Report to:

North West Leicestershire District Council

**Local Housing
Needs Assessment**

Report 3 – Affordable and
Specialist Housing Needs

June 2020

jgConsulting
Quality Specialist Research

Contents

Summary

Introduction

1. This report is the third of three provided to North West Leicestershire (NWL) District Council as part of a Local Housing Needs Assessment (LHNA).

2. The first of the LHNA reports (Report 1) considered overall housing need, taking account a range of demographic data and also the Government's Standard Method. The report concluded that housing need under the Standard Method is for 379 dwellings per annum, but that there are a number of reasons why the Council might seek to exceed this figure (notably around economic growth and unmet needs from Leicester).

3. Subsequent to the publication of Report 1, the Council's Local Plan Committee has agreed to the use of a figure of 480 dwellings per annum as a working housing requirement – this figure is taken to be 'interim' given the uncertainties around the issue of unmet need.

4. The second report (Report 2) focusses on population and housing characteristics for the whole District and a number of smaller sub-areas. The report contained two substantive sections, the first providing an area profile, studying a range of demographic, socio-economic and housing variables. The second section providing a more detailed interrogation of demographic trends and projections, and developed a projection linking to a dwelling provision of 480 homes per annum in the 2020-39 period (i.e. to consider the implications of the Council's working housing requirement).

5. This report (Report 3) focuses on Affordable and Specialist Housing Need and the methodology responds to the revised National Planning Policy Framework (NPPF) of February 2019 and revised Planning Practice Guidance (PPG) on a range of topics. For clarity, the following main PPGs have been used to inform the analysis within this report:

   • Housing and economic needs assessment (July 2019)
   • Housing needs of different groups (July 2019)
   • Housing for older and disabled people (June 2019)
   • Housing: optional technical standards (March 2015)

6. The core analysis in this report looks at the period from 2020 to 2039; which at the time of writing was likely to reflect the time period of the next Local Plan. However, the key conclusions of this report would not change if the plan period were changed (e.g. extended). Regardless, certain elements of analysis (including overall housing need) are likely to need to be revisited prior to the submission of a new plan for examination.

7.   To provide an evidence base, this report sets out a number of either linked or distinct sections to cover a range of core subject areas; the sections are summarised below:

-   Affordable Housing Need;
-   Family Households and Housing Mix;
-   Older People and People with Disabilities; and
-   Private Rented Sector (PRS).

Affordable Housing Need

8.   Analysis has been undertaken to estimate the need for affordable housing in the 2020-39 period. The analysis is split between a need for social/affordable rented accommodation and is based on households unable to buy or rent in the market and the need for affordable home ownership (essentially an 'additional' category of need introduced by the revised NPPF/PPG) – this includes housing for those who can afford to rent privately but cannot afford to buy a home.

9.   The analysis has taken account of local housing costs (to both buy and rent) along with estimates of household income. Additionally, when looking at rented needs, consideration is given to estimates of the supply of social/affordable rented housing. For affordable home ownership, consideration is given to the potential supply (from Land Registry data) of cheaper accommodation to buy.

10.   When looking at rented needs, the analysis suggests a need for 190 affordable homes per annum and therefore the Council is justified in seeking to secure additional affordable housing. There is also a need shown in all parts of the District.

Figure 1: Estimated Need for Affordable Housing by sub-area (per annum apart from final column)							
	Current need	Newly forming households	Existing households falling into need	Total Gross Need	Relet Supply	Net Need	Net need (2020-39)
Appleby Magna	0	2	1	4	2	1	22
Ashby Woulds	2	12	8	22	16	6	115
Ashby-de-la-Zouch – Blackfordby	0	2	1	4	2	2	33
Ashby-de-la-Zouch – Rest	4	39	17	60	38	23	423
Belton	0	2	1	3	2	1	18
Breedon on the Hill & Isley c L	0	2	1	3	1	2	38
Castle Donington	2	21	7	30	15	15	280
Charley	0	1	0	1	0	1	17
Chilcote & Stretton en le Field	0	1	0	1	0	1	15
COALVILLE	8	69	39	116	78	38	703
Coleorton	0	4	1	5	2	3	64
Ellistown & Battleflat	1	12	2	15	4	10	193
Heather	0	2	1	3	1	2	41
Hugglescote & Donington le Heath	2	16	3	21	7	14	268
Ibstock	2	22	10	34	19	15	270
Kegworth	1	10	3	14	7	7	134
Lockington-Hemington	0	2	1	3	1	2	30
Long Whatton & Diseworth	1	4	1	6	3	4	67
Measham	2	15	9	26	19	7	126
Oakthorpe & Donisthorpe	1	10	4	15	8	6	117
Osgathorpe	0	1	0	2	1	1	18
Packington & Normanton le Heath	0	2	0	3	1	2	44
Ravenstone with Snibstone	1	5	2	7	4	3	56
Swannington	0	2	1	3	2	1	19
Swepstone & Snarestone	0	3	1	5	2	2	41
THRINGSTONE	1	7	5	13	10	3	53
Whitwick	3	25	8	36	17	19	350
Worthington & Staunton Harold	0	4	1	5	3	2	38
Urban	19	177	78	274	157	117	2,162
Rural	14	121	51	186	108	78	1,443
Coalville Urban area	11	117	56	184	111	72	1,374
Rest of District	17	181	73	271	154	117	2,232
Total	33	298	129	460	265	195	3,605

Source: Analysis derived from a range of sources (figures may not sum due to rounding)

11. It is also suggested that in setting the cost of housing to rent within this group, reference is made to local incomes (and the Living Rent methodology). Rents above Local Housing Allowance limits should be avoided (to ensure housing affordable to those needing to claim Housing Benefit).

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12. When looking at the need for affordable home ownership products it is clear that there are a number of households likely to be able to afford to rent privately but who cannot afford to buy a suitable home. However, there is also a potential supply of homes within the existing stock that can make a contribution to this need. It is therefore difficult to robustly identify an overall need for affordable home ownership products.

13. However, it does seem that there are many households in NWL who are being excluded from the owner-occupied sector. The analysis would therefore suggest that a key issue in the District is about access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially mortgage restrictions (e.g. where employment is temporary) rather than simply the cost of housing to buy.

14. If the Council does seek to provide 10% of housing as affordable home ownership, then it is suggested that shared ownership is the most appropriate option. This is due to the lower deposit requirements and lower overall costs (given that the rent would also be subsidised).

15. Where other forms of affordable home ownership are provided (e.g. Starter Homes or discounted market), it is recommended that the Council considers setting prices at a level which (in income terms) are equivalent to the levels needed to access private rented housing. This would ensure that households targeted by the new definition could potentially afford housing – this might mean greater than 20% discounts from Open Market Value for some types/sizes of homes in some locations.

16. The evidence does not show any basis to increase the provision of affordable home ownership above the 10% figure currently suggested in the NPPF.

17. Overall, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue in the District. It does however need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided. The evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.

Family Households and Housing Mix

18. The proportion of households with dependent children is about average in NWL, although there are a relatively high proportion of married couples and relatively few lone parents. There has been strong past growth in the number of 'family' households and a more modest growth in the number of households with non-dependent children (likely in many cases to be grown-up children living with parents). Projecting forward, there is expected to be an increase in the number of households with dependent children – increasing by 15% over the 2020-39 period when linking to a housing need of 480 dwellings per annum.

19. There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. The analysis linked to long-term (19-year) demographic change concludes that the following represents an appropriate mix of affordable and market homes, this takes account of both household changes and the ageing of the population:

Figure 2: Suggested Mix of Housing by Size and Tenure				
	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	Up to 5%	25-30%	45-50%	20-25%
Affordable home ownership	10-15%	40-45%	35-40%	5-10%
Affordable housing (rented)	25-30%	30-35%	30-35%	5-10%

20.   The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households. Also recognised is the limited flexibility which 1-bed properties offer to changing household circumstances, which feed through into higher turnover and management issues. The conclusions also take account of the current mix of housing in the District (by tenure).

21.   The mix identified above could inform strategic policies although a flexible approach should be adopted. In applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The Council should also monitor the mix of housing delivered.

22.   Based on the evidence, it is expected that the focus of new market housing provision will be on 2- and 3-bed properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2- and 3-beds) from older households downsizing and looking to release equity in existing homes, but still retaining flexibility for friends and family to come and stay.

23.   Analysis also considered demographic trends and the current mix of housing at a smaller-area level (including for a broad Urban/Rural split). Whilst there were some differences in the analysis, it is not considered that they are substantial enough to suggest a different mix of housing as being needed in different areas. That said, the mix on any specific site could be influenced by site characteristics, and also any localised evidence of need, such as that drawn from the Housing Register.

Older People and People with Disabilities

24.   A range of data sources and statistics have been accessed to consider the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability. The analysis responds to Planning Practice Guidance on *Housing for Older and Disabled People* published by Government in June 2019 and includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).

25. The data shows that in general, NWL has similar levels of disability compared with other areas, however an ageing population means that the number of people with disabilities is likely to increase substantially in the future. Key findings include:

- Over 40% increase in the population aged 65+ over 2020-2039 (potentially accounting for over 60% of total population growth);
- A potential increase of around 30% in the number of people with a long-term health problem or disability (2020-39);
- A 78% increase in the number of people aged 65+ with dementia and a 65% increase in those aged 65+ with mobility problems (2020-39);
- A need for around 1,450 additional housing units with support (sheltered/retirement housing) in both the affordable and market sectors (82% in the market sector) – 2020-39;
- A need for around 750 additional housing units with care (e.g. extra-care), around 46% in the affordable sector (2020-39);
- A need for additional care bedspaces (2020-39); and
- a need for around 420 dwellings to be for wheelchair users (meeting technical standard M4(3)) – 2020-39.

Figure 3: Older Persons' Dwelling Requirements 2020 to 2039 – NWL (linked to dwelling provision of 480 per annum)							
		Housing demand per 1,000 75+	Current supply	2020 demand	Current shortfall/ (surplus)	Additional demand to 2039	Shortfall/ (surplus) by 2039
Housing with support	Rented	50	547	465	-82	350	268
	Leasehold	79	96	731	635	551	1,186
Housing with care	Rented	22	0	200	200	150	350
	Leasehold	25	0	231	231	174	404
Total (dwellings)		176	643	1,626	983	1,225	2,208
Care home bedspaces		114	493	1,052	559	792	1,352

Source: Derived from a range of sources

26. This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings as well as providing specific provision of older persons housing. Given the evidence, the Council could consider (as a start point) requiring all dwellings (in all tenures) to meet the M4(2) standards (which are similar to the Lifetime Homes Standards) and at least 5% of homes meeting M4(3) – wheelchair user dwellings.

27. Where the authority has nomination rights M4(3) would be wheelchair accessible dwellings (constructed for immediate occupation) and in the market sector they should be wheelchair user adaptable dwellings (constructed to be adjustable for occupation by a wheelchair user). It should however be noted that there will be cases where this may not be possible (e.g. due to viability or site-specific circumstances) and so any policy should be applied flexibly.

28. The Council should also consider if a different approach is prudent for market housing and affordable homes, recognising that Registered Providers may already build to higher standards, and that households in the affordable sector are more likely to have some form of disability.

29.   In seeking M4(2) compliant homes, the Council should also be mindful that such homes could be considered as 'homes for life' and would be suitable for any occupant, regardless of whether or not they have a disability at the time of initial occupation.

30.   In framing policies for the provision of specialist older persons accommodation, the Council will need to consider a range of issues. This will include the different use classes of accommodation (i.e. C2 vs. C3) and requirements for affordable housing contributions (linked to this the viability of provision). There may also be some practical issues to consider, such as the ability of any individual development being mixed tenure given the way care and support services are paid for.

Private Rented Sector

31.   The private rented sector (PRS) accounted for around 11% of all households in NWL (as of 2011) – a smaller proportion to that seen across Leicestershire and the East Midlands, and notably below the national average (17%). The number of households in this sector had however grown substantially (increasing by 128% in the 2001-11 period) – albeit from a low base point.

32.   The PRS has some distinct characteristics, including a much younger demographic profile and a high proportion of households with dependent children (notably lone parents) – levels of overcrowding are relativity high. In terms of the built-form and size of dwellings in the sector, it can be noted that the PRS generally provides smaller, flatted/terraced accommodation when compared with the owner-occupied sector. That said, around 48% of the private rented stock has three or more bedrooms and demonstrates the sector's wide role in providing housing for a range of groups, including those claiming Housing Benefit and others who might be described as 'would be owners' and who may be prevented from accessing the sector due to issues such as deposit requirements.

33.   Additional analysis suggests that rent levels have increased over time (when looking at the 2011-19 period) but that increases in rents fall slightly behind the increase in house prices over the same period – the increase in rents is lower than seen regionally and nationally and does not suggest any particular lack of supply of private rented homes. The lack of homes to buy does appear to be a more pressing issue.

34.   There is no evidence of a need for Build to Rent housing (i.e. developments specifically for private rent). Given the current Government's push for such schemes, the Council should consider any proposals on their merit, including taking account of any affordable housing offer (such as rent levels and the security of tenure).

35.   This study has not attempted to estimate the need for additional private rented housing. It is likely that the decision of households as to whether to buy or rent a home in the open market is dependent on a number of factors which mean that demand can fluctuate over time; this would include mortgage lending practices and the availability of Housing Benefit. A general (national and local) shortage of housing is likely to have driven some of the growth in the private rented sector, including increases in the number of younger people in the sector, and increases in shared accommodation. If the supply of housing increases, then this potentially means that more households would be able to buy, but who would otherwise be renting.

1.   Introduction

Background

1.1   Justin Gardner Consulting (JGC) have been commissioned by North West Leicestershire (NWL) District Council to provide a new Local Housing Needs Assessment (LHNA) to provide support for the next North West Leicestershire Local Plan. The methodology responds to the revised National Planning Policy Framework (NPPF) of February 2019. This continues to set out the Government's objective to significantly boost housing supply. The analysis is also mindful of revised Planning Practice Guidance (PPG) on a range of topics. For clarity, the following main PPGs have been used to inform the analysis within this report:

- Housing and economic needs assessment (July 2019)
- Housing needs of different groups (July 2019)
- Housing for older and disabled people (June 2019)
- Housing: optional technical standards (March 2015)

1.2   This report is the third of three to be provided and deals with affordable housing need and the needs of specific groups in the population (most notably older people). The first LHNA report (Overall Housing Need) was published in October 2019 with the second report (District Profile) being drafted in March 2020.

Report 1 – Overall Housing Need

1.3   Before looking at the local demographic and housing profile it is worth reflecting on the key conclusions of the first two reports of the LHNA. The report 'Overall Housing Need' was published in October 2019 and contained a series of sections that considered a range of topics. Section 10 of the report summarised the findings and the full summary is provided below:

The NPPF sets out that the standard method set out in the Planning Practice Guidance should be used to determine Local Housing Need. If the method is applied to the current data, it indicates a need for 379 dwellings per annum. This figure should be considered as the minimum level of need.

For North West Leicestershire, there is a case for considering a higher figure than the minimum need. In particular it is noted that the HEDNA of 2017 concluded that need would be higher than just looking at demographic trends and affordability (i.e. similar to the Standard Method) due to forecast job growth in the District. If the same uplifts are applied as in the HEDNA, it can be concluded that the local housing need is for 411-435 dwellings per annum.

Although outside the scope of this report, it is possible that the Council might need to provide additional housing for a shortfall in capacity in Leicester City and it may therefore be prudent to also include a buffer in addition to the figures shown above. Such a buffer could also help if there are changes made to the Standard Method or the data feeding into calculations of local housing need – Government has indicated that the method will be reviewed alongside publication of the next set of (2018-based) household projections in mid-2020.

Overall, following the Standard Method set out in the NPPF/PPG shows a minimum figure of 379 dwellings per annum, although higher figures can be considered to meet economic growth and possible shortfalls from other parts of the Housing Market Area. It is concluded that a local housing need in the range of 411-435 dwellings per annum is reasonable at the current time.

According to the relevant PPG [2a-015], this 'alternative approach' (to additionally include an allowance for economic growth) would automatically be 'considered sound as it will have exceeded the minimum starting point'.

1.4   Overall, the report therefore set out that the Local Housing Need under the current Standard Method is for 379 dwellings per annum but there are a number of reasons why the Council might seek to exceed this figure (notably to take account of economic growth potential and also to make an allowance for unmet need arising from Leicester City).

1.5   Following the publication of the Overall Housing Need Report, the Council took a report to its Local Plan Committee in November 2019 – Local Plan Substantive Review – Housing Requirements[1]. The committee report drew on information from the Overall Housing Need Report but expanded some of the analysis to also consider the housing target in the current Local Plan and the previous Housing and Economic Development Needs Assessment (HEDNA). Further information was provided about past build rates in the District and also the housing need if the Standard Method were to be applied to 2016-based household projections.

1.6   The Committee report (paragraph 3.11) concludes that *'the outcome from the standard method is on the low side'* and therefore that *'it is necessary to consider what a reasonable figure might be'*. Taking account of economic growth, the Committee Report concludes (paragraph 3.16) that a figure of 423 dwellings per annum would be appropriate. However, it is further noted that unmet needs from Leicester City need to be considered.

1.7   The Committee Report notes (from paragraph 3.17) that it is known that the City has an unmet need, but the amount has yet to be quantified. Therefore, it is not possible at this stage to say with any certainly how much unmet need might be expected to be met by NWL. The report does however suggest that a 'buffer' should be built in. On this basis paragraph 3.19 states that a figure of 480 dwellings per annum is recommended. The report does stress that this figure should be considered as 'interim' given the uncertainties around the unmet need issue.

1.8   The Local Plan Committee agreed to using the 480 dwellings per annum figure as a working housing requirement.

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[1] https://minutes-
1.nwleics.gov.uk/documents/s26625/Local%20Plan%20Substantive%20Review%20-%20Housing%20Requirements%20Local%20Plan%20Committee%20Report.pdf

Report 2 – District Profile

1.9   The second LHNA report contained two substantive sections, the first provided a profile of the district , studying a range of demographic, socio-economic and housing variables. Data was compared with other areas (County, region and nationally) with key information also being shown for smaller sub-areas of the District. The second report also provided a more detailed interrogation of demographic trends and projections, and developed a projection linking to dwelling provision of 480 homes per annum in the 2020-39 period.

1.10   Essentially, the analysis sought to project how the population and household structures might change if 480 dwellings are provided on average each year for the next 19-years. This projection has then been used in this (the third) of the LHNA reports; for example to consider growth in the number of older people (and their needs) and also to provide a view about the mix of housing that would be most suited to the changing demographic profile of the area.

Report 3 Structure

1.11   This report sets out a number of either linked or distinct sections; these are summarised below with a brief description:

- Section 4 - Affordable Housing Need – Updates previous analysis about the need for affordable housing and builds on this by considering the need under the new expanded definition of affordable housing in the NPPF;
- Section 5 – Family Households and Housing Mix – This section assesses the need for different sizes of homes in the future, modelling the implications of demographic drivers on need/demand for different sizes of homes in different tenures. As well as looking at affordable housing need, this section also considers market size requirements;
- Section 6 – Older People and People with Disabilities – Considers the need for specialist accommodation for older people (e.g. sheltered/Extra-care) and also the need for homes to be built to Building Regulations M4(2) any M4(3). The section studies a range of data around older persons and people with disabilities; and
- Section 7 – Private Rented Sector (PRS) – Analysis of the PRS in terms of characteristics and costs, and how this has changed over time.

1.12   In addition to the groups above, there are a number of groups suggested in the NPPF/PPG that could be considered in the analysis but are not specifically dealt with in this report. This includes:

- Students – There are a small number of student households, largely living in Kegworth, linked to the Sutton Bonington campus of Nottingham University. As of the 2011 Census there were 71 student-only households living in Kegworth. Whilst student households may have some impact on the housing market at a localised level it is not considered that the overall number of students would lead to any specific housing requirements
- Travellers who have ceased to travel – it is considered that this topic is best addressed through a Gypsy and Traveller Accommodation Assessment.

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- Caravan and Houseboat Dwellers – In March 2016, CLG published draft guidance on the need for caravans and houseboats. This is important as it essentially fills the gap in the overall need from Gypsies and Travellers to cover the full range of households who live in some form of mobile or temporary accommodation. The 2011 Census show there to be just 355 dwellings in NWL that comprised 'caravans or other mobile or temporary structures' – these were concentrated in three areas (Lockington-Hemington, Ellistown & Battleflat and Swannington). Again, whilst there may be specific localised issues, it is not considered that the overall scale of this part of the housing market is large enough to lead to any specific requirements;

- Armed Forces – There are no bases in NWL and the 2011 Census records just 82 armed forces personnel as living in households. Hence there does not appear to be any specific issue.

Introduction: Key Messages

- This report is the third of three provided to North West Leicestershire (NWL) District Council as part of a Local Housing Needs Assessment (LHNA).

- The first of the LHNA reports (Report 1) considered overall housing need, taking account a range of demographic data and also the Government's Standard Method. The report concluded that housing need under the Standard Method is for 379 dwellings per annum, but that there are a number of reasons why the Council might seek to exceed this figure (notably around economic growth and unmet needs from Leicester City).

- Subsequent to the publication of Report 1, the Council's Local Plan Committee agreed to the use of a figure of 480 dwellings per annum – this figure is taken to be 'interim' given the uncertainties around the issue of unmet need, but at the time of drafting this report the 480 figure is used as a working housing requirement.

- The second report (Report 2) focussed on population and housing characteristics for the whole District and a number of smaller sub-areas. The report contained two substantive sections, the first providing an area profile, studying a range of demographic, socio-economic and housing variables. The second report also provided a more detailed interrogation of demographic trends and projections, and developed a projection linking to dwelling provision of 480 homes per annum in the 2020-39 period (i.e. to consider the implications of the Council's working housing requirement).

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- To provide an evidence base, this report sets out a number of either linked or distinct sections to cover a range of core subject areas; the sections are summarised below:

  - Section 2 – Affordable Housing Need;
  - Section 3 – Family Households and Housing Mix;
  - Section 4 – Older People and People with Disabilities; and
  - Section 5 – Private Rented Sector (PRS).

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2.   Affordable Housing Need

Introduction

2.1   Affordable housing is defined in Annex 2 of the National Planning Policy Framework (NPPF). The NPPF definition is slightly wider than the previous NPPF definition; in particular a series of 'affordable home ownership' options are considered to be affordable housing.

2.2   A methodology is set out in Planning Practice Guidance (PPG) to look at affordable need (within the Housing and economic needs assessment guide), this is largely the same as the previous PPG method and does not really address the additional (affordable home ownership) definition. The analysis below splits between the current definition of affordable need and the additional definition, providing distinct analysis for each.

Affordable Housing Need (established definition)

2.3   The method for studying the need for affordable housing has been enshrined in Strategic Housing Market Assessment (SHMA) guidance for many years, with an established approach to look at the number of households who are unable to afford market housing (to either rent or buy). The analysis below follows the methodology and key data sources in guidance and can be summarised as:

- Current need (an estimate of the number of households who have a need now and based on a range of data modelled from local information);
- Projected newly forming households in need (based on projections developed for this project along with an affordability test to estimate numbers unable to afford the cost of market dwellings);
- Existing households falling into need (based on studying the types of households who have needed to access social/affordable rented housing and based on a study of past lettings data);
- Total gross need (the three bullet points above added together provide an indication of the gross need (the current need is divided by 19 so as to meet the need over the 2020-39 period));
- Supply of affordable housing (an estimate of the likely number of letting that will become available from the existing social housing stock – drawing on data from CoRe[2] and the Council); and
- Net affordable housing need (subtracting the supply from the gross need provides an estimate of the overall (annual) need for affordable housing).

2.4   Each of these stages is described below. In addition, much of the analysis requires an assessment of affordability. This includes looking at house prices and private rents along with estimates of local household incomes. The following sections therefore look at different aspects of the analysis.

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[2] The continuous recording of lettings and sales in social housing in England (referred to as CoRe) is a national information source that records information on the characteristics of both private registered providers and local authority new social housing tenants and the homes they rent

Local Prices and Rents

2.5   An important part of the affordable needs model is to establish the entry-level costs of housing to buy and rent. The affordable housing needs assessment compares prices and rents with the incomes of households to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having an 'affordable housing need'. For the purposes of establishing affordable housing need, the analysis focuses on overall housing costs (for all dwelling types and sizes).

