints that prevent the employment site being used effectively, which could be evidenced by unfulfilled requirements from business, yet developers are not prepared to build premises at the prevailing market rents).

How should employment land be analysed?

55. A simple typology of employment land by market segment and by sub-areas, where there are distinct property market areas within authorities, should be developed and analysed. This should be supplemented by information on permissions for other uses that have been granted, if available, on sites then or formerly in employment use.

56. When examining the recent take-up of employment land, it is important to consider projections (based on past trends) and forecasts (based on future scenarios) and identify occurrences where sites have been developed for specialist economic uses. This will help to provide an understanding of the underlying requirements for office, general business and warehousing sites, and (when compared with the overall stock of employment sites) should form the context for appraising individual sites.

57. Analysing supply and demand will allow plan makers to identify whether there is a mismatch between quantitative and qualitative supply of and demand for employment sites. This will enable an understanding of which market segments are over-supplied to be derived and those which are undersupplied

How should future trends be forecast?

58. Plan makers should consider forecasts of quantitative and qualitative need (i.e. the number of units and amount of floorspace for other uses needed) but also its particular characteristics (eg footprint of economic uses and proximity to infrastructure). The key output is an estimate of the scale of future needs, broken down by economic sectors.

59. Local authorities should develop an idea of future needs based on a range of data which is current and robust. Authorities will need to take account of business cycles and make use of forecasts and surveys to assess employment land requirements.

60. Emerging sectors that are well suited to the area being covered by the analysis should be encouraged where possible. Market segments should be identified within the employment property market so that need can be identified for the type of employment land advocated.

61. The available stock of land should be compared with the particular requirements of the area so that 'gaps' in local employment land provision can be identified

62. Plan makers should consider:
    - sectoral and employment forecasts and projections (labour demand);
    - demographically derived assessments of future employment needs (labour supply techniques);
    - analyses based on the past take-up of employment land and property and/or future property market requirements;
    - consultation with relevant organisations, studies of business trends, and monitoring of business, economic and employment statistics.

What type of employment land is needed?

63. The increasing diversity of employment generating uses (as evidenced by the decline of manufacturing and rise of services and an increased focus on mixed-use development) requires different policy responses and an appropriate variety of employment sites.

64. Labour supply models are based on population and economic activity projections. Underlying population projections can be purely demographic or tied to future housing stock which needs to be assessed separately. These models normally make predictions for a period of 10 to 15 years. Plan makers should be careful to consider that national economic trends may not automatically translate to particular areas with a distinct employment base.

How should employment land requirements be derived?

65. When translating employment and output forecasts into land requirements, there are four key relationships which need to be quantified. This information should be used to inform the assessment of land requirements. The four key relationships are:
    - Standard Industrial Classification sectors to use classes;
    - Standard Industrial Classification sectors to type of property;
    - employment to floorspace (employment density); and
    - floorspace to site area (plot ratio based on industry proxies).

What are the core outputs?

66. Plan makers should set out clear conclusions and any assumptions made in reaching these conclusions on the levels of quantitative and qualitative predicted need. This will be an important input into assessing the suitability of sites and the Local Plan preparation process more generally.

67. Plan makers will need to consider their existing and emerging housing and economic strategies in light of needs.

How often should indicators be monitored?

68. Local planning authorities should not need to undertake comprehensive assessment exercises more frequently than every five years although they should be updated regularly, looking at the short-term changes in housing and economic market conditions.

69. Monitoring information should be shared with qualifying bodies undertaking a neighbourhood plan via the local authorities' monitoring report so that they can understand how their neighbourhood plan is being implemented.

What could be monitored?

70. Local planning authorities should put in place their own monitoring arrangements in relation to relevant local indicators which could include:

- housing and employment land and premises (current stock) database;
- housing and employment permissions granted, by type;
- housing and employment permissions developed by type, matched to allocated sites;
- housing and employment permissions for development of sites where change of use is involved;
- housing and employment land and premises available and recent transactions;
- housing and employment premises enquiries (if the authority has an estates team);
- housing developer or employer requirements and aspirations for houses and economic floorspace;
- housing waiting lists applications;
- the market signals.