2.6   Analysis below considers the entry-level costs of housing to both buy and rent across the Council area. The approach has been to analyse Land Registry and ONS data to establish lower quartile prices and rents – using a lower quartile figure is consistent with the PPG and reflects the entry-level point into the market.

2.7   Data from the Land Registry for the year to September 2019 (i.e. Q4 of 2018 and Q1-Q3 of 2019) shows estimated lower quartile property prices in the District by dwelling type. The data shows that entry-level costs to buy are estimated to start from about £106,000 for a flat and rising to £230,000 for a detached home. Looking at the lower quartile price across all dwelling types the analysis shows a lower quartile 'average' price of £159,600.

Figure 2.1: Lower quartile cost of housing to buy – year to September 2019 – NWL	
	Lower quartile price
Flat/maisonette	£106,500
Terraced	£119,300
Semi-detached	£157,700
Detached	£230,500
All dwellings	£159,600

Source: Land Registry

2.8   A similar analysis has been carried out for private rents using ONS data – this covers a 12-month period to September 2019. For the rental data, the published data looks at dwelling sizes rather than types; the analysis shows an average lower quartile cost (across all dwelling sizes) of £525 per month.

Figure 2.2: Lower Quartile Market Rents, year to September 2019 – NWL	
	Lower Quartile rent, pcm
Room only	£350
Studio	£277
1-bedroom	£399
2-bedrooms	£515
3-bedrooms	£600
4-bedrooms	£895
All properties	£525

Source: ONS

2.9   The rental figures above have been taken from ONS data; it is however of interest for this study to see how these vary by location. The table below shows an estimate of the overall lower quartile private rent in each of the sub-areas; this is based on analysis of Rightmove data on available lettings which has then been adjusted to be consistent with the data from ONS. In some areas there was no evidence of any significant supply from the Rightmove source and so the estimates have been supplemented by analysis of the relative cost of housing (looking at purchases prices) and also an understanding of the profile of stock in the private rented sector (drawn from Census data). The overall lower quartile purchase price has also been shown (drawn directly from the Land Registry source).

2.10   The analysis shows a wide variation in both prices and rents, although it should be noted that in smaller areas a best estimate has been provided. Focussing on the main settlement of Coalville, it can be seen that the 'average' lower quartile rent is estimated to be around £485 per month, slightly lower than the overall District-wide figure. House prices in Coalville are also lower than the District average. To some extent the overall averages are influenced by the mix of housing in each area, and this should be borne in mind when interpreting the figures.

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Figure 2.3: Lower Quartile Prices and Market Rents, by sub-area		
	Lower quartile price	Lower Quartile rent, pcm
Appleby Magna	£210,600	£625
Ashby Woulds	£158,200	£510
Ashby-de-la-Zouch – Blackfordby	£184,000	£595
Ashby-de-la-Zouch – Rest	£195,600	£570
Belton	£199,000	£660
Breedon on the Hill & Isley c L	£185,500	£590
Castle Donington	£175,600	£535
Charley	£382,400	£970
Chilcote & Stretton en le Field	£324,500	£920
COALVILLE	£138,000	£485
Coleorton	£299,200	£860
Ellistown & Battleflat	£128,900	£490
Heather	£167,300	£580
Hugglescote & Donington le Heath	£155,000	£525
Ibstock	£144,100	£500
Kegworth	£149,600	£515
Lockington-Hemington	£228,200	£725
Long Whatton & Diseworth	£216,700	£655
Measham	£153,000	£510
Oakthorpe & Donisthorpe	£170,600	£565
Osgathorpe	£231,400	£685
Packington & Normanton le Heath	£247,100	£695
Ravenstone with Snibstone	£163,200	£530
Swannington	£157,700	£500
Swepstone & Snarestone	£254,000	£740
THRINGSTONE	£154,200	£545
Whitwick	£142,800	£495
Worthington & Staunton Harold	£165,100	£560
Urban	£153,000	£515
Rural	£166,900	£540
All properties	£159,600	£525

Source: Internet private rental cost search and Land Registry

2.11   A household is considered able to afford market rented housing in cases where the rent payable
        would constitute no more than a particular percentage of gross income. The choice of an appropriate
        threshold is an important aspect of the analysis, CLG guidance (of 2007) suggested that 25% of
        income is a reasonable start point but also notes that a different figure could be used. Analysis of
        current letting practice suggests that letting agents typically work on a multiple of 40%. Government
        policy (through Housing Benefit payment thresholds) would also suggest a figure of 40%+
        (depending on household characteristics).

2.12   The threshold of income to be spent on housing should be set by asking the question 'what level of income is expected to be required for a household to be able to access market housing without the need for a subsidy (e.g. through Housing Benefit)?' The choice of an appropriate threshold will to some degree be arbitrary and will be linked to the cost of housing rather than income. Income levels are only relevant in determining the number (or proportion) of households who fail to meet the threshold. It would be feasible to find an area with very low incomes and therefore conclude that no households can afford housing, alternatively an area with very high incomes might show the opposite output. The key here is that local income levels are not setting the threshold, but are simply being used to assess how many can or can't afford market housing.

2.13   Rent levels in NWL are fairly average in comparison to those seen nationally (a lower quartile rent of £550 per month across England). This would suggest that a proportion of income to be spent on housing could be slightly higher than the bottom end of the range. It has been estimated that a threshold of between 25% and 30% would be appropriate (27.5% has therefore been used).

2.14   Generally, the income required to access owner-occupied housing is higher than that required to rent and so the analysis to follow is based solely on the ability to afford to access private rented housing. However, the local house prices are important when looking at the extended definition of affordable housing in the NPPF and are returned to when looking at this new definition.

Income Levels and Affordability

2.15   Following on from the assessment of local prices and rents it is important to understand local income levels as these (along with the price/rent data) will determine levels of affordability (i.e. the ability of a household to afford to buy or rent housing in the market without the need for some sort of subsidy). Data about total household income has been based on ONS modelled income estimates, with additional data from the English Housing Survey (EHS) being used to provide information about the distribution of incomes.

2.16   Drawing all of this data together an income distribution for the whole district area has been constructed for 2019. The figure below shows that around a quarter of households have incomes below £20,000 with a further third in the range of £20,000 to £40,000. Overall, the average (mean) income is estimated to be around £45,500, with a median income of £34,100; the lower quartile income of all households is estimated to be £19,800.

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Figure 2.4: Distribution of Household Income in NWL (mid-2019 estimate)
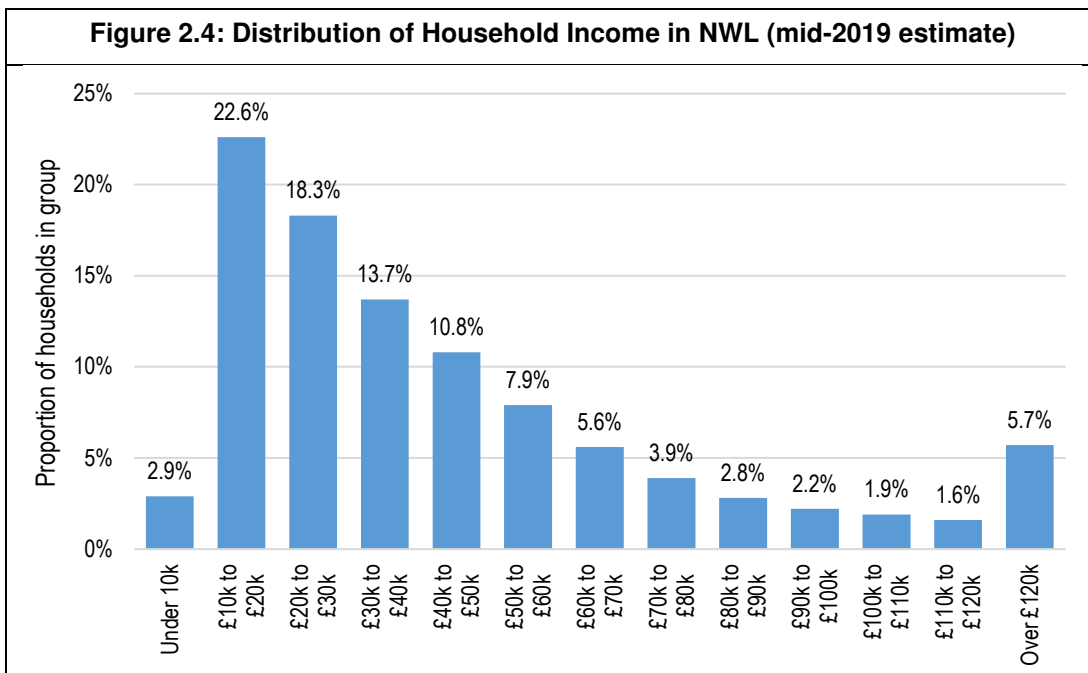
Source: Derived from EHS and ONS data

2.17   Analysis has also been undertaken to estimate how incomes vary by sub-area, with the table below showing the estimated median household income in each area. As with other analysis, some caution should be attached to figures for smaller areas. Focussing on Coalville, the average income is estimated to be around 14% lower than the overall District-wide figure.

Figure 2.5: Estimated average (median) household income by sub-area (mid-2019 estimate)		
	Median income	As a % of the District average
Appleby Magna	£42,900	126%
Ashby Woulds	£29,700	87%
Ashby-de-la-Zouch – Blackfordby	£32,500	95%
Ashby-de-la-Zouch – Rest	£39,100	115%
Belton	£44,300	130%
Breedon on the Hill & Isley c L	£46,000	135%
Castle Donington	£38,600	113%
Charley	£29,300	86%
Chilcote & Stretton en le Field	£44,900	132%
COALVILLE	£29,400	86%
Coleorton	£46,900	138%
Ellistown & Battleflat	£30,700	90%
Heather	£31,200	92%
Hugglescote & Donington le Heath	£32,100	94%
Ibstock	£29,700	87%
Kegworth	£36,400	107%
Lockington-Hemington	£40,000	117%
Long Whatton & Diseworth	£40,500	119%
Measham	£34,300	101%
Oakthorpe & Donisthorpe	£33,100	97%
Osgathorpe	£46,100	135%
Packington & Normanton le Heath	£48,000	141%
Ravenstone with Snibstone	£42,500	125%
Swannington	£43,300	127%
Swepstone & Snarestone	£42,300	124%
THRINGSTONE	£30,200	89%
Whitwick	£30,700	90%
Worthington & Staunton Harold	£46,000	135%
Urban	£32,700	95%
Rural	£36,900	107%
All households	£34,100	100%

Source: Derived from EHS and ONS data

2.18 To assess affordability, a household's ability to afford private rented housing without financial support has been studied (using a 27.5% affordability threshold as discussed). The distribution of household incomes is then used to estimate the likely proportion of households who are unable to afford to meet their needs in the private sector without support, on the basis of existing incomes. This analysis brings together the data on household incomes with the estimated incomes required to access private sector housing.

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2.19   Different affordability tests are applied to different parts of the analysis depending on the group being studied (e.g. recognising that newly forming households are likely on average to have lower incomes than existing households (this has consistently been shown to be the case in the English Housing Survey and the Survey of English Housing)). Assumptions about income levels for specific elements of the modelling are the same as in previous assessments of affordable need (such as the 2017 Leicester & Leicestershire HEDNA).

Current Affordable Housing Need

2.20   In line with PPG [2a-020], the current need for affordable housing has been based on considering the likely number of households with one or more housing problems. The table below sets out the categories in the PPG and the sources of data being used to establish numbers. The PPG also includes a category where households cannot afford to own despite it being their aspiration – this category is considered separately in this report (under the title of the additional definition of affordable housing need).

2.21   For the last two categories in the table (existing affordable housing tenants in need and households from other tenures in need) estimates have been made by linking the size of these sectors to estimates of additional needs drawn from past survey based assessments by JGC, suitably updated by reference to national sources (notably the English Housing Survey). For existing affordable tenants in need this is likely to include issues such as problems with condition/layout of the home (e.g. in relation to disabilities) whereas from other tenures there are likely to be additional issues such as potential loss of tenancy (and therefore the threat of homelessness).

Figure 2.6: Main sources for assessing the current unmet need for affordable housing		
	Source	Notes
Homeless households (and those in temporary accommodation	CLG Live Table 784	Total where a duty is owed but no accommodation has been secured PLUS the total in temporary accommodation
Households in overcrowded housing	Census table LC4108EW	Analysis undertaken by tenure and updated by reference to national changes (from the English Housing Survey (EHS))
Concealed households	Census table LC1110EW	Number of concealed families (with dependent or non-dependent children)
Existing affordable housing tenants in need	Modelled data linking to past survey analysis	Excludes overcrowded households – tenure estimates updated by reference to the EHS
Households from other tenures in need	Modelled data linking to past survey analysis	

Source: PPG [2a-020]

2.22   It should be noted that there may be some overlap between categories (such as overcrowding and concealed households, whereby the overcrowding would be remedied if the concealed household moved). The data available does not enable analysis to be undertaken to study the impact of this and so it is possible that the figures presented include a small element of double counting. Additionally, some of the concealed households may be older people who have moved back in with their families and might not be considered as in need.

2.23   The table below shows the initial estimate of the number of households within the District with a current housing need. These figures are before any consideration of affordability has been made and has been termed 'the number of households in unsuitable housing'. Overall (Figure 2.7), the analysis suggests that there are currently around 2,100 households living in unsuitable housing (or without housing) – the highest number are estimated to be in the Coalville sub-area (Figure 2.8). Figures for concealed and homeless households have been combined due to the relatively low number of homeless households in temporary accommodation identified by the assessment.

Figure 2.7: Estimated number of households living in unsuitable housing	
Category of 'need'	Households
Concealed and homeless households	334
Households in overcrowded housing	865
Existing affordable housing tenants in need	126
Households from other tenures in need	807
Total	2,132

Source: CLG Live Tables, Census (2011) and data modelling

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Figure 2.8: Estimated number of households living in unsuitable housing (by sub-area)					
	Concealed/ homeless	Over-crowded	AH tenants	Other tenures	Total
Appleby Magna	5	1	1	8	15
Ashby Woulds	15	41	7	28	91
Ashby-de-la-Zouch – Blackfordby	3	9	1	8	21
Ashby-de-la-Zouch – Rest	43	90	18	109	259
Belton	3	4	1	7	15
Breedon on the Hill & Isley c L	5	5	1	13	23
Castle Donington	25	62	7	67	161
Charley	2	1	0	4	7
Chilcote & Stretton en le Field	1	0	0	1	2
COALVILLE	82	230	37	151	500
Coleorton	4	6	1	9	19
Ellistown & Battleflat	4	26	2	24	56
Heather	6	2	1	7	16
Hugglescote & Donington le Heath	12	46	3	39	101
Ibstock	21	59	9	47	136
Kegworth	8	27	3	42	81
Lockington-Hemington	3	9	0	9	22
Long Whatton & Diseworth	9	10	1	18	39
Measham	16	87	9	48	160
Oakthorpe & Donisthorpe	6	15	4	19	45
Osgathorpe	0	1	0	3	4
Packington & Normanton le Heath	4	1	0	7	12
Ravenstone with Snibstone	10	13	2	18	43
Swannington	4	13	1	14	32
Swepstone & Snarestone	5	8	1	7	22
THRINGSTONE	6	16	5	17	44
Whitwick	28	77	8	69	182
Worthington & Staunton Harold	4	5	2	12	23
Urban	182	513	75	429	1,199
Rural	152	352	51	377	933
All households	334	865	126	807	2,132

Source: CLG Live Tables, Census (2011) and data modelling (figures may not sum due to rounding)

2.24   In taking this estimate forward, the data modelling estimates housing unsuitability by tenure. From the overall number in unsuitable housing, households living in affordable housing are excluded (as these households would release a dwelling on moving and so no net need for affordable housing will arise – this number is identified as being 417 households in the table below). The analysis also excludes 90% of owner-occupiers under the assumption (which is supported by analysis of survey data) that the vast majority will be able to afford housing once savings and equity are taken into account – this is estimated at 615 of the 683 owner-occupiers in unsuitable housing (again see table below). A final adjustment is to slightly reduce the unsuitability figures in the private rented sector to take account of student-only households – such households could technically be overcrowded/living in unsuitable housing but would be unlikely to be considered as being in affordable housing need (student households rarely qualify for affordable housing) – this adjustment reduces the initial assessment of need by around 13 households (again see table below). Once these households are removed from the analysis, the remainder are taken forward for affordability testing.

2.25   The table below shows it is estimated that there were 1,087 households living in unsuitable housing (excluding current social tenants and the majority (90%) of owner-occupiers).

Figure 2.9: Unsuitable housing by tenure and numbers to take forward into affordability modelling		
	In unsuitable housing	Number to take forward for affordability testing
Owner-occupied	683	68
Affordable housing	417	0
Private rented	697	684
No housing (homeless/concealed)	334	334
Total	2,132	1,087

Source: CLG Live Tables, Census (2011) and data modelling

2.26   The analysis above has therefore estimated that currently there are around 1,087 households living in unsuitable housing (or without housing) who might present as a need to provide additional accommodation. As noted, this figure excludes an estimate of owner-occupiers with sufficient savings/equity to afford a solution as well as current affordable housing tenants (as such households would be likely to release an affordable home for use by another household and hence no net additional units would be required). A small allowance for students is also factored into the estimate.

2.27   The figure of 1,087 does not however reflect our final estimate of the current affordable need, as it is possible that some of these households will be able to afford market housing (in the private rented sector) on the basis of their current income – an affordability test is therefore applied.

2.28   For the affordability test the income data presented previously has been used, with the distribution of incomes being adjusted to reflect a likely lower average income amongst households living in unsuitable housing. For the purposes of the modelling two income distributions have been developed – firstly to estimate incomes of households currently living in housing (which will mainly be in the private rented sector) and secondly for households without housing (i.e. concealed/homeless households).

2.29   For households with accommodation, an income distribution that reduces the level of income to 88% of the figure for all households has been used to identify the proportion of households whose needs could not be met within the market. This percentage figure has been based on a consideration of likely income levels of households who are in unsuitable housing (based mainly on estimates of incomes in the private rented sector). Given that the overall median income in the District is £34,100, it is therefore estimated that this group of households have an average (median) income of around £30,000.

2.30   For households without accommodation (concealed/homeless households) a lower figure (of 42%) has been used to apply an affordability test, this has largely been estimated by considering typical income levels of households accessing social rented housing. Again, given the median income across the District of £34,100, it is estimated that this group of households have an average (median) income of just £13,200 per annum.

2.31   These figures are considered to be best estimates, and likely to approximately reflect the differing income levels of different groups with a current housing problem. These assumptions are consistent with those used in the 2017 HEDNA.

2.32   Overall, around half of households with a current need are estimated to be likely to have insufficient income to afford market housing and so the estimate of the total current need is reduced to 529 households in the District. The table below shows how current need is estimated to vary across sub-areas.

Figure 2.10: Estimated Current Affordable Housing Need			
	In unsuitable housing (taken forward for affordability test)	% Unable to Afford Market Housing (without subsidy)	Revised Gross Need (including Affordability)
Appleby Magna	9	55.1%	5
Ashby Woulds	47	53.3%	25
Ashby-de-la-Zouch – Blackfordby	8	58.2%	5
Ashby-de-la-Zouch – Rest	142	45.7%	65
Belton	7	50.5%	4
Breedon on the Hill & Isley c L	16	40.0%	6
Castle Donington	92	42.3%	39
Charley	5	81.5%	4
Chilcote & Stretton en le Field	2	69.9%	1
COALVILLE	242	52.2%	126
Coleorton	9	60.9%	6
Ellistown & Battleflat	27	44.0%	12
Heather	10	66.7%	7
Hugglescote & Donington le Heath	56	47.7%	27
Ibstock	57	54.4%	31
Kegworth	49	39.5%	19
Lockington-Hemington	12	53.3%	7
Long Whatton & Diseworth	25	52.1%	13
Measham	82	42.4%	35
Oakthorpe & Donisthorpe	21	52.1%	11
Osgathorpe	2	35.9%	1
Packington & Normanton le Heath	7	53.8%	4
Ravenstone with Snibstone	21	44.6%	9
Swannington	16	33.0%	5
Swepstone & Snarestone	9	62.0%	6
THRINGSTONE	16	57.3%	9
Whitwick	86	51.1%	44
Worthington & Staunton Harold	11	39.3%	4
Urban	594	50.1%	298
Rural	493	46.8%	231
All households	1,087	48.7%	529

Source: CLG Live Tables, Census (2011), data modelling and affordability analysis

Newly-Forming Households

2.33   The number of newly-forming households has been estimated through demographic modelling with an affordability test also being applied. This has been undertaken by considering the changes in households in specific 5-year age bands relative to numbers in the age band below, 5 years previously, to provide an estimate of gross household formation.

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2.34   The numbers of newly-forming households are limited to households forming who are aged under 45 – this is consistent with CLG guidance (from 2007) which notes after age 45 that headship (household formation) rates 'plateau'. There may be a small number of household formations beyond age 45 (e.g. due to relationship breakdown) although the number is expected to be fairly small when compared with formation of younger households.

2.35   In looking at the likely affordability of newly-forming households, data has been drawn from previous surveys undertaken by JGC across the country. This establishes that the average income of newly-forming households is around 84% of the figure for all households. This figure is remarkably consistent across areas (and is also consistent with analysis of English Housing Survey data at a national level).

2.36   The analysis has therefore adjusted the overall household income data to reflect the lower average income for newly-forming households. The adjustments have been made by changing the distribution of income by bands such that average income level is 84% of the all household average. In doing this it is possible to calculate the proportion of households unable to afford market housing without any form of subsidy (such as LHA/HB). The assessment suggests that overall around two-fifths of newly-forming households will be unable to afford market housing (to rent) and that a total of 298 new households will have a need on average in each year to 2039.

Figure 2.11: Estimated Level of Affordable Housing Need from Newly Forming Households (per annum) – NWL			
	No. of new households	% unable to afford	Total in need
Appleby Magna	6	36.9%	2
Ashby Woulds	28	44.0%	12
Ashby-de-la-Zouch – Blackfordby	5	47.6%	2
Ashby-de-la-Zouch – Rest	105	37.0%	39
Belton	5	38.1%	2
Breedon on the Hill & Isley c L	8	31.3%	2
Castle Donington	60	34.9%	21
Charley	1	76.3%	1
Chilcote & Stretton en le Field	1	53.3%	1
COALVILLE	164	42.2%	69
Coleorton	8	47.7%	4
Ellistown & Battleflat	29	40.8%	12
Heather	5	48.2%	2
Hugglescote & Donington le Heath	38	42.2%	16
Ibstock	51	43.4%	22
Kegworth	27	35.8%	10
Lockington-Hemington	4	47.0%	2
Long Whatton & Diseworth	10	41.6%	4
Measham	39	37.7%	15
Oakthorpe & Donisthorpe	22	43.9%	10
Osgathorpe	4	37.8%	1
Packington & Normanton le Heath	7	36.9%	2
Ravenstone with Snibstone	16	30.1%	5
Swannington	8	26.5%	2
Swepstone & Snarestone	7	45.3%	3
THRINGSTONE	15	46.5%	7
Whitwick	59	41.6%	25
Worthington & Staunton Harold	13	29.0%	4
Urban	428	41.4%	177
Rural	318	38.1%	121
All households	746	40.0%	298

Source: Projection Modelling/affordability analysis

Existing Households Falling into Affordable Housing Need

2.37   The second element of newly arising need is existing households falling into need. To assess this, information about past lettings in social/affordable rented has been used. The assessment looked at households who have been housed in general need housing over the past three years – this group will represent the flow of households onto the Housing Register over this period. The CoRe data is only district-wide with a sub-area breakdown being estimated using information about the stock of housing in each area.

2.38   From this newly forming households (e.g. those currently living with family) have been discounted as well as households who have transferred from another social/affordable rented property (as such households do not generate additional needs given that they free-up a home for the use of another household). An affordability test has also been applied.

2.39   This method for assessing existing households falling into need is consistent with the 2007 SHMA guide which says on page 46 that *'Partnerships should estimate the number of existing households falling into need each year by looking at recent trends. This should include households who have entered the housing register and been housed within the year as well as households housed outside of the register (such as priority homeless household applicants)'*.

2.40   Following the analysis through suggests a need arising from 129 existing households each year from 2020 to 2039.

Figure 2.12: Estimated Level of Affordable Housing Need from Existing Households falling into need (per annum) – NWL		
	Total additional need	% of total
Appleby Magna	1	0.9%
Ashby Woulds	8	6.2%
Ashby-de-la-Zouch – Blackfordby	1	0.8%
Ashby-de-la-Zouch – Rest	17	13.5%
Belton	1	0.8%
Breedon on the Hill & Isley c L	1	0.5%
Castle Donington	7	5.2%
Charley	0	0.1%
Chilcote & Stretton en le Field	0	0.0%
COALVILLE	39	30.1%
Coleorton	1	0.7%
Ellistown & Battleflat	2	1.6%
Heather	1	0.5%
Hugglescote & Donington le Heath	3	2.6%
Ibstock	10	7.5%
Kegworth	3	2.3%
Lockington-Hemington	1	0.4%
Long Whatton & Diseworth	1	1.0%
Measham	9	6.8%
Oakthorpe & Donisthorpe	4	3.3%
Osgathorpe	0	0.3%
Packington & Normanton le Heath	0	0.3%
Ravenstone with Snibstone	2	1.3%
Swannington	1	0.6%
Swepstone & Snarestone	1	0.9%
THRINGSTONE	5	4.0%
Whitwick	8	6.6%
Worthington & Staunton Harold	1	1.1%
Urban	78	60.5%
Rural	51	39.5%
All households	129	100.0%

Source: CoRe/affordability analysis

Supply of Social/Affordable Rented Housing

2.41   The future supply of affordable housing is the flow of affordable housing arising from the existing stock that is available to meet future need. This focusses on the annual supply of social/affordable rent relets. There will also be some resales of intermediate housing (e.g. shared ownership) – this supply is considered when looking at the need for affordable home ownership products later in this section.

2.42   The Practice Guidance suggests that the estimate of likely future relets from the social rented stock should be based on past trend data which can be taken as a prediction for the future. Information from CoRe and Local Authority Housing Statistics (LAHS) has been used to establish past patterns of social housing turnover. The figures are for general needs lettings but exclude lettings of new properties and also exclude an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock.

2.43   On the basis of past trend data is has been estimated that 265 units of general needs social/affordable rented housing are likely to become available each year moving forward. The table below shows the estimated supply of affordable housing from relets in each sub-area. The sub-area figures have been based on the size of the stock in each sub-area as of 2011 (Census data).

Figure 2.13: Estimated supply of general need social/affordable rented housing from relets of existing stock by sub-area (per annum)		
	Annual supply	% of supply
Appleby Magna	2	0.9%
Ashby Woulds	16	5.9%
Ashby-de-la-Zouch – Blackfordby	2	0.8%
Ashby-de-la-Zouch – Rest	38	14.1%
Belton	2	0.8%
Breedon on the Hill & Isley c L	1	0.5%
Castle Donington	15	5.7%
Charley	0	0.1%
Chilcote & Stretton en le Field	0	0.0%
COALVILLE	78	29.3%
Coleorton	2	0.7%
Ellistown & Battleflat	4	1.6%
Heather	1	0.5%
Hugglescote & Donington le Heath	7	2.5%
Ibstock	19	7.2%
Kegworth	7	2.5%
Lockington-Hemington	1	0.4%
Long Whatton & Diseworth	3	1.0%
Measham	19	7.0%
Oakthorpe & Donisthorpe	8	3.2%
Osgathorpe	1	0.3%
Packington & Normanton le Heath	1	0.3%
Ravenstone with Snibstone	4	1.6%
Swannington	2	0.8%
Swepstone & Snarestone	2	0.9%
THRINGSTONE	10	3.7%
Whitwick	17	6.4%
Worthington & Staunton Harold	3	1.3%
Urban	157	59.3%
Rural	108	40.7%
Total	265	100.0%

Source: CoRe/Census (2011)

2.44   The PPG model also includes the bringing back of vacant homes into use and the pipeline of affordable housing as part of the supply calculation. These have however not been included within the modelling in this report. Firstly, there is no evidence of any substantial stock of vacant homes (over and above a level that might be expected to allow movement in the stock) – as of 2018, CLG data shows 92 vacant social rented homes in the District (less than 2% of the total stock). Secondly, with the pipeline supply, it is not considered appropriate to include this as to net off new housing would be to fail to show the full extent of the need, although in monitoring it will be important to net off these dwellings as they are completed.

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Net Affordable Housing Need

2.45   The table below shows the overall calculation of affordable housing need. This excludes supply arising from sites with planning consent (the 'development pipeline'). The analysis shows that there is a need for 190 dwellings per annum to be provided – a total of 3,600 over the 19-year period (2020-39). The net need is calculated as follows:

Net Need = Current Need + Need from Newly-Forming Households + Existing Households falling into Need – Supply of Affordable Housing

	Figure 2.14: Estimated Need for Affordable Housing – NWL			
		Per annum	2020-39	Source
A	Current need	28	529	Fig. 2.10
B	Newly forming households	298	5,669	Fig. 2.11
C	Existing households falling into need	129	2,450	Fig. 2.12
D=A+B+C	Total Gross Need	455	8,649	-
E	Re-let Supply	265	5,043	Fig. 2.13
D-E	Net Need	190	3,605	-

Source: Census (2011)/CoRe/Projection Modelling and affordability analysis

2.46   The table below shows the annualised information for individual sub-areas. The analysis shows a need for additional affordable housing in all parts of the District, with the highest figure being seen in Coalville, followed by Ashby-de-la-Zouch (excluding Blackfordby) and Whitwick. It should be noted that some areas are quite small in population/household terms and therefore individual per annum cells can also be small (with all numbers rounded to the nearest whole number). A final column has therefore been added to show what the need would be if annual figures are multiplied by 19 to provide a figure for 2020-39.

Figure 2.15: Estimated Need for Affordable Housing by sub-area (per annum apart from final column)							
	Current need	Newly forming households	Existing households falling into need	Total Gross Need	Relet Supply	Net Need	Net need (2020-39)
Appleby Magna	0	2	1	4	2	1	22
Ashby Woulds	2	12	8	22	16	6	115
Ashby-de-la-Zouch – Blackfordby	0	2	1	4	2	2	33
Ashby-de-la-Zouch – Rest	4	39	17	60	38	23	423
Belton	0	2	1	3	2	1	18
Breedon on the Hill & Isley c L	0	2	1	3	1	2	38
Castle Donington	2	21	7	30	15	15	280
Charley	0	1	0	1	0	1	17
Chilcote & Stretton en le Field	0	1	0	1	0	1	15
COALVILLE	8	69	39	116	78	38	703
Coleorton	0	4	1	5	2	3	64
Ellistown & Battleflat	1	12	2	15	4	10	193
Heather	0	2	1	3	1	2	41
Hugglescote & Donington le Heath	2	16	3	21	7	14	268
Ibstock	2	22	10	34	19	15	270
Kegworth	1	10	3	14	7	7	134
Lockington-Hemington	0	2	1	3	1	2	30
Long Whatton & Diseworth	1	4	1	6	3	4	67
Measham	2	15	9	26	19	7	126
Oakthorpe & Donisthorpe	1	10	4	15	8	6	117
Osgathorpe	0	1	0	2	1	1	18
Packington & Normanton le Heath	0	2	0	3	1	2	44
Ravenstone with Snibstone	1	5	2	7	4	3	56
Swannington	0	2	1	3	2	1	19
Swepstone & Snarestone	0	3	1	5	2	2	41
THRINGSTONE	1	7	5	13	10	3	53
Whitwick	3	25	8	36	17	19	350
Worthington & Staunton Harold	0	4	1	5	3	2	38
Urban	19	177	78	274	157	117	2,162
Rural	14	121	51	186	108	78	1,443
Coalville Urban area	11	117	56	184	111	72	1,374
Rest of District	17	181	73	271	154	117	2,232
Total	33	298	129	460	265	195	3,605

Source: Census (2011)/CoRe/Projection Modelling and affordability analysis (cells may not sum due to rounding)

Comparison with Previous Assessment

2.47   The last full assessment of affordable need was undertaken as part of the 2017 HEDNA. This followed broadly the same methodology as this report and below is a comparison of the findings. The analysis would suggest that affordable needs have dropped very slightly over time, with the main difference being due to a reduced estimate of relet supply. This finding will in part be due to this assessment only looking at the supply of general needs housing – supported housing is considered in more detail when looking at the needs of older person households.

2.48   Overall, the estimated net need changing from 199 dwellings per annum to 190 per annum is not considered to be a substantial change (given that the figure is a net figure based on two much larger numbers). Both studies clearly demonstrate a need to provide additional affordable housing in NWL where opportunities arise.

Figure 2.16: Estimated Need for Affordable Housing – NWL – comparing this study with 2017 HEDNA		
	This study	2017 HEDNA
Current need	28	24
Newly forming households	298	298
Existing households falling into need	129	174
Total Gross Need	455	496
Relet Supply	265	297
Net Need	190	199

Source: This study and 2017 HEDNA (Table 39)

How Much Should Affordable (rented) Housing Cost?

2.49   The analysis above has studied the overall need for affordable housing using a well-established model. This model focusses on households who cannot afford to rent in the market. These households are therefore most likely to have a need for rented housing and below is an analysis that sets out what might be an affordable rent for different sizes of accommodation (in different locations) based on local incomes and housing costs.

2.50   The analysis essentially considers what might be a 'Living Rent'. These calculations are based on research by JRF/Savills[3] and use the following methodology:

- Annual Survey of Hours and Earnings (ASHE) lower quartile earnings;
- Adjustment for property size by recognised equivalence model; and
- Starting rent set at 28% of net earnings
- Rent set at Local Housing Allowance (LHA) limits where calculations show a higher figure

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http://pdf.savills.com/documents/Living%20Rents%20Final%20Report%20June%202015%20-%20with%20links%20-%2019%2006%20 2015.pdf

2.51   Across the whole of the District, the analysis shows rents starting at about £330 for a 1-bedroom home and rising to £520 for homes with 3-bedrooms. The analysis also provides indicative figures for the sub-areas. These figures have been based on using the overall estimated income in each area adjusted to the ASHE data, a further adjustment is then made on the assumption that there is less variance in the range of incomes of lower paid jobs than the range of overall household income.

2.52   Generally, the suggested Living Rents are similar to or slightly lower than the relevant LHA (second table below) – albeit slightly higher for 3-bedroom homes and potentially for 1- and 2-bedroom homes in some locations. As a general principle it is not considered sensible to charge a rent in excess of LHA limits, as this would mean households having to top up their rent from other income sources. Therefore, the suggested Living Rents should be treated as indicative, with lower rent being appropriate where the LHA level is lower than the calculated figure.

Figure 2.17: Living rents (per month) – 2019-based			
	1-bedroom	2-bedroom	3-bedrooms
Appleby Magna	£365	£476	£585
Ashby Woulds	£304	£395	£486
Ashby-de-la-Zouch – Blackfordby	£317	£412	£507
Ashby-de-la-Zouch – Rest	£348	£452	£556
Belton	£373	£484	£596
Breedon on the Hill & Isley c L	£381	£495	£609
Castle Donington	£346	£450	£554
Charley	£301	£392	£483
Chilcote & Stretton en le Field	£375	£488	£601
COALVILLE	£302	£393	£483
Coleorton	£384	£500	£615
Ellistown & Battleflat	£308	£401	£494
Heather	£311	£404	£498
Hugglescote & Donington le Heath	£315	£409	£504
Ibstock	£303	£394	£486
Kegworth	£336	£436	£536
Lockington-Hemington	£352	£458	£564
Long Whatton & Diseworth	£355	£461	£567
Measham	£326	£423	£521
Oakthorpe & Donisthorpe	£319	£415	£511
Osgathorpe	£381	£496	£610
Packington & Normanton le Heath	£390	£507	£624
Ravenstone with Snibstone	£364	£473	£583
Swannington	£368	£479	£589
Swepstone & Snarestone	£363	£472	£581
THRINGSTONE	£306	£398	£489
Whitwick	£308	£401	£493
Worthington & Staunton Harold	£380	£495	£609
Urban	£318	£412	£508
Rural	£337	£439	£540
NWL	£327	£424	£523

Source: ASHE and Living Rents methodology

2.53   The table below shows LHA limits in the three Broad Rental Market Areas (BRMAs) covering NWL and as noted there is a case for ensuring that rents are capped at the maximum amount of benefit able to be claimed. The issue of LHA limits should be a key consideration when setting rent levels for any new developments.

Figure 2.18: Maximum Local Housing Allowance (Housing Benefit) by location and property size (February 2020)			
	1-bedroom	2-bedroom	3-bedrooms
Derby	£367	£449	£510
Eastern Staffordshire	£364	£449	£536
Leicester	£374	£474	£565

Source: Valuation Office Agency

2.54   It should also be noted that the Living Rents shown by the analysis in this report look to be similar to local social rents. Data from CoRe (for the 2017/18 period) puts the average social rent in NWL at about £84 per week (£365 per month). Over the same period the average affordable rent cost £436 per month. Whilst affordable rents are clearly cheaper than the market (lower quartile month rent of £525 in this assessment) it is the case that social rents look to be better matched with the affordability of lower earning working households. The analysis would therefore support provision of additional homes at both social and affordable rents.

Affordable Housing – Expanded NPPF Definition

2.55   Using the previously established method to look at affordable need, it was estimated that there is a need for around 190 units per annum – this is for subsidised housing at a cost below that to access the private rented sector (i.e. for households unable to access any form of market housing without some form of subsidy). It would be expected that this housing would be delivered primarily as social/affordable rented housing.

2.56   The new NPPF introduces a new category of household in affordable housing need and widens the definition of affordable housing (as found in the NPPF – Annex 2). It is considered that households falling into the definition would be suitable for products such as shared ownership, Starter Homes or Discounted market sales housing, although other forms of affordable home ownership might also be appropriate.

2.57   This section considers the level of need for these types of dwellings in NWL. The NPPF states *"Where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership, unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups."* (NPPF, para 64).

Establishing a Need for Affordable Home Ownership

2.58   The Planning Policy Guidance of February 2019 confirms a widening definition of those to be considered as in affordable need; now including *'households which can afford to rent in the private rental market, but cannot afford to buy despite a preference for owning their own home'*. However, at the time of writing, there is no guidance about how the number of such households should be measured.

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2.59   The methodology used in this report therefore draws on the current method, and includes an assessment of current needs and projected need (newly forming and existing households). The key difference is that in looking at affordability an estimate of the number of households in the 'gap' between buying and renting is used. There is also the issue of establishing an estimate of the supply of affordable home ownership homes – this is considered separately below.

2.60   The first part of the analysis seeks to understand what the gap between renting and buying actually means in NWL – in particular establishing the typical incomes that might be required.

2.61   Just by looking at the relative costs of housing to buy and to rent it is clear that there will be households in NWL who can currently rent but who may be unable to buy. In the year to September 2019, the 'average' lower quartile private rent is shown by ONS to cost £525 a month (Figure 2.2), assuming a household spends no more than 27.5% of income on housing, this would equate to an income requirement of about £22,900. For the same period, Land Registry data records a lower quartile price in the District of about £159,600 (Figure 2.1), which (assuming a 10% deposit and 4 times mortgage multiple) would equate to an income requirement of around £35,900.

2.62   Therefore, on the basis of these costings, it is reasonable to suggest that affordable home ownership products would be pitched at households with an income between £22,900 (i.e. able to afford to privately rent) and £35,900 (the figure above which a household might reasonably be able to buy).

2.63   Additionally, it should be noted that there will be differences across sub-areas, as the pricing of homes does differ across areas. The table below shows an estimate of the typical income likely to be needed to buy and rent privately in each of the sub-areas. In all areas the income required to buy is higher than to rent although the gap between the income requirements does vary, being lowest in Ellistown & Battleflat and much higher in some of the more rural locations.

Figure 2.19: Estimated income required for different market tenures by sub-area		
	Lower quartile price	Lower Quartile rent
Appleby Magna	£47,400	£27,200
Ashby Woulds	£35,600	£22,200
Ashby-de-la-Zouch – Blackfordby	£41,400	£26,000
Ashby-de-la-Zouch – Rest	£44,000	£24,900
Belton	£44,800	£28,900
Breedon on the Hill & Isley c L	£41,700	£25,700
Castle Donington	£39,500	£23,400
Charley	£86,000	£42,400
Chilcote & Stretton en le Field	£73,000	£40,200
COALVILLE	£31,000	£21,100
Coleorton	£67,300	£37,600
Ellistown & Battleflat	£29,000	£21,300
Heather	£37,600	£25,300
Hugglescote & Donington le Heath	£34,900	£23,000
Ibstock	£32,400	£21,800
Kegworth	£33,700	£22,500
Lockington-Hemington	£51,300	£31,700
Long Whatton & Diseworth	£48,800	£28,600
Measham	£34,400	£22,200
Oakthorpe & Donisthorpe	£38,400	£24,600
Osgathorpe	£52,100	£29,900
Packington & Normanton le Heath	£55,600	£30,400
Ravenstone with Snibstone	£36,700	£23,100
Swannington	£35,500	£21,800
Swepstone & Snarestone	£57,100	£32,400
THRINGSTONE	£34,700	£23,700
Whitwick	£32,100	£21,700
Worthington & Staunton Harold	£37,100	£24,400
Urban	£34,400	£22,400
Rural	£37,500	£23,500
All properties	£35,900	£22,900

Source: Internet private rental cost search and Land Registry

2.64   Using the income distributions developed for use in the previous analysis of affordable housing need it has been estimated that of all households living in the private rented sector, around 41% already have sufficient income to buy a lower quartile home, with 22% falling in the rent/buy gap. The final 37% are estimated to have an income below which they cannot afford to rent privately. These figures have been built up from sub-areas, with data suggesting a range of between 15% (Ellistown & Battleflat) and 28% (in a number of the higher priced rural areas) of households in the private rented sector as sitting in the rent/buy gap.

2.65   These figures have been based on an assumption that incomes in the private rented sector are around 88% of the equivalent figure for all households (a proportion derived from the English Housing Survey) and are used as it is clear that affordable home ownership products are likely to be targeted at households living in or who might be expected to access this sector (e.g. newly forming households).

2.66   The findings show that a significant proportion of households (41%) in the private rented sector are likely to have an income that would allow them to buy a home is also noteworthy and suggests that for many households, barriers to accessing owner-occupation are less about income/the cost of housing and more about other factors (which could for example include the lack of a deposit or difficulties obtaining a mortgage (for example due to a poor credit rating or insecure employment)).

2.67   To study current need, an estimate of the number of households living in the private rented sector (PRS) has been established, along with the same (rent/buy gap) affordability test described above. The start point is the number of households living in private rented accommodation; as of the 2011 Census there were some 4,411 households living in the sector. Data from the Survey of English Housing (EHS) suggests that since 2011, the number of households in the PRS has risen by about 22% - if the same proportion is relevant to NWL then the number of households in the sector would now be around 5,400.

2.68   Additional data from the EHS suggests that 60% of all PRS households expect to become an owner at some point (3,200 households if applied to NWL) and of these some 25% (800 households) would expect this to happen in the next 2-years. The figure of 800 is therefore taken as the number of households potentially with a current need for affordable home ownership before any affordability testing.

2.69   As noted above, on the basis of income it is estimated that around 22% of the private rented sector sit in the gap between renting and buying; applying this proportion to the 800 figure would suggest a current need for around 174 affordable home ownership products (9 per annum if annualised over a 19-year period).

2.70   In projecting forward, the analysis can consider newly forming households and also the remaining existing households who expect to become owners further into the future. Applying the same affordability test (albeit on a very slightly different income assumption for newly forming households) suggests an annual need from these two groups of around 187 dwellings (160 from newly forming households and 27 from existing households in the private rented sector).

2.71   Bringing together all of this analysis suggests that there is a need for around 197 affordable home ownership homes (priced for households able to afford to rent but not buy) per annum in the 2020-39 period. The table below shows the sub-areas where these 'needs' are expected to arise – this suggests the highest need in Ashby-de-la-Zouch – Rest and Coalville.

Figure 2.20: Estimated Gross Need for Affordable Home Ownership by sub-area					
	Current need		Newly forming households	Existing households falling into need	Total Gross Need (per annum)	Total Gross Need (2020-39)
	Total	Per annum				
Appleby Magna	1	0	2	0	2	36
Ashby Woulds	6	0	6	1	8	147
Ashby-de-la-Zouch – Blackfordby	1	0	1	0	1	25
Ashby-de-la-Zouch – Rest	30	2	28	5	35	661
Belton	1	0	1	0	1	26
Breedon on the Hill & Isley c L	4	0	2	1	3	49
Castle Donington	19	1	15	3	19	361
Charley	1	0	0	0	0	7
Chilcote & Stretton en le Field	0	0	0	0	0	8
COALVILLE	30	2	31	5	37	711
Coleorton	2	0	2	0	3	51
Ellistown & Battleflat	4	0	4	1	5	98
Heather	1	0	1	0	1	23
Hugglescote & Donington le Heath	7	0	8	1	9	175
Ibstock	8	0	10	1	11	216
Kegworth	10	1	5	2	7	138
Lockington-Hemington	2	0	1	0	1	26
Long Whatton & Diseworth	5	0	3	1	4	69
Measham	12	1	8	2	11	204
Oakthorpe & Donisthorpe	4	0	5	1	6	106
Osgathorpe	1	0	1	0	1	21
Packington & Normanton le Heath	1	0	2	0	2	40
Ravenstone with Snibstone	3	0	3	1	4	79
Swannington	4	0	2	1	2	47
Swepstone & Snarestone	2	0	2	0	2	41
THRINGSTONE	2	0	3	0	3	61
Whitwick	11	1	11	2	14	258
Worthington & Staunton Harold	2	0	3	0	3	56
Urban	87	5	89	14	107	2,038
Rural	86	5	71	14	90	1,705
Coalville Urban area	50	3	53	8	63	1,206
Rest of District	124	7	108	20	134	2,537
Total	174	9	160	27	197	3,743

Source: Census (2011)/Projection Modelling and affordability analysis

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Potential Supply of Housing to Meet the Affordable Home Ownership Need

2.72   As with assessing the need for affordable home ownership, it is the case that at present the PPG does not include any suggestions about how the supply of housing to meet these needs should be calculated. The analysis below therefore provides a general discussion.

2.73   As noted previously, the lower quartile cost of a home to buy in NWL is around £159,600. By definition, a quarter of all homes sold (noting that the data is for the year to September 2019) will be priced at or below this level. According to the Land Registry source, there were a total of 2,059 sales in this period and therefore around 515 would be priced below the lower quartile. This is 515 homes that would potentially be affordable to the target group for affordable home ownership products and is a potential supply that is clearly in excess of the level of need calculated.

2.74   An alternative way to look at the supply is to estimate how much housing is available at an equivalent price (in income terms) to accessing the private rented sector. If the rental figure is worked backwards into an equivalent purchase price, then this gives an affordable price to buy of about £101,800 (calculated as (22,900×4)÷0.9). Any home sold at a price at or below £101,800 would (in income terms) be available to all households currently in the rent/buy gap. In the year to September 2019 there were 62 sales in NWL at or below £101,800, a figure which is somewhat lower than the estimated level of need.

2.75   These figures will however vary by sub-area, as pricing is very different across locations. The table below shows an estimate of the number of homes sold at below lower quartile in each area and also the numbers sold at a price equivalent to accessing the private rented sector. It should be noted that the figures do not add up to the totals shown above, as the former figures were calculated on the basis of District-wide data. For information, the table below also shows the estimated gross need previously calculated, although given the uncertainties about how to look at supply, no net need figure is offered.

2.76   The analysis shows in most areas that the potential supply is either higher or lower than the estimated need (depending on the definition used). This would suggest that the need for affordable home ownership products is not clear-cut; there is clearly a potential need, but there is also potentially a notable supply of homes in the relevant price bracket.

2.77   These figures should be used to demonstrate the scale of potential supply for households in the rent/buy gap and it should be noted that this stock is not necessarily available to those households in need (i.e. market housing is not allocated and so theoretically all of the sales could go to households who could afford a more expensive home or potentially to investment buyers). There may also be issues with the quality of the stock at the very bottom end of the market. That said there is clearly a reasonable level of stock that is potentially affordable to those households falling into the Government's revised definition of affordable housing need.

Figure 2.21: Estimated potential supply of homes to meet the need for affordable home ownership			
	Annual supply of homes priced below lower quartile	Annual supply of homes priced at an equivalent level to private renting	Estimated gross (annual) need for affordable home ownership (per annum)
Appleby Magna	8	0	2
Ashby Woulds	21	1	8
Ashby-de-la-Zouch – Blackfordby	9	0	1
Ashby-de-la-Zouch – Rest	89	9	35
Belton	3	0	1
Breedon on the Hill & Isley c L	5	1	3
Castle Donington	30	0	19
Charley	0	0	0
Chilcote & Stretton en le Field	1	1	0
COALVILLE	79	10	37
Coleorton	3	1	3
Ellistown & Battleflat	11	0	5
Heather	5	0	1
Hugglescote & Donington le Heath	55	6	9
Ibstock	39	7	11
Kegworth	21	6	7
Lockington-Hemington	3	0	1
Long Whatton & Diseworth	8	1	4
Measham	29	4	11
Oakthorpe & Donisthorpe	19	4	6
Osgathorpe	2	0	1
Packington & Normanton le Heath	6	1	2
Ravenstone with Snibstone	14	1	4
Swannington	8	0	2
Swepstone & Snarestone	2	0	2
THRINGSTONE	10	0	3
Whitwick	32	4	14
Worthington & Staunton Harold	6	0	3
Urban	278	29	107
Rural	237	31	90
Coalville Urban area	176	20	63
Rest of District	339	42	134
Total	515	62	197

Source: Supply estimates from Land Registry

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2.78   In addition to supply of lower cost housing coming through resales in the open market, there will potentially be some resales of intermediate housing (such as shared ownership). Data from CoRe suggests that between 2015 and 2018 there were only 9 resales in NWL (an average of 3 per annum). As this is not a substantial supply, it has not been considered in the analysis and does not impact on the conclusions.

Implications of the Analysis

2.79   Given the analysis above, it would be reasonable to conclude that there is no need to provide housing under the new definition of 'affordable home ownership' – whilst there are clearly some households in the gap between renting and buying, there is also a potential supply of homes within the existing stock that can make a contribution to this need.

2.80   However, it does seem that there are many households in NWL who are being excluded from the owner-occupied sector (including in those areas where the cost of housing is lowest). This can be seen by analysis of tenure change, which saw the number of households living in private rented accommodation increasing by 128% from 2001 to 2011 (with the likelihood that there have been further increases since). Over the same period, the number of owners with a mortgage dropped slightly (by 3%).

2.81   On this basis, and as previously noted, it seems likely in NWL that access to owner-occupation is being restricted by access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially some mortgage restrictions (e.g. where employment is temporary) rather than simply being due to the cost of housing to buy.

2.82   Hence, whilst the NPPF gives a clear direction that 10% of all new housing (on larger sites) should be for affordable home ownership, it is not clear that this is the best solution in the District. The NPPF does provide some examples of where the 10% might not be required (paragraph 64), most notably that the 10% would be expected unless this would *'significantly prejudice the ability to meet the identified affordable housing needs of specific groups'*. In NWL, the clear need for additional rented housing would arguably mean that providing the affordable home ownership would 'prejudice the ability' to meet the needs of the 'specific group' requiring rented accommodation.

2.83   If seeking the 10%, it may be more appropriate for the Council to seek for an element of the 10% of housing to be made available with some initial upfront capital payment (such as a deposit contribution), as well as a discount to Open Market Value (OMV) – analysis below provides an indication of the sort of purchase prices that might be considered as affordable. Such a payment could cover the deposit and other initial costs and would potentially need to be protected in some way so that the money is not lost if a household chooses to sell their property (i.e. to ensure that any subsidy is held in perpetuity). This would still be targeted at the same group of households (likely to mainly be those currently privately renting but who would like to buy). If this could be achieved, then it may be reasonable for up to 10% of homes to fall into the affordable home ownership category.

2.84   Schemes such as Help-to-Buy could form part of such a package (i.e. to provide part of the initial deposit) although homes bought with Help-to-Buy are not to be considered as affordable housing unless the initial purchase price is discounted to a genuinely affordable level.

2.85   If the Council does seek to provide 10% of housing as affordable home ownership, then it is likely that shared ownership is the most appropriate option. This is due to the lower deposit requirements and lower overall costs (given that the rent would also be subsidised). In promoting shared ownership, the Council should consider the equity share and also the overall cost once the rent and any service charges are included – this will be necessary to ensure that such homes are meeting the target group of households (i.e. those with an income in the gap between renting and buying).

2.86   It may be that equity shares as low as 25% would be needed to make shared ownership affordable (although this does have the additional advantage of a lower deposit), given that such homes would need to use Open Market Value as a start point. This is something that should be monitored on a case by case basis and could vary by location and property type/size.

2.87   Overall, the evidence suggests there is no basis to increase the provision of affordable home ownership above the 10% figure currently suggested in the NPPF, and that in addition to 10% of affordable home ownership (or some alternative measure such as capital payments), the Council should be seeking to provide additional social/affordable rented housing. Such housing is cheaper than that available in the open market and can be accessed by many more households (some of whom may be supported by benefit payments).

2.88   Overall therefore, it seems reasonable to suggest that the Council could consider seeking 10% of all housing (on larger sites) to be affordable home ownership (as set out in the NPPF), although consideration will need to be given to the tenure of such housing, levels of discounts and other options (such as relating to deposits). However, given that the main analysis of affordable need also showed a notable level of need, and one involving households who cannot afford anything in the market without subsidy, it is not considered that there is any basis to increase the provision of affordable home ownership above the 10% figure.

2.89   It should also be noted that the finding of a 'need' for affordable home ownership does not have any impact on the overall need for housing. As is clear from both the NPPF and draft PPG, the additional group of households in need is simply a case of seeking to move households from one tenure to another (in this case from private renting to owner-occupation); there is therefore no net change in the total number of households or the number of homes required.

How Much Should Affordable Home Ownership Homes Cost?

2.90   The analysis and discussion above suggests that there are a number of households likely to fall under the new PPG definition of affordable housing need (i.e. in the gap between renting and buying) but that the potential supply of housing to buy makes it difficult to fully quantify this need. However, given the NPPF, it seems likely that the Council will need to seek 10% of additional homes on larger sites as some form of home ownership.

2.91   This report recommends shared ownership as the most appropriate form of affordable home ownership and also encourages consideration of other packages such as providing support for deposits. However, it is possible that some housing would come forward as other forms of housing such as Starter Homes or discounted market sale. If this is the case, it will be important for the Council to ensure that such homes are sold at a price that is genuinely affordable for the intended target group.

2.92   On this basis, it is worth discussing what sort of costs affordable home ownership properties should be sold for. The Annex 2 (NPPF) definitions suggest that such housing should be made available at a discount of at least 20% from Open Market Value (OMV). The problem with having a percentage discount is that it is possible in some locations or types of property that such a discount still means that housing is more expensive than that typically available in the open market.

2.93   The preferred approach in this report is to set out a series of affordable purchase costs for different sizes of accommodation. These are based on looking at the income required to access the private rented sector and then estimating what property price this level of income might support (assuming a 10% deposit and a 4 times mortgage multiple). Below is an example of a calculation based on a 2-bedroom home:

   •   Previous analysis has shown that the lower quartile rent for a 2-bedroom home in the District is £515 per month;
   •   On the basis of a household spending no more than 27.5% of their income on housing, a household would need an income of £1,873 per month to afford (515/0.275) or £22,500 per annum (rounded);
   •   With an income of £22,500, it is estimated that a household could afford to buy a home for around £100,000. This is based on assuming a 10% deposit and a four times mortgage multiple – calculated as 22,500*4/0.9;

2.94   Therefore, it is suggested that for a 2-bedroom affordable home ownership property to be affordable to households able to rent but not buy it should be priced at £100,000. This sale price will meet the needs of all households in the gap between buying and renting. Setting higher prices would mean that such housing would not be available to many households for whom the Government is seeking to provide an 'affordable' option.

2.95   The table below therefore sets out a suggested purchase price for affordable home ownership in the District. As noted, the figures are based on trying to roughly equate a sale price with an equivalent access point to the private rental market. This shows a one-bedroom home 'affordable' price of about £77,000 rising to over £174,000 for homes with 4 or more bedrooms. These figures can be monitored and updated every six months by reference to ONS data (at a District level). The table also shows indicative figures for sub-areas, these should be treated with some caution in those locations that have a relatively small base of population and dwellings.

Figure 2.22: Affordable home ownership prices (aligned with cost of accessing private rented sector) – data for year to September 2019				
	1-bedroom	2-bedroom	3-bedroom	4+-bedroom
Appleby Magna	£92,000	£118,700	£138,000	£206,300
Ashby Woulds	£74,800	£96,600	£112,500	£167,900
Ashby-de-la-Zouch – Blackfordby	£88,000	£113,500	£132,300	£197,300
Ashby-de-la-Zouch – Rest	£84,200	£108,700	£126,700	£188,900
Belton	£97,500	£125,900	£146,600	£218,700
Breedon on the Hill & Isley c L	£86,700	£111,900	£130,400	£194,600
Castle Donington	£79,000	£102,000	£118,900	£177,300
Charley	£143,200	£184,900	£215,400	£321,600
Chilcote & Stretton en le Field	£135,900	£175,400	£204,400	£304,900
COALVILLE	£71,100	£91,800	£106,900	£159,500
Coleorton	£127,100	£164,000	£191,100	£285,100
Ellistown & Battleflat	£72,100	£93,100	£108,400	£161,700
Heather	£85,500	£110,300	£128,500	£191,700
Hugglescote & Donington le Heath	£77,600	£100,100	£116,700	£174,000
Ibstock	£73,700	£95,100	£110,800	£165,200
Kegworth	£76,100	£98,300	£114,500	£170,800
Lockington-Hemington	£107,100	£138,200	£161,000	£240,100
Long Whatton & Diseworth	£96,700	£124,800	£145,400	£216,900
Measham	£74,900	£96,600	£112,600	£167,900
Oakthorpe & Donisthorpe	£83,000	£107,100	£124,800	£186,200
Osgathorpe	£101,000	£130,400	£151,900	£226,600
Packington & Normanton le Heath	£102,700	£132,600	£154,500	£230,500
Ravenstone with Snibstone	£78,100	£100,900	£117,500	£175,300
Swannington	£73,500	£94,900	£110,600	£165,000
Swepstone & Snarestone	£109,300	£141,100	£164,400	£245,200
THRINGSTONE	£80,000	£103,300	£120,300	£179,500
Whitwick	£73,200	£94,400	£110,000	£164,100
Worthington & Staunton Harold	£82,400	£106,300	£123,900	£184,700
Urban	£75,600	£97,600	£113,700	£169,500
Rural	£79,400	£102,400	£119,300	£178,000
NWL	£77,400	£99,900	£116,400	£173,600

Source: derived from ONS data

2.96 If the Council do decide to seek for some additional housing to be in the affordable home ownership sector, it is additionally recommended that they set up a register of people interested in these products (in a similar way to the current Housing Register). This will enable any properties to be 'allocated' to households whose circumstances best meet the property on offer.

Affordable Housing Need: Key Messages

- Analysis has been undertaken to estimate the need for affordable housing in the 2020-39 period. The analysis is split between a need for social/affordable rented accommodation and is based on households unable to buy or rent in the market and the need for affordable home ownership (essentially an 'additional' category of need introduced by the revised NPPF/PPG) – this includes housing for those who can afford to rent privately but cannot afford to buy a home.

- The analysis has taken account of local housing costs (to both buy and rent) along with estimates of household income. Additionally, when looking at rented needs, consideration is given to estimates of the supply of social/affordable rented housing. For affordable home ownership, consideration is given to the potential supply (from Land Registry data) of cheaper accommodation to buy.

- When looking at rented needs, the analysis suggests a need for 190 affordable homes per annum and therefore the Council is justified in seeking to secure additional affordable housing. There is also a need shown in all parts of the District.

- It is also suggested that in setting the cost of housing to rent within this group, reference is made to local incomes (and the Living Rent methodology). Rents above Local Housing Allowance limits should be avoided (to ensure housing affordable to those needing to claim Housing Benefit).

- When looking at the need for affordable home ownership products it is clear that there are a number of households likely to be able to afford to rent privately but who cannot afford to buy a suitable home. However, there is also a potential supply of homes within the existing stock that can make a contribution to this need. It is therefore difficult to robustly identify an overall need for affordable home ownership products.

- However, it does seem that there are many households in NWL who are being excluded from the owner-occupied sector. The analysis would therefore suggest that a key issue in the District is about access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially mortgage restrictions (e.g. where employment is temporary) rather than simply the cost of housing to buy.

- If the Council does seek to provide 10% of housing as affordable home ownership, then it is suggested that shared ownership is the most appropriate option. This is due to the lower deposit requirements and lower overall costs (given that the rent would also be subsidised).

- Where other forms of affordable home ownership are provided (e.g. Starter Homes or discounted market), it is recommended that the Council considers setting prices at a level which (in income terms) are equivalent to the levels needed to access private rented housing. This would ensure that households targeted by the new definition could potentially afford housing – this might mean greater than 20% discounts from Open Market Value for some types/sizes of homes in some locations.

- The evidence does not show any basis to increase the provision of affordable home ownership above the 10% figure currently suggested in the NPPF.

- Overall, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue in the District. It does however need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided. The evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.

3.   Family Households and Housing Mix

Introduction

3.1   A further area of analysis is around the mix of housing required in different tenures. The revised NPPF says *'the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies'*; this includes families with children. The revised PPG does not provide any guidance about this topic although the previous PPG did say (paragraph 2a-021) that *'plan makers can identify current numbers of families, including those with children, by using the local household projections'*.

3.2   This section therefore looks at a range of statistics in relation to families (generally described as households with dependent children) before moving on to look at how the numbers are projected to change moving forward. The analysis finishes by looking at the mix of housing required (covering all household groups and tenures); this analysis takes account of the way different groups occupy housing and links to projections of change to household types and ages.

Background data

3.3   The number of families in the District (defined for the purpose of this assessment as any household which contains at least one dependent child) totalled 11,500 as of the 2011 Census, accounting for 29% of households. This proportion is similar to that seen across the County, region and nationally. Households in Urban areas are slightly more likely to contain dependent children, although slightly less likely to be married couple households (with dependent children).

Figure 3.1: Households with dependent children (2011)								
		Married couple	Cohabiting couple	Lone parent	Other households	All other households	Total	Total with dependent children
Urban	No.	3,613	1,090	1,344	415	15,080	21,542	6,462
	%	16.8%	5.1%	6.2%	1.9%	70.0%	100.0%	30.0%
Rural	No.	3,057	706	944	306	12,573	17,586	5,013
	%	17.4%	4.0%	5.4%	1.7%	71.5%	100.0%	28.5%
NWL	No.	6,670	1,796	2,288	721	27,653	39,128	11,475
	%	17.0%	4.6%	5.8%	1.8%	70.7%	100.0%	29.3%
Leicestershire	%	16.7%	4.1%	6.5%	3.1%	69.7%	100.0%	30.3%
East Midlands	%	15.3%	4.5%	6.7%	2.3%	71.3%	100.0%	28.7%
England	%	15.3%	4.0%	7.1%	2.6%	70.9%	100.0%	29.1%

Source: Census (2011)

3.4   The table below shows how the number of households with dependent children changed from 2001 to 2011. Overall, there was a notable increase in the number of households with dependent children, rising by around 1,000 (an increase of 10%). Within this, there was an increase in the number of cohabiting couples, lone parents and other households, along with a small reduction in the number of married couples.

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| Figure 3.2: Change in households with dependent children (2001-11) – NWL				
	2001	2011	Change	% change
Married couple	6,961	6,670	-291	-4.2%
Cohabiting couple	1,359	1,796	437	32.2%
Lone parent	1,668	2,288	620	37.2%
Other households	455	721	266	58.5%
All other households	24,951	27,653	2,702	10.8%
Total	35,394	39,128	3,734	10.5%
Total with dependent children	10,443	11,475	1,032	9.9%

Source: Census (2001 and 2011)

3.5   The table below shows the projected change to the number of children (aged Under 16) from 2020 to 2039. This shows that linking projections to the 2016-based SNPP sees only a modest increase in the number of children (up 5%), but that with higher dwelling provision (480 dwellings per annum) a greater increase can be expected (of 9%).

| Figure 3.3: Estimated change in population aged Under 16 (2020-39) – NWL				
	Population aged Under 16		Change	% change
	2020	2039	(2020-39)	from 2020
2016-based SNPP	18,426	19,342	917	5.0%
Linked to 480 dpa	19,145	20,903	1,758	9.2%

Source: Derived from demographic modelling

3.6   The figure below shows the current tenure of households with dependent children. There are some considerable differences by household type with lone parents having a very high proportion living in the social rented sector and also in private rented accommodation. Only 41% of lone parent households are owner-occupiers compared with 87% of married couples with children.

Figure 3.4: Tenure of households with dependent children – NWL
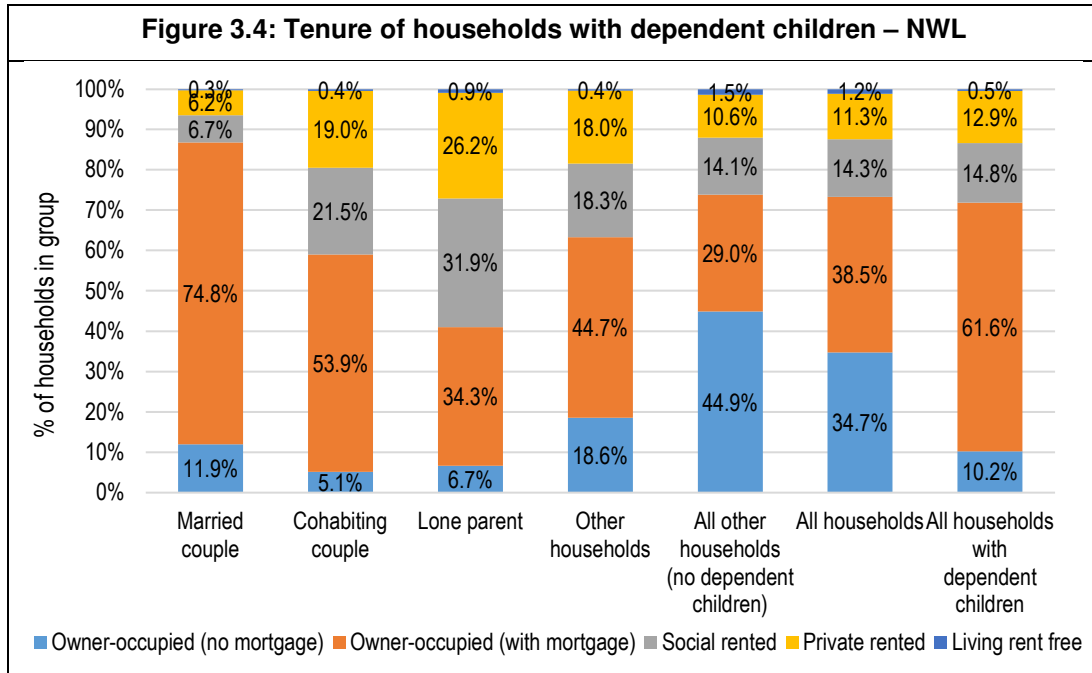
Source: Census (2011)

3.7   Overcrowding is often a key theme when looking at the housing needs of households with children and the figure below shows that households with children are about seven times more likely than other households to be overcrowded. In total, some 5% of all households with dependent children are overcrowded and included within this the data shows 5% of lone parent households are overcrowded along with 25% of 'other' households with dependent children. Levels of under-occupancy amongst households with dependent children are low when compared with other households.

Figure 3.5: Occupancy rating and households with dependent children

Source: Census (2011)

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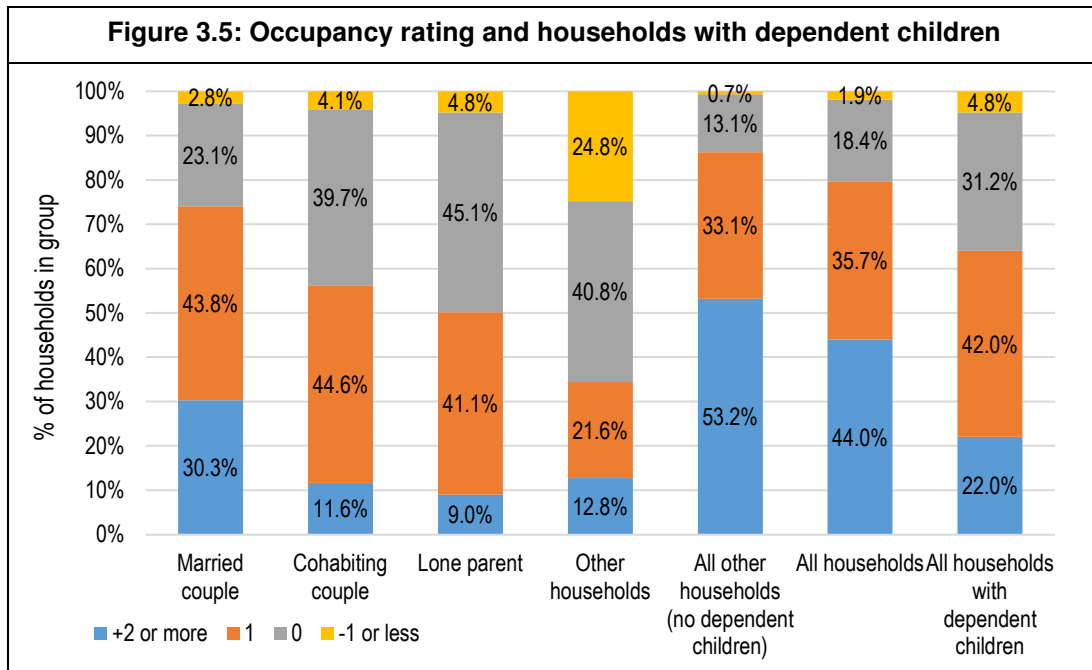
3.8 As well as households containing dependent children there will be other (non-dependent) children living as part of another household (typically with parents/grandparents). The table below shows the number of households in the District with non-dependent children. In total, some 10% of households (4,000) contained non-dependent children as of 2011. This may to some degree highlight the difficulties faced by young people in accessing housing. Ineligibility for social housing, lower household incomes and the unaffordability of owner occupation for such age groups all contribute to the current trend for young people moving in with or continuing to live with parents. The proportion of households with non-dependent children in the District is similar to that seen in other areas with little difference between Urban and Rural locations.

Figure 3.6: Households with non-dependent children (2011)		Married couple	Cohabiting couple	Lone parent	All other households	Total	Total with non-dependent children
Urban	No.	1,420	131	655	19,336	21,542	2,206
	%	6.6%	0.6%	3.0%	89.8%	100.0%	10.2%
Rural	No.	1,163	95	491	15,837	17,586	1,749
	%	6.6%	0.5%	2.8%	90.1%	100.0%	9.9%
NWL	No.	2,583	226	1,146	35,173	39,128	3,955
	%	6.6%	0.6%	2.9%	89.9%	100.0%	10.1%
Leicestershire	%	6.3%	0.5%	3.3%	89.9%	100.0%	10.1%
East Midlands	%	5.7%	0.5%	3.2%	90.6%	100.0%	9.4%
England	%	5.6%	0.5%	3.5%	90.4%	100.0%	9.6%

Source: Census (2011)

3.9 The table below shows that the number of households with non-dependent children has increased slightly from 2001 to 2011. In total, the number of households with non-dependent children increased by around 130 (a 3% increase); there was a particularly notable increase in lone parent households (with non-dependent children). The proportional change in the number of households with non-dependent children was lower than the overall increase in households over the period studied.

Figure 3.7: Change in households with non-dependent children (2001-11) – NWL	2001	2011	Change	% change
Married couple	2,671	2,583	-88	-3.3%
Cohabiting couple	140	226	86	61.4%
Lone parent	1,012	1,146	134	13.2%
All other households	31,571	35,173	3,602	11.4%
Total	35,394	39,128	3,734	10.5%
Total with non-dependent children	3,823	3,955	132	3.5%

Source: Census (2001 and 2011)

Projected changes to family households

3.10   As well as looking at the number of households with dependent children, the characteristics of these households and how numbers have changed over time, it is possible to use household projections to see how the number of households is likely to change moving forward.

3.11   The first table below looks at change to the number of households based on the ONS (2016-based) SNPP with HRRs taken from the 2014-based SNHP. This shows that the number of households with dependent children is projected to increase by about 1,200 (a 10% increase) – this increase is lower than the overall change in the number of households (16%).

Figure 3.8: Change in household types 2020-39 (2016-based SNPP with HRRs from 2014-based SNHP) – NWL				
	2020	2039	Change	% change
One-person household (aged 65 and over)	5,522	7,330	1,808	32.7%
One-person household (aged under 65)	6,519	7,716	1,197	18.4%
Couple (aged 65 and over)	6,568	10,257	3,688	56.2%
Couple (aged under 65)	6,696	5,101	-1,595	-23.8%
A couple and one or more other adults: No dependent children	3,349	3,265	-83	-2.5%
Households with one dependent child	5,607	6,316	708	12.6%
Households with two dependent children	4,842	5,178	335	6.9%
Households with three dependent children	1,792	1,944	152	8.5%
Other households	2,139	2,647	508	23.8%
TOTAL	43,035	49,754	6,719	15.6%
Total households with dependent children	12,241	13,437	1,196	9.8%

Source: Demographic projections

3.12   As well as looking at the latest official projections, analysis has been undertaken to consider what the profile of households might be with dwelling delivery of 480 homes each year – this is shown in the table below. This projection shows a more positive change in the number of households with dependent children, increasing by 1,900 (15%) over the period to 2039. The most notable increases are in households with one dependent child.

3.13   It should be noted that the household growth shown in this analysis (8,854) is 466 per annum (i.e. slightly less than the housing need figure of 480 dpa) – this is because the need figure includes a small vacancy allowance (of 3%) and hence the growth in households would be expected to be slightly lower than the change in dwellings.

Figure 3.9: Change in household types 2020-39 (linked to provision of 480 dwellings per annum) – NWL				
	2020	2039	Change	% change
One-person household (aged 65 and over)	5,555	7,563	2,008	36.1%
One-person household (aged under 65)	6,687	8,300	1,613	24.1%
Couple (aged 65 and over)	6,622	10,599	3,977	60.1%
Couple (aged under 65)	6,847	5,507	-1,341	-19.6%
A couple and one or more other adults: No dependent children	3,404	3,434	31	0.9%
Households with one dependent child	5,772	6,844	1,071	18.6%
Households with two dependent children	4,998	5,597	599	12.0%
Households with three dependent children	1,851	2,121	270	14.6%
Other households	2,175	2,802	627	28.8%
TOTAL	43,912	52,766	8,854	20.2%
Total households with dependent children	12,622	14,562	1,940	15.4%

Source: Demographic projections

The Mix of Housing – Introduction

3.14   The analysis above has looked at households with children and also projected changes to the number of households in different categories. The analysis now moves on to consider what mix of housing (by size) would be most appropriate for the changing demographic in NWL. Two different methods are used to provide an overall view about needs, the first uses the data presented above about household types and links this to current occupancy patterns, whilst the second uses similar information, but is more closely linked to the age of the head of household; the second methodology also separates out different tenures of housing.

3.15   Essentially, both models start with an estimate of the current profile of housing (as of 2020) in terms of size (bedrooms) and tenure (for the second method). Within the data, information is available about the household type or age of households and the typical sizes of homes they occupy. By using demographic projections, it is possible to see which age groups are expected to change in number, and by how much. On the assumption that occupancy patterns for each age group (within each tenure where relevant) remain the same, it is therefore possible to work out what the profile of housing should be at a point in time in the future (2039 in terms of this assessment).

3.16   By subtracting the current profile of housing from the projected profile, it is possible to calculate the net change in housing needed (by size). Many of the tables to follow therefore have a '2020' heading and a '2039' one; the difference between the figures in these two columns is the net change in households over the 19-year period (if the assumptions used play out). Conventionally, the main outputs are presented as a percentage need for each size of home within each tenure category.

Current Stock of Housing by Size and Tenure

3.17   It should be noted that the current stock of housing (by size) can have a notable impact on the outputs of the modelling and the table below shows a comparison of the size profile of accommodation in a range of areas in three broad tenure groups. This shows that NWL has a fairly typical stock profile when compared with other locations. One key difference to note however is the relatively low proportion of 1-bedroom homes in the social rented sector (and a high proportion of 3-bedroom homes). This observation feeds into conclusions about future mix later in this section.

Figure 3.10: Number of bedrooms by tenure and a range of areas (2011)		NWL	Leicester-shire	East Midlands	England
Owner-occupied	1-bedroom	2%	2%	2%	4%
	2-bedrooms	19%	20%	22%	23%
	3-bedrooms	50%	49%	51%	48%
	4+-bedrooms	29%	30%	26%	25%
	TOTAL	100%	100%	100%	100%
Social rented	1-bedroom	22%	31%	29%	31%
	2-bedrooms	31%	32%	34%	34%
	3-bedrooms	42%	34%	34%	31%
	4+-bedrooms	4%	3%	3%	4%
	TOTAL	100%	100%	100%	100%
Private rented	1-bedroom	13%	13%	15%	23%
	2-bedrooms	39%	39%	39%	39%
	3-bedrooms	38%	35%	35%	28%
	4+-bedrooms	10%	13%	11%	10%
	TOTAL	100%	100%	100%	100%

Source: Census 2011

Method 1 – household types

3.18   In Method 1, a combination of the District's households and current occupancy patterns is used. By estimating future household growth by type and applying local occupancy patterns it is possible to determine what mix of new housing might be appropriate. By using current occupancy patterns, account can be taken of the relationship between different groups and the housing they occupy (for example, older households who live in accommodation larger than they technically need). The method has been used as it has been observed as the preferred method of the development industry when providing their own evidence about future mix.

3.19   The table below shows the relationship between different household groups and the size of homes they occupy. The data is for all tenures due to availability of data on this topic and is therefore used just to provide an initial overview (further tenure specific analysis is considered under Method 2). The choice of household typologies also differs from other analysis and has been chosen to represent the largest set of groups that can be consistently assessed from both Census data and household projections.

Figure 3.11: Occupancy Patterns by Household Type (2011) – NWL		1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms	Total
One person 65+	No.	740	1,640	1,951	375	4,706
	%	15.7%	34.8%	41.5%	8.0%	100.0%
One person <65	No.	1,000	2,109	2,193	579	5,881
	%	17.0%	35.9%	37.3%	9.8%	100.0%
Couple 65+	No.	146	971	1,756	698	3,571
	%	4.1%	27.2%	49.2%	19.5%	100.0%
Couple <65	No.	274	1,990	4,069	2,037	8,370
	%	3.3%	23.8%	48.6%	24.3%	100.0%
Households with dependent children	No.	81	1,604	5,741	4,049	11,475
	%	0.7%	14.0%	50.0%	35.3%	100.0%
Other	No.	49	805	2,823	1,373	5,050
	%	1.0%	15.9%	55.9%	27.2%	100.0%
Total	No.	2,290	9,119	18,533	9,111	39,053
	%	5.9%	23.4%	47.5%	23.3%	100.0%

Source: Census (2011)

3.20 The two tables below show the size mix needed from applying the occupancy patterns shown above with projected changes to the number of households in each household type group (the figures are for all tenures). When linked to official projections (plus 2014-based HRRs), the main need is shown to be for 3-bedroom homes (46% of the total) followed by 2-bedroom accommodation (29%).

3.21 Because the data links to current occupancy patterns (and therefore the current profile of the stock) there is some degree to which the analysis is 'self-fulfilling' – for example, 3-bedroom homes make up the greatest proportion of the stock and so to some extent the analysis replicates this. However, it should also be noted that the current stock profile will to some extent reflect the role and function of the area, for example, in terms of providing family-sized housing. That said, it should be noted that the analysis does not take into account how future policy changes (for example, to encourage downsizing), social changes or economic changes might affect how households occupy housing. This is considered when using this data to draw conclusions later in this section.

Figure 3.12: Estimated Housing Mix Requirements – NWL (linked to 2016-based SNPP with 2014-based HRRs)	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms	Total
One person 65+	284	630	750	144	1,808
One person <65	204	429	446	118	1,197
Couple 65+	151	1,003	1,814	721	3,688
Couple <65	-52	-379	-776	-388	-1,595
Households with dependent children	8	167	598	422	1,196
Other	4	68	238	116	425
Total	599	1,918	3,070	1,132	6,719
	9%	29%	46%	17%	100%

Source: Derived from Census (2011) and demographic projections (totals based on Figure 3.8)

3.22 With alternative levels of household growth and different assumptions about household representation (linked to a housing need of 480 dwellings per annum) there are small shifts when compared with using the official projections, although both models show broadly the same size mix outputs.

Figure 3.13: Estimated Housing Mix Requirements – NWL (linked to provision of 480 dwellings per annum)					
	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms	Total
One person 65+	316	700	832	160	2,008
One person <65	274	578	601	159	1,613
Couple 65+	163	1,081	1,956	777	3,977
Couple <65	-44	-319	-652	-326	-1,341
Households with dependent children	14	271	971	685	1,940
Other	6	105	368	179	657
Total	729	2,417	4,076	1,633	8,854
	8%	27%	46%	18%	100%

Source: Derived from Census (2011) and demographic projections (totals based on Figure 3.9)

Method 2 – Age of Households Reference Person

3.23 The second method looks at the ages of the Household Reference Person (HRP – often more normally called the head of household) and how these are projected to change over time. One difference in this method is that the analysis can be segmented by tenure. The sub-sections to follow describe some of the key analysis.

Understanding how Households Occupy Homes

3.24 Whilst the demographic projections provide a good indication of how the population and household structure will develop, it is not a simple task to convert the net increase in the number of households into a suggested profile for additional housing to be provided. The main reason for this is that in the market sector, households are able to buy or rent any size of property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided.

3.25 The size of housing which households occupy relates as much to their wealth and age as the number of people they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a 4-bedroom home as long as they can afford it, and hence projecting an increase in single person households does not automatically translate into a need for smaller units. That said, issues of supply can also impact occupancy patterns, for example it may be that a supply of additional smaller bungalows (say 2-bedrooms) would encourage older people to downsize but in the absence of such accommodation these households remain living in their larger accommodation. The issue of choice is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) although there will still be some level of under-occupation moving forward with regard to older person and working households who may be able to under-occupy housing (e.g. those who can afford to pay the 'bedroom tax').

3.26   The approach used is to interrogate information derived in the projections about the number of household reference persons (HRPs) in each age group and apply this to the profile of housing within these groups. The data for this analysis has been formed from a commissioned table by ONS (Table CT0621 which provides relevant data for all local authorities in England and Wales from the 2011 Census).

3.27   The figure below shows an estimate of how the average number of bedrooms varies by different ages of HRP and broad tenure group. In the owner-occupied sector the average size of accommodation rises over time to typically reach a peak around the age of 45; a similar pattern (but with smaller dwelling sizes) is seen in both the social and private rented sector. After peaking, the average dwelling size decreases – as typically some households downsize as they get older. The slightly variable trend for older age groups in the private rented sector is due to relatively small numbers of older person households being in this sector.

Figure 3.14: Average Bedrooms by Age and Tenure – NWL
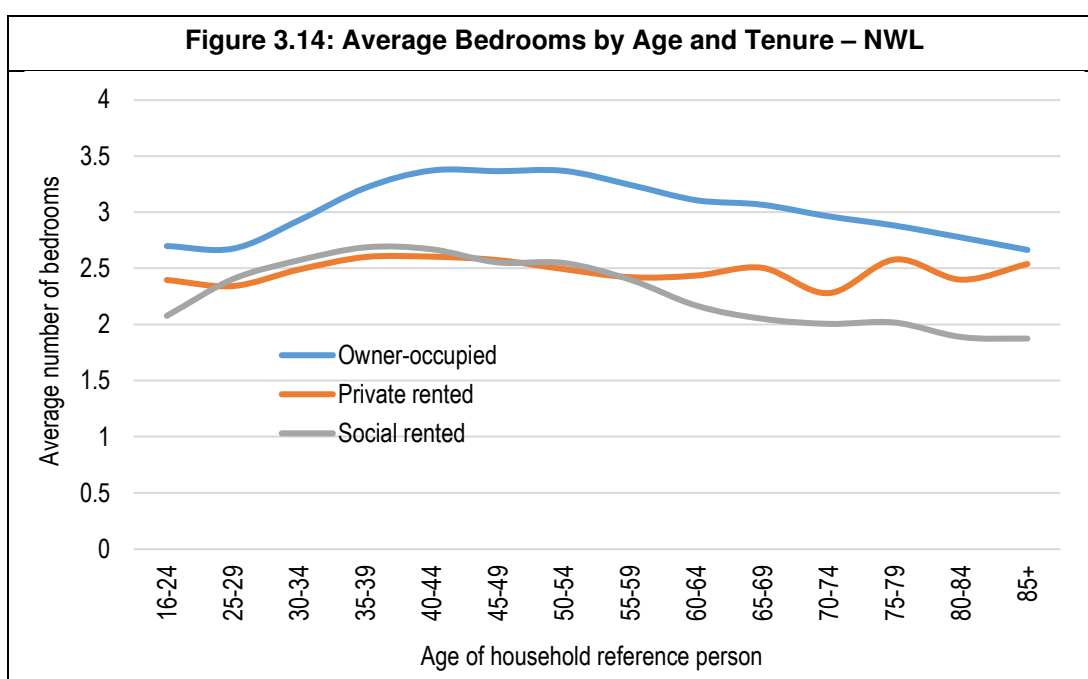
Source: Derived from ONS Commissioned Table CT0621

3.28   In terms of the analysis to follow, the outputs have been segmented into three broad categories. These are market housing, which is taken to follow the occupancy profiles in the owner-occupied sector; affordable home ownership, which is taken to follow the occupancy profile in the private rented sector (this is seen as reasonable as the Government's desired growth in home ownership looks to be largely driven by a wish to see households move out of private renting) and affordable (rented) housing, which is taken to follow the occupancy profile in the social rented sector. The affordable sector in the analysis to follow would include affordable rented housing.

Tenure Assumptions

3.29   The housing market model has been used to estimate the future need for different sizes of property over the 19-year period from 2020 to 2039. The model works by looking at the types and sizes of accommodation occupied by different ages of residents and attaching projected changes in the population to this to project need and demand for different sizes of homes. However, the way households of different ages occupy homes differs between the market and affordable sectors (as shown earlier).

3.30   It is therefore necessary on this basis to make some judgement for modelling purposes on what proportion of future completions might be of market and affordable housing. For modelling purposes, the analysis assumes that 25% of net completions are either affordable housing (rented) or affordable home ownership and therefore that 75% are market housing (designed to be sold for owner-occupation). There is no assumption about private rented housing, although it is possible that some of the market (owner-occupied) housing will end up in this sector.

3.31   Within the 25% affordable/affordable home ownership a split of 60:40 has been used; this means an estimated total of 15% of completions as affordable housing (rented) and 10% as affordable home ownership. **It should be stressed that these figures are not policy targets and have been applied simply for the purposes of providing outputs from the modelling process**. Policy targets for affordable housing on new development schemes may be different to this; but not all sites deliver policy-compliant affordable housing provision, whilst some delivery is on sites below affordable housing policy thresholds. Equally some housing development is brought forward by Registered Providers and local authorities and may deliver higher proportions of affordable housing than in current policy.

3.32   It should also be noted that these figures have initially been used to provide District-wide outputs. Any geographical differences are considered in more detail following this initial analysis and the conclusions of the analysis. To confirm, it has been assumed that the following proportions of different tenures will be provided moving forward:

- Market housing – 75%
- Affordable home ownership – 10%
- Social/affordable rent – 15%

Projected changes by age of HRP

3.33   The table below shows projected changes by age of HRP for the main projection used in this report (linked to 480 dwellings per annum). It can be seen that the vast majority of changes are projected to occur in older age groups; it is also notable that some age groups are projected to see a decline in numbers (the 50-59 age groups being most notable in this). These findings are important as this will influence the sizes of homes needed in the future; notably the losses in HRPs are typically in groups who occupy larger homes and vice versa.

Figure 3.15: Projected change in households by age of household reference person – NWL – linked to housing need of 480 dwellings per annum				
	Households 2020	Households 2039	Change in households	% change
16-24	1,013	1,155	142	14.0%
25-29	2,311	2,729	418	18.1%
30-34	2,986	3,352	366	12.3%
35-39	3,124	3,414	290	9.3%
40-44	3,325	3,995	670	20.2%
45-49	4,126	4,382	256	6.2%
50-54	4,619	4,332	-287	-6.2%
55-59	4,441	4,276	-165	-3.7%
60-64	3,739	3,930	190	5.1%
65-69	3,644	4,694	1,051	28.8%
70-74	3,980	5,178	1,199	30.1%
75-79	2,853	4,360	1,507	52.8%
80-84	1,993	3,267	1,274	63.9%
85 & over	1,759	3,702	1,943	110.5%
Total	43,912	52,766	8,854	20.2%

Source: Demographic projections

Key Findings: Market Housing

3.34   There are a range of factors which can influence demand for market housing in different locations. The focus of this analysis is on considering long-term needs, where changing demographics are expected to be a key influence. It uses a demographic-driven approach to quantify demand for different sizes of properties over the 19-year period from 2020 to 2039.

3.35   Looking at projecting on the basis of 480 dwellings per annum, an increase of 6,600 additional households is modelled over the period (this is 75% of the projected growth in households shown above (8,854 over the 2020-39 period)). The majority of these need to be 2- and 3-bed homes. The data suggests that housing need can be expected to reinforce the existing profile, but with a shift towards a requirement for smaller dwellings relative to the distribution of existing housing (particularly towards a need for 2-bedroom homes). This is understandable given the fact that household sizes are expected to fall slightly in the future – particularly as a result of an ageing population living in smaller households.

Figure 3.16: Estimated Size of Dwellings Needed 2020 to 2039 – Market Housing – 480 dwellings per annum – NWL				
	2020	2039	Additional households 2020-2039	% of additional households
1-bedroom	501	618	116	2%
2-bedrooms	6,361	7,941	1,580	24%
3-bedrooms	16,201	19,579	3,379	51%
4+-bedrooms	9,092	10,658	1,566	24%
Total	32,155	38,796	6,640	100%

Source: Housing Market Model

3.36   The statistics are based upon the modelling of demographic trends. As has been identified, it should be recognised that a range of factors including affordability pressures and market signals will continue to be important in understanding market demand; this may include an increased demand in the private rented sector for rooms in a shared house due to changes in housing benefit for single people. In determining policies for housing mix, policy aspirations are also relevant – this might for example include a desire to increase the supply of larger (higher value) homes to attract higher earning households to live in the area.

3.37   At the strategic level, a local authority in considering which sites to allocate, can consider what type of development would likely be delivered on these sites. It can also provide guidance on housing mix implicitly through policies on development densities.

Key Findings: Affordable home ownership

3.38   The table below shows an estimate of the need for different sizes of affordable home ownership based on the analysis of demographic trends. The data suggests in the period between 2020 and 2039 that the main need is again for homes with 2- or 3-bedrooms, although the proportions in the 1-bedroom category are slightly higher than for market housing.

Figure 3.17: Estimated Size of Dwellings Needed 2020 to 2039 – affordable home ownership – 480 dwellings per annum – NWL				
	2020	2039	Additional households 2020-2039	% of additional households
1-bedroom	688	799	111	13%
2-bedrooms	2,123	2,475	352	40%
3-bedrooms	1,999	2,337	339	38%
4+-bedrooms	533	617	84	9%
Total	5,343	6,228	885	100%

Source: Housing Market Model

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3.39   The table below shows an estimate of the need for different sizes of affordable homes to rent (social/affordable rented) based on the analysis of demographic trends. The data suggests in the period between 2020 and 2039 that the main need is for homes with 1- or 2-bedrooms.

3.40   This analysis provides a longer-term view of the need for different sizes of affordable housing and does not reflect any specific local priorities such as for family households in need rather than single people. In addition, it should be noted that smaller properties (i.e. 1-bedroom homes) typically offer limited flexibility in accommodating the changing needs of households, whilst delivery of larger properties can help to meet the needs of households in high priority and to manage the housing stock by releasing supply of smaller properties.

3.41   As with market housing, the data again shows that relative to the current profile there is a slight move towards a greater proportion of smaller homes being needed (again related to the ageing population and the observation that older person households are more likely to occupy smaller dwellings).

Figure 3.18: Estimated Size of Dwellings Needed 2020 to 2039 – affordable housing (rented) – 480 dwellings per annum – NWL				
	2020	2039	Additional households 2020-2039	% of additional households
1-bedroom	1,481	1,866	384	29%
2-bedrooms	2,059	2,504	445	33%
3-bedrooms	2,620	3,077	457	34%
4+-bedrooms	254	296	42	3%
Total	6,414	7,742	1,328	100%

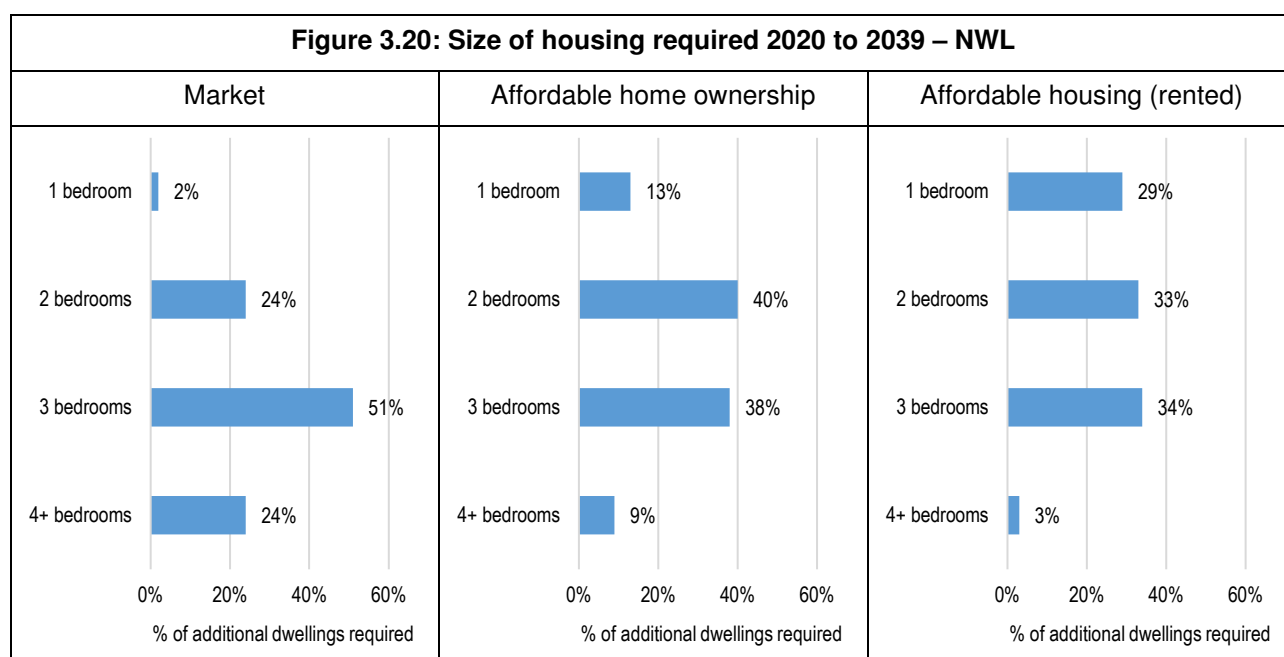Source: Housing Market Model

Comparing Outputs – Method 1 and 2

3.42   Before moving on to draw conclusions from the analysis above, it is worth quickly comparing the headline outputs from the two Methods developed. This can be done for the overall need only (i.e. adding the three tenures together in the case of Method 2) and for both projection scenarios. The table below shows that both methods show a similar profile of dwellings as being needed. Data drawn from the ONS 2016-based SNPP (with 2014-based HRRs) has also been included as a comparison.

3.43   However, Method 1 would be considered as slightly less sophisticated, particularly as it relies on grouping together many household groups who may have different characteristics (in terms of occupancy). Therefore, it is considered that Method 2 (which has a tenure distinction) can reasonably be taken forward into conclusions; although consideration is also given to overall outputs from Method 1 and also the initial analysis looking at the general profile of housing in the District when compared with other locations.

Figure 3.19: Comparing overall need outputs from Methods 1 and 2		1-bedroom	2-bedrooms	3-bedroom	4+-bedrooms
Method 1	ONS 2016-based SNPP	9%	29%	46%	17%
	Linked to 480 dpa	8%	27%	46%	18%
Method 2	ONS 2016-based SNPP	7%	28%	47%	18%
	Linked to 480 dpa	7%	27%	47%	19%

Source: Derived from Census (2011) and demographic projections

Indicative Targets by Tenure

3.44   The figure below summarises the above data in both the market and affordable sectors under the modelling exercise based on the 480 dwellings per annum scenario (although there was minimal difference in outputs depending on the scenario used). The analysis clearly shows the different profiles in the three broad tenures with affordable housing being more heavily skewed towards smaller dwellings, and affordable home ownership sitting somewhere in between the market and affordable housing.

Figure 3.20: Size of housing required 2020 to 2039 – NWL

Market	Affordable home ownership	Affordable housing (rented)
1 bedroom 2%	1 bedroom 13%	1 bedroom 29%
2 bedrooms 24%	2 bedrooms 40%	2 bedrooms 33%
3 bedrooms 51%	3 bedrooms 38%	3 bedrooms 34%
4+ bedrooms 24%	4+ bedrooms 9%	4+ bedrooms 3%
% of additional dwellings required	% of additional dwellings required	% of additional dwellings required

Source: Housing Market Model

3.45   Whilst the output of the modelling provides estimates of the proportion of homes of different sizes that are needed, there are a range of factors which should be taken into account in setting policies for provision. This is particularly the case in the affordable sector where there are typically issues around the demand for and turnover of 1-bedroom homes (as well as allocations to older person households) – e.g. 1-bedroom homes provide limited flexibility for households (e.g. a couple household expecting to start a family) and as a result can see relatively high levels of turnover – therefore, it may not be appropriate to provide as much 1-bedroom stock as is suggested by the modelling exercise. This conclusion is however offset by the earlier observations that NWL has a relatively small stock of 1-bedroom social rented housing.

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3.46   At the other end of the scale, conclusions also need to consider that the stock of 4-bedroom affordable housing is very limited and tends to have a very low turnover. As a result, whilst the number of households coming forward for 4+-bedroom homes is typically quite small, the ability for these needs to be met is even more limited. The analysis is also mindful of the relatively high proportion of social rented homes with 3-bedrooms across the District.

3.47   The said, information provided by the Council suggests that 3-bedroom homes typically attract some of the highest number of bids when they become available, and so despite the size of the stock, there is no evidence of a lack of demand. The table below shows average bids for different types of property from 2015 to 2018 – figures are for first lets in new stock.

Figure 3.21: Average number of bids by property type/size (2015-18) – first lets in new stock	
Dwelling type	Average number of bids
1-bedroom bungalow	10
1-bedroom flat	11
1-bedroom house	23
2-bedroom bungalow	14
2-bedroom flat	7
2-bedroom house	15
3-bedroom house	21

Source: NWL

3.48   For these reasons, it is suggested in converting the long-term modelled outputs into a profile of housing to be provided (in the affordable sector) that the proportion of 3-bedroom homes required is reduced slightly from these outputs with a commensurate increase in 4+-bedroom homes also being appropriate. There are thus a range of factors which are relevant in considering policies for the mix of affordable housing (rented) sought through development schemes. At a District-wide level, the analysis would support policies for the mix of <u>affordable housing (rented)</u> of:

• 1-bed properties: 25-30%
• 2-bed properties: 30-35%
• 3-bed properties: 30-35%
• 4+-bed properties: 5-10%

3.49   The strategic conclusions recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households; together with the limited flexibility which 1-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.

3.50   The need for affordable housing of different sizes may vary by area (at a more localised level) and over time. In considering the mix of homes to be provided within specific development schemes, this information should be brought together with details of households currently on the Housing Register in the local area and the stock and turnover of existing properties.

3.51   In the affordable home ownership and market sectors a profile of housing that more closely matches the outputs of the modelling is suggested. On the basis of these factors it is considered that the provision of affordable home ownership should be more explicitly focused on delivering smaller family housing for younger households. On this basis the following mix of <u>affordable home ownership</u> is suggested:

- 1-bed properties: 10-15%
- 2-bed properties: 40-45%
- 3-bed properties: 35-40%
- 4+-bed properties: 5-10%

3.52   Finally, in the market sector, a balance of dwellings is suggested that takes account of both the demand for homes and the changing demographic profile, this sees a slightly larger recommended profile compared with other tenure groups. The following mix of <u>market housing</u> is suggested:

- 1-bed properties: Up to 5%
- 2-bed properties: 25-30%
- 3-bed properties: 45-50%
- 4+-bed properties: 20-25%

3.53   Although the analysis has quantified this on the basis of the market modelling and an understanding of the current housing market, it does not necessarily follow that such prescriptive figures should be included in the plan making process. The 'market' is to some degree a better judge of what is the most appropriate profile of homes to deliver at any point in time, and demand can change over time linked to macro-economic factors and local supply. Policy aspirations could also influence the mix sought.

3.54   Whilst this report does not suggest that prescriptive figures necessarily need to be included within the Local Plan, it is the case that the figures can be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by demographic change in the area.

Smaller-area Housing Mix

3.55   The analysis above has focussed on overall District-wide needs; given clear spatial differences between locations it is however worth considering the potential mix at a smaller-area level. The table below shows the profile of housing by tenure for the twenty-eight sub-areas (figures have been summarised into smaller (1- and 2-bedroom) and larger (3+-bedroom) homes. This shows some variation across areas, although many of the larger differences occur in smaller areas with a more limited stock. When comparing urban and rural areas, the analysis does not suggest much difference in terms of the broad stock profile.

Figure 3.22: Number of bedrooms by tenure and sub-areas (2011) – NWL						
	Owner-occupied		Social rented		Private rented	
	1- and 2-bedroom	3+-bedroom	1- and 2-bedroom	3+-bedroom	1- and 2-bedroom	3+-bedroom
Appleby Magna	18%	82%	71%	29%	50%	50%
Ashby Woulds	22%	78%	54%	46%	60%	40%
Ashby-de-la-Zouch – Blackfordby	26%	74%	55%	45%	48%	52%
Ashby-de-la-Zouch – Rest	16%	84%	55%	45%	61%	39%
Belton	10%	90%	28%	72%	23%	77%
Breedon on the Hill & Isley c L	22%	78%	27%	73%	48%	52%
Castle Donington	15%	85%	43%	57%	60%	40%
Charley	16%	84%	67%	33%	47%	53%
Chilcote & Stretton en le Field	11%	89%	0%	100%	29%	71%
COALVILLE	20%	80%	52%	48%	49%	51%
Coleorton	13%	87%	43%	57%	29%	71%
Ellistown & Battleflat	28%	72%	66%	34%	39%	61%
Heather	16%	84%	30%	70%	27%	73%
Hugglescote & Donington le Heath	25%	75%	90%	10%	51%	49%
Ibstock	22%	78%	64%	36%	48%	52%
Kegworth	24%	76%	57%	43%	49%	51%
Lockington-Hemington	45%	55%	55%	45%	62%	38%
Long Whatton & Diseworth	19%	81%	40%	60%	45%	55%
Measham	20%	80%	52%	48%	55%	45%
Oakthorpe & Donisthorpe	25%	75%	41%	59%	42%	58%
Osgathorpe	10%	90%	32%	68%	29%	71%
Packington & Normanton le Heath	16%	84%	33%	67%	48%	52%
Ravenstone with Snibstone	19%	81%	49%	51%	47%	53%
Swannington	28%	72%	59%	41%	79%	21%
Swepstone & Snarestone	13%	87%	49%	51%	50%	50%
THRINGSTONE	18%	82%	45%	55%	36%	64%
Whitwick	24%	76%	63%	37%	54%	46%
Worthington & Staunton Harold	17%	83%	26%	74%	32%	68%
Urban	21%	79%	56%	44%	53%	47%
Rural	20%	80%	50%	50%	51%	49%
All households	21%	79%	53%	47%	52%	48%

Source: Census 2011

3.56   The analysis below shows a slightly more fine-grained analysis for Urban and Rural areas. This shows there are some small differences, the most notable being the lower proportion of 1-bedroom social rented homes in Rural areas. This should not be taken to indicate a shortfall of such homes and is more likely to be driven by the different demographic profile in Rural areas (e.g. households are less likely to be young single adults).

3.57   Additionally, Rural areas see a slightly higher proportion of 4+-bedroom market housing. This may in part reflect the role and function of different locations. It seems likely that certain households (e.g. households with higher income/wealth) would seek to live in more rural locations and so the higher stock is reflective of a demand rather than a relative over-supply.

Figure 3.23: Number of bedrooms by tenure and broad sub-area (2011) – NWL		Urban	Rural	NWL
Owner-occupied	1-bedroom	1%	2%	2%
	2-bedrooms	20%	18%	19%
	3-bedrooms	52%	47%	50%
	4+-bedrooms	27%	33%	29%
	TOTAL	100%	100%	100%
Social rented	1-bedroom	26%	17%	22%
	2-bedrooms	30%	33%	31%
	3-bedrooms	40%	46%	42%
	4+-bedrooms	4%	4%	4%
	TOTAL	100%	100%	100%
Private rented	1-bedroom	13%	13%	13%
	2-bedrooms	40%	38%	39%
	3-bedrooms	39%	37%	38%
	4+-bedrooms	9%	12%	10%
	TOTAL	100%	100%	100%

Source: Census 2011

3.58   Following this discussion, a further analysis has been carried out to model the data separately for Urban and Rural areas – this has been based on the projection linked to delivery of 480 dwellings per annum. The table below shows how estimated need/demand by size varies across areas. The analysis does indeed suggest that Rural areas have a need for a slightly lower proportion of 1-bedroom social/affordable rented units than Urban locations. There is also a small difference in terms of the 4+-bedroom homes in the market sector.

3.59   This analysis does not suggest that a different mix should be proposed at a strategic level for Urban and Rural areas (or indeed smaller areas within this) but it does indicate that there may be a case at a smaller area level for some minor adjustments – additional local evidence (such as from the Housing Register) could be used to justify a different local mix in the affordable sector, although it should be noted that this could vary over time.

Figure 3.24: Modelled mix of housing (2020-39) by tenure and broad sub-area – NWL				
		Urban	Rural	NWL
Market	1-bedroom	2%	2%	2%
	2-bedrooms	24%	23%	24%
	3-bedrooms	52%	49%	51%
	4+-bedrooms	23%	26%	24%
	TOTAL	100%	100%	100%
Affordable home ownership	1-bedroom	12%	13%	13%
	2-bedrooms	40%	39%	40%
	3-bedrooms	39%	38%	38%
	4+-bedrooms	9%	11%	9%
	TOTAL	100%	100%	100%
Social/ affordable rented	1-bedroom	30%	26%	29%
	2-bedrooms	32%	34%	33%
	3-bedrooms	34%	37%	34%
	4+-bedrooms	3%	3%	3%
	TOTAL	100%	100%	100%

Source: Census 2011

Need/demand for Bungalows

3.60   The sources used for analysis in this report make it difficult to quantify a need/demand for bungalows in the District as Census data (which is used to look at occupancy profiles) does not separately identify this type of accommodation. However, it is typical (where discussions are undertaken with local estate agents) to find that there is a demand for this type of accommodation.

3.61   Bungalows are often the first choice for older people seeking suitable accommodation in later life and there is generally a high demand for such accommodation when it becomes available. As a new build option, it is, however, the case that bungalow accommodation is often not supported by either house builders or planners (due to potential plot sizes and their generally low densities). There may, however, be instances where bungalows are the most suitable house type for a particular site; for example, to overcome objections about dwellings overlooking existing dwellings or preserving sight lines.

3.62   There is also the possibility of a wider need/demand for retirement accommodation. Retirement apartments can prove very popular if they are well located in terms of access to facilities and services, and environmentally attractive (e.g. have a good view). However, some potential purchasers may find high service charges unacceptable or unaffordable and new build units may not retain their value on re-sale.

3.63   Overall, the Council should consider the potential role of bungalows as part of the future mix of housing. Such housing may be particularly attractive to older owner-occupiers (many of whom are equity-rich) which may assist in encouraging households to downsize. However, the downside to providing bungalows is that they are relatively land intensive for the amount of floorspace created.

Family Households and Housing Mix: Key Messages

- The proportion of households with dependent children is about average in NWL, although there are a relatively high proportion of married couples and relatively few lone parents. There has been strong past growth in the number of 'family' households and a more modest growth in the number of households with non-dependent children (likely in many cases to be grown-up children living with parents). Projecting forward, there is expected to be an increase in the number of households with dependent children – increasing by 15% over the 2020-39 period when linking to a housing need of 480 dwellings per annum.

- There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. The analysis linked to long-term (19-year) demographic change concludes that the following represents an appropriate mix of affordable and market homes, this takes account of both household changes and the ageing of the population:

Suggested Mix of Housing by Size and Tenure				
	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	Up to 5%	25-30%	45-50%	20-25%
Affordable home ownership	10-15%	40-45%	35-40%	5-10%
Affordable housing (rented)	25-30%	30-35%	30-35%	5-10%

- The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households. Also recognised is the limited flexibility which 1-bed properties offer to changing household circumstances, which feed through into higher turnover and management issues. The conclusions also take account of the current mix of housing in the District (by tenure).

- The mix identified above could inform strategic policies although a flexible approach should be adopted. In applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The Council should also monitor the mix of housing delivered.

- Based on the evidence, it is expected that the focus of new market housing provision will be on 2- and 3-bed properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2- and 3-beds) from older households downsizing and looking to release equity in existing homes, but still retaining flexibility for friends and family to come and stay.

- Analysis also considered demographic trends and the current mix of housing at a smaller-area level (including for a broad Urban/Rural split). Whilst there were some differences in the analysis, it is not considered that they are substantial enough to suggest a different mix of housing as being needed in different areas. That said, the mix on any specific site could be influenced by site characteristics, and also any localised evidence of need, such as that drawn from the Housing Register.

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4.   Older People and People with Disabilities

Introduction

4.1   This section studies the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability. It responds to Planning Practice Guidance on *Housing for Older and Disabled People* published by Government in June 2019. It includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).

Current Population of Older People

4.2   The table below provides baseline population data about older persons and compares this with other areas. The data for has been taken from the published ONS mid-year population estimates and is provided for age groups from 65 and upwards; the data is for 2018 to reflect the latest published data for local authority areas and above. The data shows, when compared with regional and national data that the District has a slightly higher proportion of older persons. In 2018, it was estimated that 20% of the population of the District was aged 65 or over, this compares with a figure of 18% nationally.

Figure 4.1: Older Person Population (2018)			Leicester-shire	East Midlands	England
	NWL				
	Popn	% of popn	% of popn	% of popn	% of popn
Under 65	81,759	80.1%	79.6%	80.7%	81.8%
65-74	11,979	11.7%	11.4%	10.8%	9.9%
75-84	6,080	6.0%	6.4%	6.1%	5.8%
85+	2,308	2.3%	2.6%	2.4%	2.4%
Total	102,126	100.0%	100.0%	100.0%	100.0%
Total 65+	20,367	19.9%	20.4%	19.3%	18.2%

Source: ONS 2018 mid-year population estimates

4.3   The table below shows how the proportion of older people varies across the sub-areas of the District. This analysis shows some difference between locations with the highest proportion of older people being seen in Blackfordby (34%) and the lowest in Ellistown & Battleflat (15%). The proportion of older people is slightly higher in Rural than Urban areas.

Figure 4.2: Older Person Population (2018) – NWL sub-areas						
	% under 65	% 65-74	%75-84	% 85+	Total (all ages)	% 65+
Appleby Magna	75.5%	13.6%	7.3%	3.6%	1,233	24.5%
Ashby Woulds	82.9%	9.7%	5.3%	2.1%	4,311	17.1%
Ashby-de-la-Zouch – Blackfordby	66.2%	18.9%	12.0%	2.9%	1,155	33.8%
Ashby-de-la-Zouch – Rest	78.9%	12.1%	6.1%	2.8%	14,380	21.1%
Belton	73.8%	14.9%	8.8%	2.5%	772	26.2%
Breedon on the Hill & Isley c L	79.3%	11.9%	6.5%	2.4%	1,054	20.7%
Castle Donington	79.9%	12.0%	6.2%	1.9%	7,285	20.1%
Charley	76.7%	11.9%	6.7%	4.8%	210	23.3%
Chilcote & Stretton en le Field	77.6%	16.1%	5.0%	1.2%	161	22.4%
COALVILLE	83.4%	9.7%	4.8%	2.0%	20,034	16.6%
Coleorton	78.0%	16.0%	4.8%	1.1%	1,136	22.0%
Ellistown & Battleflat	85.3%	9.0%	3.9%	1.9%	2,812	14.7%
Heather	76.1%	14.2%	8.4%	1.3%	927	23.9%
Hugglescote & Donington le Heath	82.2%	10.2%	5.5%	2.2%	4,677	17.8%
Ibstock	80.8%	11.2%	6.1%	1.9%	7,407	19.2%
Kegworth	82.2%	10.4%	5.5%	1.9%	4,049	17.8%
Lockington-Hemington	77.9%	16.0%	4.6%	1.5%	856	22.1%
Long Whatton & Diseworth	75.0%	13.8%	8.6%	2.5%	1,853	25.0%
Measham	81.2%	11.5%	5.6%	1.6%	5,539	18.8%
Oakthorpe & Donisthorpe	85.0%	10.4%	3.2%	1.3%	2,815	15.0%
Osgathorpe	80.3%	12.7%	5.6%	1.5%	466	19.7%
Packington & Normanton le Heath	71.2%	15.4%	10.9%	2.5%	944	28.8%
Ravenstone with Snibstone	80.9%	11.2%	4.9%	3.1%	2,606	19.1%
Swannington	75.6%	15.5%	5.8%	3.1%	1,281	24.4%
Swepstone & Snarestone	81.2%	11.7%	6.0%	1.2%	1,041	18.8%
THRINGSTONE	76.6%	14.7%	5.9%	2.8%	2,751	23.4%
Whitwick	74.3%	14.3%	8.4%	3.0%	8,687	25.7%
Worthington & Staunton Harold	76.3%	13.7%	7.3%	2.7%	1,684	23.7%
Urban	80.4%	11.4%	5.8%	2.4%	55,793	19.6%
Rural	79.7%	12.1%	6.2%	2.1%	46,333	20.3%
Total	80.1%	11.7%	6.0%	2.3%	102,126	19.9%

Source: ONS 2018 mid-year population estimates

Future Change in the Population of Older People

4.4 As well as providing a baseline position for the proportion of older persons in the District, population projections can be used to provide an indication of how the numbers might change in the future compared with other areas. The data presented below uses the 2016-based SNPP for consistency across areas and runs from 2020 to 2039 to be consistent with other analysis developed in this report.

4.5 The data shows that the District is projected to see a notable increase in the older person population, with the total number of people aged 65 and over projected to increase by 46% over the 19-years from 2020; this compares with overall population growth of 13% and a modest increase in the Under 65 population of 4%. The proportionate increase in the number of older people in the District is higher than that projected for other areas.

Figure 4.3: Projected Change in Population of Older Persons (2020 to 2039) – 2016-based SNPP				
	NWL	Leicestershire	East Midlands	England
Under 65	3.7%	3.5%	1.0%	1.2%
65-74	27.1%	20.8%	21.4%	23.4%
75-84	56.2%	51.7%	50.8%	49.3%
85+	113.4%	102.6%	98.0%	87.5%
Total	12.5%	11.5%	8.9%	8.5%
Total 65+	46.3%	41.7%	40.8%	40.6%

Source: ONS subnational population projections (2016-based)

4.6 In total population terms, the projections show an increase in the population aged 65 and over of 9,700 people, this is against a backdrop of an overall increase of 12,800 – population growth of people aged 65 and over therefore accounts for 76% of the total projected population change.

Figure 4.4: Projected Change in Population of Older Persons (2020 to 2039) – NWL (2016-based SNPP)				
	2020	2039	Change in population	% change
Under 65	80,781	83,802	3,021	3.7%
65-74	11,826	15,036	3,210	27.1%
75-84	6,807	10,634	3,827	56.2%
85+	2,385	5,088	2,703	113.4%
Total	101,798	114,559	12,761	12.5%
Total 65+	21,018	30,757	9,740	46.3%

Source: ONS subnational population projections (2016-based)

4.7 The figures above are all based on the latest (2016-based) SNPP. It is possible to also show how the outputs would be expected to change under different scenarios. The table below shows a similar analysis when linked to the delivery of 480 homes per annum in the 2020-39 period.

4.8 Linked to 480 dwellings per annum, there is again a significant ageing of the population but the increase in the population aged under 65 is more notable, moving from a population increase of 4%, up to population growth of 8%. The change in the under 65 age group relative to older groups reflects the migration assumptions, migration being largely concentrated in typical working-age groups (and their associated children).

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Figure 4.5: Projected Change in Population of Older Persons (2020 to 2039) – NWL (linked to delivery of 480 dwellings per annum)				
	2020	2039	Change in population	% change
Under 65	83,119	89,953	6,834	8.2%
65-74	11,970	15,637	3,668	30.6%
75-84	6,842	10,952	4,109	60.1%
85+	2,380	5,217	2,836	119.2%
Total	104,311	121,758	17,447	16.7%
Total 65+	21,193	31,806	10,613	50.1%

Source: Demographic Projections

Characteristics of Older Person Households

4.9 The figure below shows the tenure of older person households – the data has been split between single older person households and those with two or more older people (which will largely be couples). The data shows that older person households are relatively likely to live in outright owned accommodation (70%) and are also more likely than other households to be in the social rented sector. The proportion of older person households living in the private rented sector is relatively low (4% compared with 11% of all households in the District).

4.10 There are also notable differences for different types of older person households with single older people having a much lower level of owner-occupation than larger older person households – this group also has a much higher proportion living in the social rented sector.

4.11 Given that the number of older people is expected to increase in the future and that the number of single person households is expected to increase this would suggest (if occupancy patterns remain the same) that there will be a notable demand for affordable housing from the ageing population. That said, the proportion of older person households who are outright owners (with significant equity) may mean that market solutions will also be required to meet their needs.

Figure 4.6: Tenure of older person households – NWL

Source: 2011 Census
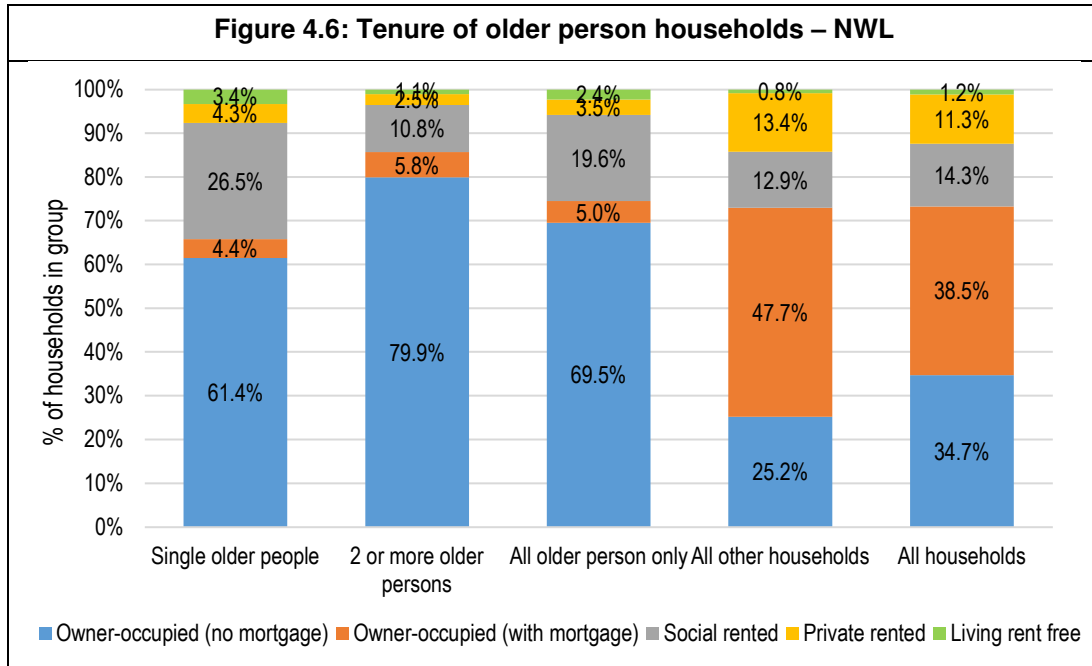
4.12   When compared with other areas, the analysis shows that the tenure mix of older person households in NWL is very similar to that seen in other locations.

Figure 4.7: Tenure of older person households – selected areas

Source: 2011 Census
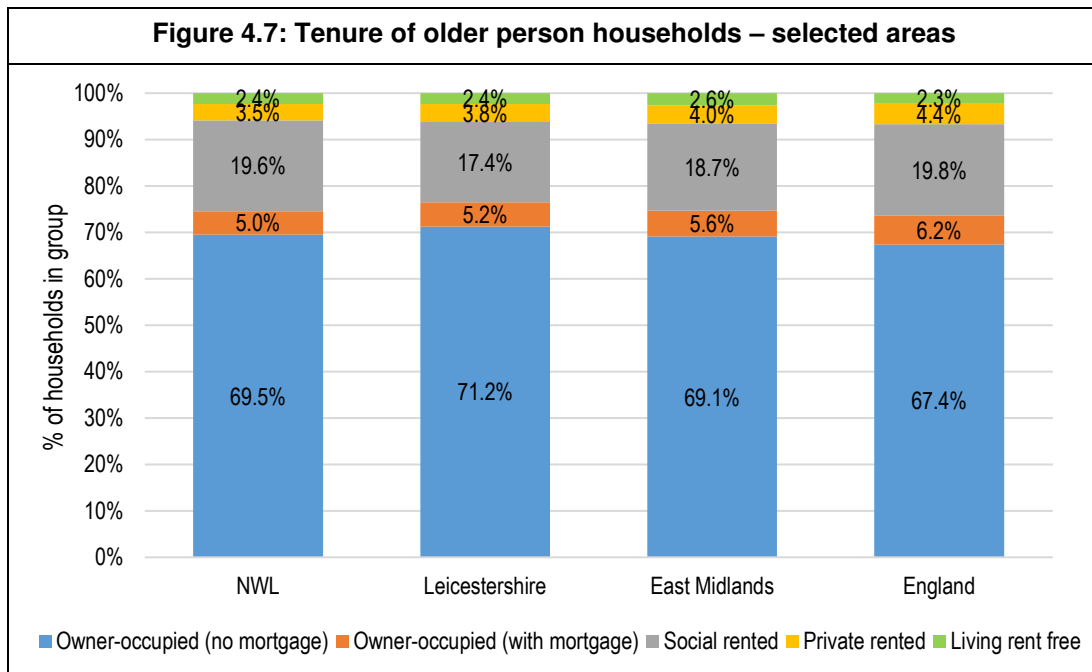
4.13   The table below shows how the tenure of older person households varies across areas. This shows some variation (often as a result of a small number of households), although the general picture is one of high levels of owner-occupation. When comparing Urban and Rural areas, it can be seen that the proportion of owners is not much different, although older person households in Urban areas are slightly more likely to be living in social rented accommodation.

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Figure 4.8: Older Person Population and tenure (all persons aged 65+)					
	Owner-occupied	Social rented	Private rented	Total	House-holds
Appleby Magna	79.7%	16.7%	3.6%	100.0%	138
Ashby Woulds	64.2%	30.9%	4.9%	100.0%	324
Ashby-de-la-Zouch – Blackfordby	84.7%	11.4%	4.0%	100.0%	176
Ashby-de-la-Zouch – Rest	72.6%	22.2%	5.2%	100.0%	1,191
Belton	61.4%	31.4%	7.1%	100.0%	70
Breedon on the Hill & Isley c L	65.6%	13.3%	21.1%	100.0%	90
Castle Donington	73.9%	17.3%	8.8%	100.0%	556
Charley	47.1%	0.0%	52.9%	100.0%	17
Chilcote & Stretton en le Field	81.3%	0.0%	18.8%	100.0%	16
COALVILLE	68.6%	26.0%	5.4%	100.0%	1,372
Coleorton	82.5%	9.3%	8.2%	100.0%	97
Ellistown & Battleflat	84.8%	10.1%	5.1%	100.0%	158
Heather	87.8%	11.0%	1.2%	100.0%	82
Hugglescote & Donington le Heath	73.8%	21.1%	5.1%	100.0%	389
Ibstock	71.0%	24.4%	4.6%	100.0%	562
Kegworth	75.1%	18.9%	6.0%	100.0%	333
Lockington-Hemington	83.1%	6.8%	10.2%	100.0%	59
Long Whatton & Diseworth	82.1%	7.2%	10.8%	100.0%	195
Measham	75.9%	17.3%	6.7%	100.0%	415
Oakthorpe & Donisthorpe	70.6%	22.0%	7.3%	100.0%	177
Osgathorpe	60.7%	32.1%	7.1%	100.0%	28
Packington & Normanton le Heath	91.2%	5.3%	3.5%	100.0%	114
Ravenstone with Snibstone	76.9%	15.6%	7.5%	100.0%	186
Swannington	81.0%	14.7%	4.3%	100.0%	116
Swepstone & Snarestone	85.5%	10.5%	3.9%	100.0%	76
THRINGSTONE	77.6%	19.5%	2.8%	100.0%	246
Whitwick	79.3%	16.4%	4.3%	100.0%	948
Worthington & Staunton Harold	82.2%	9.6%	8.2%	100.0%	146
Urban	74.0%	21.1%	4.9%	100.0%	4,488
Rural	75.1%	17.9%	7.0%	100.0%	3,789
Total	74.5%	19.6%	5.9%	100.0%	8,277

Source: 2011 Census

Prevalence of Disabilities

4.14   The table below shows the proportion of people with a long-term health problem or disability (LTHPD) drawn from 2011 Census data, and the proportion of households where at least one person has a LTHPD. The data suggests that across the District, some 33% of households contain someone with a LTHPD. This figure is similar to that seen in other areas. The figures for the population with a LTHPD again show a similar pattern in comparison with other areas (an estimated 18% of the population of the District have a LTHPD).

Figure 4.9: Households and people with a Long-Term Health Problem or Disability (2011)				
	Households containing someone with a health problem		Population with a health problem	
	Number	%	Number	%
NWL	12,995	33.2%	16,930	18.1%
Leicestershire	124,335	31.8%	162,560	16.6%
East Midlands	644,852	34.0%	844,297	18.6%
England	7,217,905	32.7%	9,352,586	17.6%

Source: 2011 Census

4.15   When looking at smaller sub-areas, the analysis shows the highest proportion of households with a LTHPD to be living in Blackfordby (likely to be linked to the age structure); this area also has the highest proportion of the population with a LTHPD. At the other end of the scale, the lowest proportion of households with a LTHPD can be found in Swepstone & Snarestone and the lowest population proportion in Chilcote & Stretton en le Field. The population (and households) in urban areas are slightly more likely than those in rural locations to have a LTHPD.

Figure 4.10: Households and people with a Long-Term Health Problem or Disability (2011) – NWL sub-areas				
	Households containing someone with a health problem		Population with a health problem	
	Number	%	Number	%
Appleby Magna	173	37.2%	225	20.8%
Ashby Woulds	534	34.3%	696	18.5%
Ashby-de-la-Zouch – Blackfordby	230	44.7%	294	25.4%
Ashby-de-la-Zouch – Rest	1,665	31.7%	2,186	17.4%
Belton	115	36.5%	138	18.8%
Breedon on the Hill & Isley c L	143	31.8%	183	17.8%
Castle Donington	832	30.3%	1,120	17.5%
Charley	22	27.5%	39	16.5%
Chilcote & Stretton en le Field	17	27.4%	23	11.5%
COALVILLE	2,594	34.4%	3,423	18.7%
Coleorton	139	30.2%	187	15.9%
Ellistown & Battleflat	297	28.0%	393	15.0%
Heather	135	34.7%	176	19.1%
Hugglescote & Donington le Heath	644	34.7%	821	18.5%
Ibstock	928	35.9%	1,211	19.5%
Kegworth	493	32.5%	631	17.5%
Lockington-Hemington	113	30.1%	143	17.1%
Long Whatton & Diseworth	208	27.2%	253	14.4%
Measham	703	32.6%	885	17.0%
Oakthorpe & Donisthorpe	358	33.4%	450	17.1%
Osgathorpe	52	30.8%	67	16.3%
Packington & Normanton le Heath	104	27.4%	126	14.0%
Ravenstone with Snibstone	285	31.3%	395	17.9%
Swannington	206	35.3%	250	19.7%
Swepstone & Snarestone	93	23.8%	114	11.8%
THRINGSTONE	414	37.7%	567	21.6%
Whitwick	1,308	35.1%	1,685	19.6%
Worthington & Staunton Harold	190	29.0%	249	15.5%
Urban	7,250	33.7%	9,482	18.4%
Rural	5,745	32.7%	7,448	17.8%
Total	12,995	33.2%	16,930	18.1%

Source: 2011 Census

4.16   It is likely that the age profile will impact upon the numbers of people with a LTHPD, as older people tend to be more likely to have a LTHPD. Therefore, the figure below shows the age bands of people with a LTHPD. It is clear from this analysis that those people in the oldest age bands are more likely to have a LTHPD. The analysis also shows similar levels of LTHPD in each age band within NWL when compared with other locations.

Figure 4.11: Population with Long-Term Health Problem or Disability by age
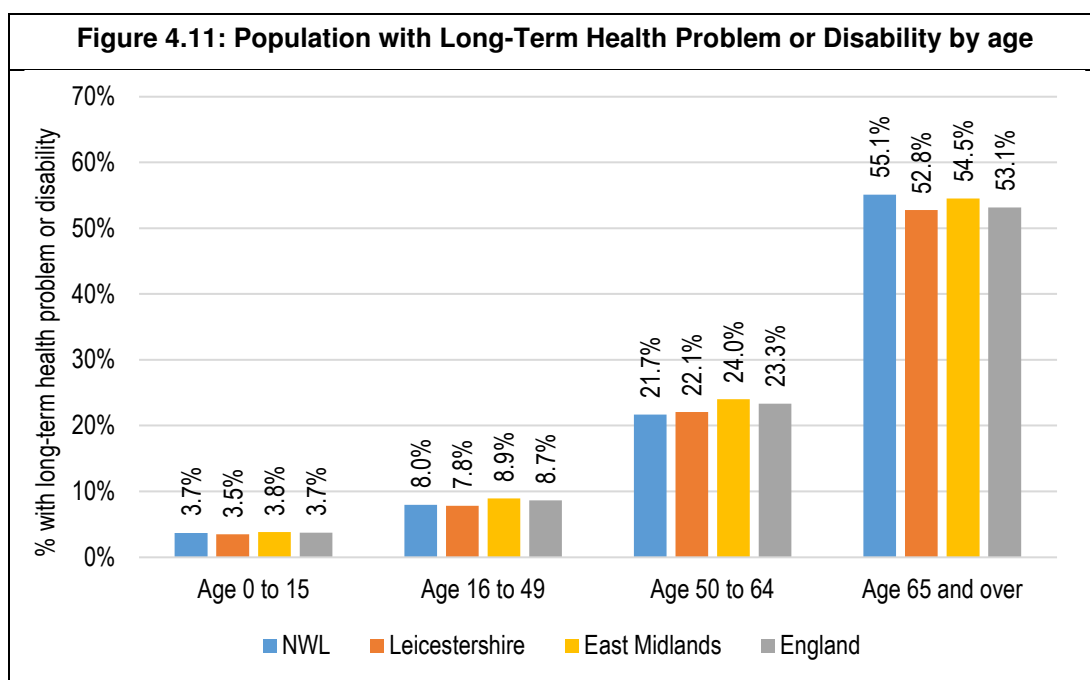

Source: 2011 Census

4.17   The age specific prevalence rates shown above can be applied to the demographic data to estimate the likely increase over time of the number of people with a LTHPD. In applying this information to the demographic projections, it is estimated that the number of people with a LTHPD will increase by around 6,300 (a 31% increase) between 2020 and 2039.

4.18   Across the District, virtually all of this increase is expected to be in age groups aged 65 and over. The population increase of people with a LTHPD represents at least 36% of the total increase in the population estimated by the projections.

4.19   The findings should be treated with some degree of caution as it is likely that part of the reason for the number of people with limiting illnesses will be linked to the mining history of the area (which will not be repeated in the future). That said, given an ageing population it is clear that the number of people with a LTHPD can be expected to increase notably moving forward.

Figure 4.12: Estimated change in population with LTHPD (2020-2039) – NWL				
	Population with LTHPD		Change	% change
	2020	2039	(2020-39)	from 2020
2016-based SNPP	20,205	25,646	5,441	26.9%
Linked to 480 dpa	20,515	26,817	6,302	30.7%

Source: Derived from demographic modelling and Census (2011)

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4.20   The figure below shows the tenures of people with a LTHPD – it should be noted that the data is for 'population living in households' rather than 'households'. The analysis clearly shows that people with a LTHPD are more likely to live in social rented housing or are also more likely to be outright owners (this will be linked to the age profile of the population with a disability). Given that typically the lowest incomes are found in the social rented sector, and to a lesser extent for outright owners, the analysis would suggest that the population/households with a disability are likely to be relatively disadvantaged when compared to the rest of the population.

Figure 4.13: Tenure of people with LTHPD – NWL
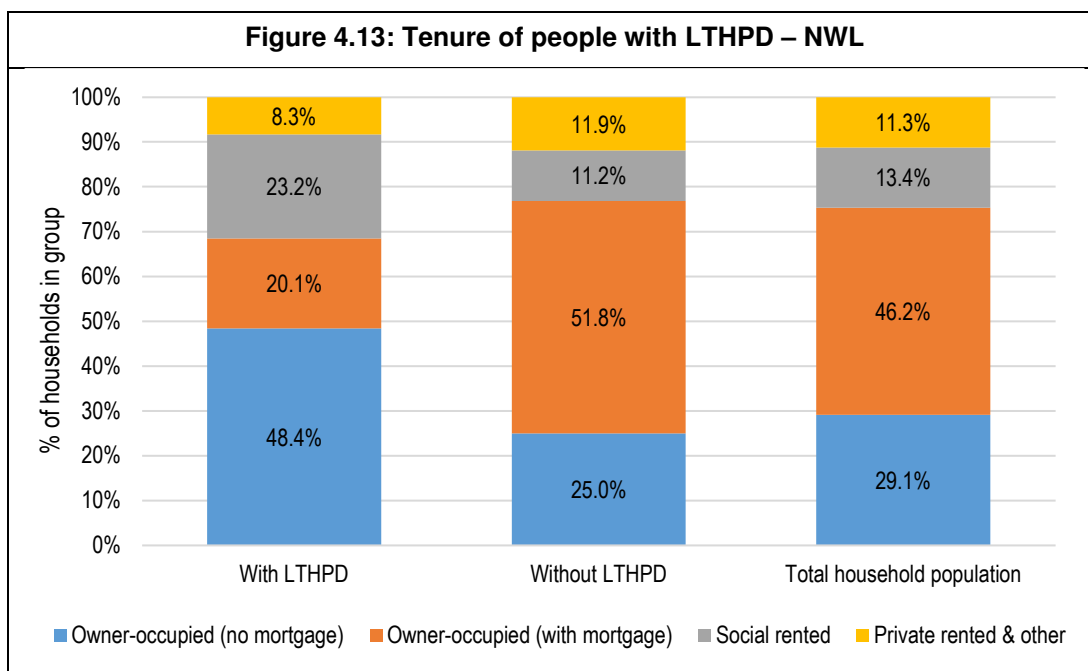
Source: Census (2011)

4.21   The table below shows further information about the tenure split of the household population with a LTHPD. This shows that people living in the social rented sector are nearly twice as likely to have a LTHPD than those in other tenures.

Figure 4.14: Tenure of people with a LTHPD		
	% of social rent with LTHPD	% of other tenures with LTHPD
NWL	30.7%	15.7%

Source: Census (2011)

Health-related Population Projections

4.22   The incidence of a range of health conditions is an important component in understanding the potential need for care or support for a growing older population.

4.23   The analysis undertaken covers both younger and older age groups and draws on prevalence rates from the PANSI (Projecting Adult Needs and Service Information) and POPPI (Projecting Older People Population Information) websites. The analysis links to estimates of population growth based on delivery of 480 dwellings per annum.

4.24   Of particular note are the large increases in the number of older people with dementia (increasing by 78% from 2020 to 2039) and mobility problems (65% increase over the same period). Changes for younger age groups are smaller, reflecting the fact that projections are expecting older age groups to see the greatest proportional increases in population. When related back to the total projected change to the population, the increase of 2,400 people with a mobility problem represents 14% of the total projected population growth.

4.25   It should be noted that there will be an overlap between categories (i.e. some people will have both dementia and mobility problems). Hence the numbers for each of the illnesses/disabilities should not be added together to arrive at a total.

Figure 4.15: Projected Changes to NWL Population with a Range of Disabilities – linking to dwelling growth of 480 per annum					
Disability	Age Range	2020	2039	Change	% Change
Dementia	65+	1,364	2,433	1,069	78.4%
Mobility problems	65+	3,688	6,103	2,414	65.5%
Autistic Spectrum Disorders	18-64	612	659	47	7.7%
	65+	204	308	104	51.1%
Learning Disabilities	15-64	1,592	1,721	130	8.2%
	65+	444	660	216	48.6%
Challenging behaviour	15-64	29	32	2	7.9%
Impaired mobility	16-64	3,589	3,759	170	4.7%

Source: POPPI/PANSI and Demographic Projections (figures may not sum due to rounding)

4.26   The growth shown in those with disabilities provides clear evidence justifying delivering 'accessible and adaptable' homes as defined in Part M4(2) of Building Regulations. The Council should ensure that the viability of doing so is also tested as part of drawing together its evidence base.

Need for Specialist Accommodation for Older Persons

4.27   Given the ageing population and higher levels of disability and health problems amongst older people, there is likely to be an increased requirement for specialist housing options moving forward. The box below identifies the different types of older persons housing which are considered.

Definitions of Different Types of Older Persons' Accommodation

Retirement living or sheltered housing (housing with support): This usually consists of purpose-built flats or bungalows with limited communal facilities such as a lounge, laundry room and guest room. It does not generally provide care services, but provides some support to enable residents to live independently. This can include 24-hour on-site assistance (alarm) and a warden or house manager.

Extra care housing or housing-with-care (housing with care): This usually consists of purpose-built or adapted flats or bungalows with a medium to high level of care available if required, through an onsite care agency registered through the Care Quality Commission (CQC). Residents are able to live independently with 24-hour access to support services and staff, and meals are also available. There are often extensive communal areas, such as space to socialise or a wellbeing centre. In some cases, these developments are known as retirement communities or villages - the intention is for residents to benefit from varying levels of care as time progresses.

Residential care homes and nursing homes (care bedspaces): These have individual rooms within a residential building and provide a high level of care meeting all activities of daily living. They do not usually include support services for independent living. This type of housing can also include dementia care homes.

Source: Planning Practice Guidance [63-010]

4.28   The need for specialist housing for older persons is typically modelled by applying prevalence rates to current and projected population changes, and considering the level of existing supply. There are a number of 'models' for doing this, but they all essentially work in the same way. The model results are however particularly sensitive to the prevalence rates applied, which typically describe the proportion of people aged over 75 who could be expected to live in different forms of specialist housing.

4.29   This report draws on data from the Housing Learning and Information Network (Housing LIN) Shop@ online toolkit (SHOP@ toolkit). This data is considered alongside demographic projections to provide an indication of the potential level of additional specialist housing that might be required for older people in the future. Through discussions with Housing LIN it is however clear that:

- Housing LIN consider that the prevalence rates used should be assessed taking account of an authority's strategy for delivering specialist housing for older people. The degree for instance which the Council want to require extra care housing as an alternative to residential care provision would influence the relative balance of need

- The Housing LIN model has been influenced by existing levels of provision and their view on what future level of provision might be reasonable taking account of how the market is developing, funding availability etc. There is a degree to which the model and assumptions within it do not fully capture the growing recent private sector interest and involvement in the sector.

4.30   What this report has therefore done is to consider the Housing LIN methodology first of all, to compare it with other alternative sources; and then to make some judgements on how these might be applied to North West Leicestershire.

4.31   Housing LIN's SHOP@ toolkit sets out a series of baseline rates which form a starting point for assessing appropriate prevalence rates to apply. These baseline rates are:

- Housing with Support (retirement/sheltered housing) – 125 units per 1,000 population aged 75 and over;
- Housing with Care (enhanced sheltered and extra-care housing) – 45 units per 1,000 population aged 75 and over; and
- Residential care bedspaces (residential and nursing care) – 110 units (bedspaces) per 1,000 population aged 75 and over

4.32   Following the Housing LIN methodology, an initial adjustment has then been made to these rates to reflect the relative health of the local older person population. This has been based on Census data about the proportion of people aged 65 and over who have a long-term health problem or disability compared with the England average. In NWL, the data shows slightly worse health in the older person population and so the prevalence rates used have been increased slightly (by an average of around 4%) – this figure is based on comparing the proportion of people aged 65 and over with a LTHPD in NWL (55.1%) with the equivalent figure for England (53.1%) – 55.1÷53.1 = 1.04.

4.33   A second local adjustment has been to estimate a tenure split for the housing with support and housing with care categories. This again draws on suggestions in the Shop@ toolkit which suggests that less deprived local authorities could expect a higher proportion of their specialist housing to be in the market sector.

4.34   Data from the 2015 Index of Multiple Deprivation (IMD) suggests that NWL is the 214th most deprived local authority in England (out of 326) – this is therefore a relatively low level of deprivation. This suggests a slightly higher need for market homes for older people in NWL. To be clear this is market housing within the categories described above (e.g. sheltered/retirement and extra-care housing).

4.35   This analysis suggests a need for 176 units of specialist accommodation per 1,000 population aged 75 and over, and of these 104 (59%) are for market housing. This is before any consideration of the current supply of specialist housing is made. Data about supply draws on a database from the Elderly Accommodation Counsel (EAC).

4.36   The table below shows estimated needs for different types of housing linked to provision of 480 dwellings per annum. The analysis shows a potentially high need for leasehold (market) accommodation and an apparent current surplus of affordable sheltered housing (although a shortfall moving through to 2039). The analysis also shows a shortfall of housing with care (e.g. Extra-care) in both the leasehold (market) and rented (affordable) sectors. Overall, the analysis suggests a need for 2,208 additional units by 2039 (equivalent to 116 per annum – or 24% of providing 480 dwellings per annum).

Figure 4.16: Older Persons' Dwelling Requirements 2020 to 2039 linked provision of 480 dwellings per annum – NWL (excluding residential care)		Housing demand per 1,000 75+	Current supply	2020 demand	Current shortfall/ (surplus)	Additional demand to 2039	Shortfall/ (surplus) by 2039
Housing with support	Rented	50	547	465	-82	350	268
	Leasehold	79	96	731	635	551	1,186
Housing with care	Rented	22	0	200	200	150	350
	Leasehold	25	0	231	231	174	404
Total		176	643	1,626	983	1,225	2,208

Source: Derived from demographic projections and Housing LIN/EAC

4.37 The provision of a choice of attractive housing options to older households is a component of achieving good housing mix. The availability of such housing options for the growing older population may enable some older households to downsize from homes which no longer meet their housing needs or are expensive to run. The availability of housing options which are accessible to older people will also provide the opportunity for older households to 'rightsize' which can help improve their quality of life.

4.38 The table above should be considered as providing a set of parameters for housing need. The ultimate level of provision the Council seeks to support will be influenced by its broader strategy for older persons housing and care.

4.39 The analysis has not attempted to break these figures down into the twenty-eight sub-areas. However, the data previously provided in this section would help to indicate how needs might vary across locations. In particular, it is notable that the population of older persons does vary across the District, with those areas with higher proportions potentially expected to see a higher demand for older person accommodation.

4.40 In terms of the tenure split, earlier analysis suggested only small differences between locations when considered in the round (there were some differences observed in areas with a small population). It seems likely therefore that the typical tenure splits highlighted above would be applicable across the District. It should also be noted that care should be taken when interpreting the smaller-area data; in terms of getting schemes in place, it is likely that there would need to be a critical mass of dwellings. To look at need, it might therefore be necessary to group together data from a number of areas to examine local trends.

Residential Care Bedspaces

4.41 The analysis below provides outputs (drawing on the same sources) for the estimated need for care home bedspaces. The analysis draws on that above, including making adjustments for the relative health of the population of the local authorities. It should be noted that the analysis for bedspaces does not have an associated tenure. The table below shows the prevalence rate used and the need associated with this. The analysis shows a current shortfall and notable projected future need. Overall, it is estimated that there is a need for around 1,350 additional care and nursing home bedspaces to 2039.

4.42   It is considered that this figure should be considered as a maximum level, as there is potential for some of this need to be met through provision of extra care housing. This will relate to needs arising for residential rather than nursing care.

Figure 4.17: Older Persons' care bed requirements 2020 to 2039 – NWL						
	Housing demand per 1,000 75+	Current supply	2020 demand	Current shortfall/ (surplus)	Additional demand to 2039	Shortfall/ (surplus) by 2039
Linked to 480 dpa	114	493	1,052	559	792	1,352

Source: Derived from demographic projections and Housing LIN/HOPSR/EAC

Older Persons' Housing, Planning Use Classes and Affordable Housing Policies

4.43   The issue of use classes and affordable housing generally arises in respect of extra care/ assisted living development schemes. The Planning Practice Guidance defines extra care housing or housing with care as follows:

"This usually consists of purpose-built or adapted flats or bungalows with a medium to high level of care available if required, through an onsite care agency registered through the Care Quality Commission (CQC). Residents are able to live independently with 24 hour access to support services and staff, and meals are also available. There are often extensive communal areas, such as space to socialise or a wellbeing centre. In some cases, these developments are known as retirement communities or villages - the intention is for residents to benefit from varying levels of care as time progresses".

4.44   There is a degree to which different terms can be used for this type of development inter-changeably, with reference sometimes made to extra care, assisted living, continuing care retirement communities, or retirement villages. Accommodation units typically include sleeping and living accommodation, bathrooms and kitchens; and have their own front door. Properties having their own front doors is not however determinative of use.

4.45   The distinguishing features of housing with care is the provision of personal care through an agency registered with the Care Quality Commission, and the inclusion of extensive facilities and communal space within these forms of development, which distinguish them from blocks of retirement flats.

<u>Use Classes</u>

4.46   Use classes are defined in the Town and Country Planning (Use Classes) Order 1987. Use Class C2: Residential Institutions is defined as *"use for the provision of residential accommodation and care to people in need of care (other than a use within class C3 (dwelling houses)."* C3 (dwelling houses) are defined as "*use as a dwelling house (whether or not as a sole or main residence) a) by a single person or by people living together as a family; or b) by no more than 6 residents living together as a single household (including a household where care is provided for residents)."*

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4.47   Care is defined in the Use Class Order as meaning "personal care for people in need of such care by reason of old age, disablement, past or present dependence on alcohol or drugs or past or present mental disorder, and in class C2 also includes the personal care or children and medical care and treatment."

4.48   Personal care has been defined in Regulations[4] as "the provision of personal care for persons who, by reasons of old age, illness or disability are unable to provide it for themselves, and which is provided in a place where those persons are living at the time the care is provided."

4.49   Government has released new Planning Practice Guidance of *Housing for Older and Disabled People* in June 2019. In respect of Use Classes, Para 63-014 therein states that:

"It is for a local planning authority to consider into which use class a particular development may fall. When determining whether a development for specialist housing for older people falls within C2 (Residential Institutions) or C3 (Dwelling house) of the Use Classes Order, consideration could, for example, be given to the level of care and scale of communal facilities provided."

4.50   The relevant factors identified herein are the level of care which is provided, and the scale of communal facilities. It is notable that no reference is made to whether units of accommodation have separate front doors, it is the ongoing provision of care which is the distinguishing feature within the C2 definition. In a C2 use, the provision of care is an essential and ongoing characteristic of the development and would normally be secured as such through the S106 Agreement.

4.51   There have been a range of appeal decisions which have addressed issues relating to how to define the use class of a development. These are fact specific, and there is a need to consider the particular nature of the scheme. What arises from past decisions, is that schemes which have been accepted as a C2 use commonly demonstrate the following characteristics:

• Occupation restricted to people (at least one within a household) in need of personal care, with an obligation for such residents to subscribe to a minimum care package. Whilst there has been debate about the minimum level of care to which residents must sign-up to this should not necessarily be determinative given that a) residents' care needs would typically change over time, and in most cases increase; and b) for those without a care need the relative costs associated with the care package would be off-putting.

• Provision of access to a range of communal areas and facilities, typically beyond that of simply a communal lounge, with the access to these facilities typically reflected in the service charge.

NPPF Policies on Affordable Housing

4.52   It is not considered that the Use Class on its own is determinative on whether affordable housing provision could be applied. In all cases the housing will be residential accommodation. But nor is there a clear policy basis for seeking affordable housing provision or contributions from a C2 use in the absence of a development plan policy which seeks to do so.

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[4] Schedule 1 of the Health and Social Care Act 2008 (Regulated Activities) Regulations 2010.

4.53   The 2019 NPPF sets out in Para 34 that Plans should set out the contributions expected from development, including levels of affordable housing. Such policies should not undermine the deliverability of the Plan. Para 62 states that where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, and expect it to be met on-site unless off-site provision or a financial contribution can be robustly justified; and the agreed approach contributes to the objective of creating mixed and balanced communities.

4.54   Para 63 states that affordable housing should not be sought from residential developments that are not major developments. Para 64 sets out that specialist accommodation for a group of people with specific needs (such as purpose-built accommodation for the elderly or students) are exempt from the requirement for 10% of homes (as part of the affordable housing contribution) to be for affordable home ownership. But neither of these paragraphs set out that certain types of specialist accommodation for older persons are exempt from affordable housing contributions. The implication for NWL is that:

- The ability to seek affordable housing contributions from a C2 use at the current time is influenced by how its current development plan policies were constructed and evidenced; and

- If policies in a new development plan are appropriately crafted and supported by the necessary evidence on need and viability, affordable housing contributions could be sought from a C2 use through policies in a new Local Plan.

4.55   Within the forthcoming local plan, it would be possible to craft a policy in such a way that affordable housing could be sought on extra care housing from both C2 and C3 use classes. Neither the NPPF nor Use Class Order appear to preclude this.

4.56   It is however important to recognise that the viability of extra care housing will differ from general mixed tenure development schemes, and there are practical issues associated with how mixed tenure schemes may operate. The Council needs to consider these in crafting a policy.

Viability

4.57   There are a number of features of a typical extra care housing scheme which can result in substantively different viability characteristics relative to general housing. In particular:

- Schemes typically include a significant level of communal space and on-site facilities, such that the floorspace of individual units might equate to 65% of the total floorspace, compared to 100% for a scheme of houses and perhaps 85% for typical flatted development. There is a significant proportion of space from which value is not generated through sales;
- Higher construction and fit out-costs as schemes need to achieve higher accessibility requirements and often include lifts, specially adapted bathrooms, treatment rooms etc. In many instances, developers need to employ third party building contractors and are not able to secure the same economies of scale as the larger volume housebuilders;
- Sales rates are also typically slower for extra care schemes, not least as older residents are less likely to buy 'off plan.' The combination of this and the limited ability to phase flatted schemes to sales rates can result in higher finance costs for a development.

4.58   There are a number of implications arising from this. Firstly, there is a need for viability evidence to specifically test and consider what level of affordable housing could be applied to different forms of older persons accommodation, potentially making a distinction between general market housing; retirement living/sheltered housing; and extra care/housing with care. It may well be that a differential and lower affordable housing policy is justified for housing with care.

4.59   Secondly, developers of extra care schemes can struggle to secure land when competing against mainstream housebuilders or strategic land promoters. One way of dealing with this is to allocate sites specifically for specialist older persons housing, and this may be something that the Council wishes to consider through the preparation of the new Local Plan. There could be benefits of doing this through achieving relatively high density development of land at accessible locations, and in doing so, releasing larger family housing elsewhere as residents move out.

Practical Issues

4.60   In considering policies for affordable housing provision on housing with care schemes, there is one further factor which warrants consideration relating to the practicalities of mixed-tenure schemes. The market for extra care development schemes is currently focused particularly towards providers at the affordable and higher ends of the market, with limited providers currently delivering within the 'mid-market.' At the higher ends of the market, the level of facilities and services/support available can be significant, and the management model is often to recharge this through service charges.

4.61   Whilst recognising the benefits associated with mixed income/tenure development, in considering whether mixed tenure schemes can work it is important to consider the degree to which service charges will be affordable to those on lower incomes and whether Registered Providers will want or be able to support access to the range of services/facilities on site. In a range of instances, this has meant that authorities have accepted off-site contributions to affordable housing provision.

Wheelchair User Housing

4.62   Information about the need for housing for wheelchair users is difficult to obtain (particularly at a local level) and so some brief analysis has been carried out based on national data within a research report by Habinteg Housing Association and London South Bank University (Supported by the Homes and Communities Agency) - *Mind the Step: An estimation of housing need among wheelchair users in England*. This report provides information at a national and regional level although there are some doubts about the validity even of the regional figures; hence the focus is on national data.

4.63   The report identifies that around 84% of homes in England do not allow someone using a wheelchair to get to and through the front door without difficulty and that once inside, it gets even more restrictive. Furthermore, it is estimated (based on English House Condition Survey data) that just 0.5% of homes meet criteria for 'accessible and adaptable', while 3.4% are 'visitable' by someone with mobility problems (data from the CLG Guide to available disability (taken from the English Housing Survey)) puts the proportion of 'visitable' properties at a slightly higher 5.3%.

4.64   Overall, the report estimates that there is an unmet need for wheelchair user dwellings equivalent to 3.5 per 1,000 households (this is described in the Habinteg report as the *number of wheelchair user households with unmet housing need*). In NWL, as of 2020, this would represent a current need for about 154 wheelchair user dwellings. Moving forward, the report estimates a wheelchair user need from around 3% of households. If 3% is applied to the household growth in the demographic projections (2020-39) then there would be an additional need for around 266 adapted homes. If these figures are brought together with the estimated current need then the total wheelchair user need would be for around 419 homes (over 19-years). Comparing the need for wheelchair dwellings shown to the local housing need (of 480 dpa), the need for wheelchair user dwellings equates to about 5% of the total housing need. This would therefore be a suitable policy benchmark for the level of provision required.

Figure 4.18: Estimated need for wheelchair user homes (2020-2039) – NWL			
	Current need	Projected need (2020-39)	Total
Linked to 480 dpa	154	266	419

Source: Derived from demographic projections and Habinteg prevalence rates

4.65   Information in the CLG Guide to available disability data also provides some historical national data about wheelchair users by tenure (data from the 2007/8 English Housing Survey). This showed around 7.1% of social tenants to be wheelchair uses, compared with 2.3% of owner-occupiers (there was insufficient data for private renting, suggesting that the number is low).

4.66   This may impact on the proportion of different tenures that should be developed to be for wheelchair users (although it should be noted that the PPG (56-009) states that *'Local Plan policies for wheelchair accessible homes should be applied only to those dwellings where the local authority is responsible for allocating or nominating a person to live in that dwelling').* For market housing, policy can however require delivery of wheelchair-adaptable dwellings, this being a home that can easily be adapted to meet the needs of a household including wheelchair users.

Older People and People with Disabilities: Key Messages

- A range of data sources and statistics have been accessed to consider the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability. The analysis responds to Planning Practice Guidance on *Housing for Older and Disabled People* published by Government in June 2019 and includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).

- The data shows that in general, NWL has similar levels of disability compared with other areas, however an ageing population means that the number of people with disabilities is likely to increase substantially in the future. Key findings include:

  - Over 40% increase in the population aged 65+ over 2020-2039 (potentially accounting for over 60% of total population growth);
  - A potential increase of around 30% in the number of people with a long-term health problem or disability (2020-39);
  - A 78% increase in the number of people aged 65+ with dementia and a 65% increase in those aged 65+ with mobility problems (2020-39);
  - A need for around 1,450 additional housing units with support (sheltered/retirement housing) in both the affordable and market sectors (82% in the market sector) – 2020-39;
  - A need for around 750 additional housing units with care (e.g. extra-care), around 46% in the affordable sector (2020-39);
  - A need for additional care bedspaces (2020-39); and
  - a need for around 420 dwellings to be for wheelchair users (meeting technical standard M4(3)) – 2020-39.

- This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings as well as providing specific provision of older persons housing. Given the evidence, the Council could consider (as a start point) requiring all dwellings (in all tenures) to meet the M4(2) standards (which are similar to the Lifetime Homes Standards) and at least 5% of homes meeting M4(3) – wheelchair user dwellings.

- Where the authority has nomination rights M4(3) would be wheelchair accessible dwellings (constructed for immediate occupation) and in the market sector they should be wheelchair user adaptable dwellings (constructed to be adjustable for occupation by a wheelchair user). It should however be noted that there will be cases where this may not be possible (e.g. due to viability or site-specific circumstances) and so any policy should be applied flexibly.

- The Council should also consider if a different approach is prudent for market housing and affordable homes, recognising that Registered Providers may already build to higher standards, and that households in the affordable sector are more likely to have some form of disability.

- In seeking M4(2) compliant homes, the Council should also be mindful that such homes could be considered as 'homes for life' and would be suitable for any occupant, regardless of whether or not they have a disability at the time of initial occupation.

- In framing policies for the provision of specialist older persons accommodation, the Council will need to consider a range of issues. This will include the different use classes of accommodation (i.e. C2 vs. C3) and requirements for affordable housing contributions (linked to this the viability of provision). There may also be some practical issues to consider, such as the ability of any individual development being mixed tenure given the way care and support services are paid for.

5.   Private Rented Sector

Introduction

5.1   Planning Practice Guidance on housing need assessment highlights the Private Rented Sector (PRS) as one of the specific groups that should be analysed, although there is little advice on the analysis expected and the outputs. Specifically, the PPG [67-002] says: *'tenure data from the Office for National Statistics can be used to understand the future need for private rented sector housing'* and *'market signals reflecting the demand for private rented sector housing could be indicated from the level of changes in rents'*.

5.2   This section therefore looks at a range of statistics in relation to the PRS in NWL. Where reasonable, comparisons are made with other tenures (i.e. owner-occupied and social rented) as well as contrasting data with other areas. The aim is to bring together a range of information to understand the role played by the sector, and to consider if there is any need to provide additional housing in this tenure.

Size of the Private Rented Sector

5.3   The table below shows the tenure split of housing in 2011 in NWL and a range of other areas. This shows a total of 4,400 households living in private rented housing in the District – 11.3% of all households. This proportion is notably below County, regional and national equivalent figures. The vast majority of households in the PRS are living in housing rented from a landlord or through a letting agency, although 410 (1.1% of all households) are recorded as living in 'other' PRS accommodation, this is mainly households living in housing owned by a relative or friend.

Figure 5.1: Tenure (2011)				
	NWL	Leicester-shire	East Midlands	England
Owns outright	13,581	127,118	621,224	6,745,584
Owns with mortgage/loan	15,081	139,385	666,185	7,403,200
Social rented	5,598	59,287	300,423	3,903,550
Private rented	4,411	59,931	282,443	3,715,924
Living rent free	457	4,838	25,329	295,110
Total	39,128	390,559	1,895,604	22,063,368
% private rented	11.3%	15.3%	14.9%	16.8%

Source: Census (2011)

5.4   The table below shows the proportion of households living in private rented accommodation in each sub-area. The table also provides a breakdown within the private rented category. The analysis shows a wide range of proportions living in the PRS, varying from 4.1% of households in Blackfordby, up to 36% in Charley. The key settlement of Coalville sees a fairly average proportion of households in the PRS. The analysis is also notable for showing a slightly higher proportion of households in rural areas as living in the PRS. The table also indicates that in general there are relatively few households living in PRS accommodation other than that rented directly from a landlord or through a letting agency.

Figure 5.2: Breakdown of types of private rented accommodation (2011)					
	Private landlord or letting agency	Employer of a household member	Relative or friend of household member	Other	Total in private rented sector
Appleby Magna	4.1%	0.2%	1.7%	0.2%	6.2%
Ashby Woulds	8.7%	0.0%	0.4%	0.0%	9.1%
Ashby-de-la-Zouch – Blackfordby	3.5%	0.0%	0.6%	0.0%	4.1%
Ashby-de-la-Zouch – Rest	10.6%	0.1%	0.9%	0.1%	11.6%
Belton	9.8%	0.3%	1.3%	0.0%	11.4%
Breedon on the Hill & Isley c L	17.8%	0.0%	1.1%	0.0%	18.9%
Castle Donington	14.3%	0.3%	0.9%	0.2%	15.6%
Charley	33.8%	0.0%	1.3%	1.3%	36.3%
Chilcote & Stretton en le Field	3.2%	0.0%	3.2%	0.0%	6.5%
COALVILLE	10.7%	0.1%	0.8%	0.1%	11.7%
Coleorton	5.9%	0.4%	0.9%	0.2%	7.4%
Ellistown & Battleflat	12.0%	0.2%	0.8%	0.3%	13.3%
Heather	7.7%	0.0%	1.0%	0.0%	8.7%
Hugglescote & Donington le Heath	9.4%	0.1%	1.2%	0.1%	10.8%
Ibstock	7.6%	0.0%	0.9%	0.2%	8.7%
Kegworth	17.1%	0.1%	1.4%	0.2%	18.8%
Lockington-Hemington	12.5%	0.3%	0.8%	1.1%	14.6%
Long Whatton & Diseworth	12.4%	0.1%	1.6%	0.3%	14.4%
Measham	13.1%	0.1%	0.8%	0.0%	14.1%
Oakthorpe & Donisthorpe	8.3%	0.1%	0.6%	0.0%	8.9%
Osgathorpe	7.1%	0.0%	0.6%	0.0%	7.7%
Packington & Normanton le Heath	4.5%	0.0%	0.5%	0.3%	5.3%
Ravenstone with Snibstone	8.2%	0.0%	0.9%	0.0%	9.1%
Swannington	15.4%	0.2%	0.2%	0.2%	16.0%
Swepstone & Snarestone	6.6%	0.0%	0.8%	0.3%	7.7%
THRINGSTONE	5.3%	0.0%	0.3%	0.0%	5.6%
Whitwick	7.2%	0.1%	0.8%	0.0%	8.1%
Worthington & Staunton Harold	8.4%	0.2%	0.5%	0.0%	9.0%
Urban	9.7%	0.1%	0.8%	0.1%	10.7%
Rural	10.8%	0.1%	0.9%	0.1%	12.0%
All households	10.2%	0.1%	0.9%	0.1%	11.3%

Source: CLG Live Tables, Census (2011) and data modelling

5.5   As well as looking at the current tenure profile, it is of interest to consider how this has changed over time; the table below shows (for the whole of the study area) data from the 2001 and 2011 Census. From this it is clear that there has been significant growth in the number of households living in privately rented accommodation as well as an increase in outright owners (this will be due to mortgages being paid off, which may have been assisted by a period of low interest rates). There has been a decline in the number of owners with a mortgage and a small decrease in the number of households in social rented accommodation.

Figure 5.3: Change in tenure (2001-11) – NWL				
	2001 households	2011 households	Change	% change
Owns outright	11,603	13,581	1,978	17.0%
Owns with mortgage/loan	15,512	15,081	-431	-2.8%
Social rented	5,715	5,598	-117	-2.0%
Private rented	1,933	4,411	2,478	128.2%
Other	631	457	-174	-27.6%
Total	35,394	39,128	3,734	10.5%

Source: 2001 and 2011 Census

5.6   The general pattern of tenure changes in NWL is broadly similar to that seen in other areas – i.e. an increase in the PRS and outright owners and a reduction in owners with a mortgage. However, the proportionate increase in the number of households in the PRS is more notable in the District than other locations; nationally, over the 10-year period the PRS grew by 82%, but by 128% in NWL. It does however need to be recognised that NWL started from a low base in terms of the size of the PRS and even by 2011 the proportion of households in the sector is substantially lower than seen nationally.

Figure 5.4: Change in tenure (2001-11)				
	NWL	Leicester-shire	East Midlands	England
Owns outright	17.0%	16.5%	16.4%	13.0%
Owns with mortgage/loan	-2.8%	-9.7%	-7.1%	-8.4%
Social rented	-2.0%	2.1%	-1.0%	-0.9%
Private rented	128.2%	103.1%	95.9%	82.4%
Other	-27.6%	-10.4%	-26.3%	-29.6%
TOTAL	10.5%	9.6%	9.4%	7.9%

Source: 2001 and 2011 Census

5.7   The PRS has clearly been growing rapidly over time, in NWL and other locations; it is also worth considering what further changes may have occurred since 2011. Unfortunately, robust local data on this topic is not available, however a national perspective can be drawn from the English Housing Survey (EHS) which has data up to 2018-19. The figure below shows changes in three main tenures back to 1980. This clearly shows the increase in the number of households living in private rented accommodation from about 2001 and also a slight decrease in the number of owners. Since 2011, the EHS data shows that that PRS has risen by a further 22% and if NWL has seen a similar level of increase then this would imply about 1,000 additional households in the sector.

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Figure 5.5: Trends in tenure, 1980 to 2018-19 – England
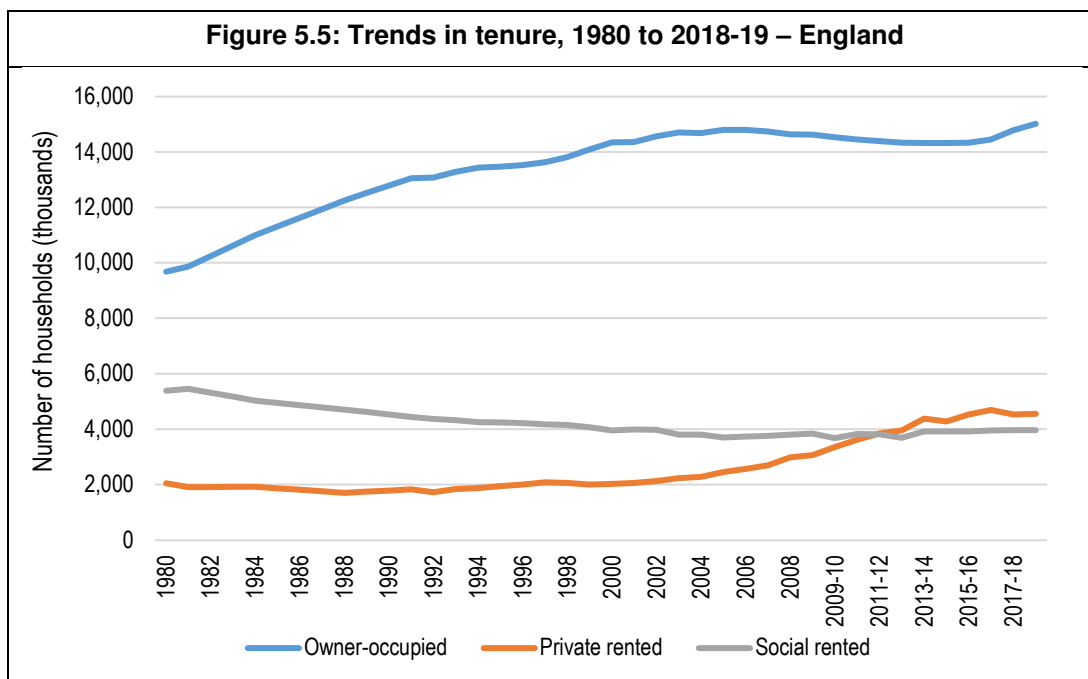
Source: English Housing Survey

5.8   The data above shows information for all households and it is of interest to study this information for younger households. Interrogating changes for a full range of age groups is difficult as the two Census (2001 and 2011) use different age bandings. It is however possible to provide an indication of the change in tenure by looking at households aged under 35 and this is shown in the table below.

5.9   For the Under 35 age group the analysis again shows a substantial increase in the number of households living in private rented accommodation (123%). However, it should be noted that overall there was a substantial decline in the number of households aged under 35 (decreasing by 14%). The analysis also highlights a significant decrease in the number of owner occupiers (decreasing by over 40% in just 10-years) and a modest reduction in the number of young people in social rented accommodation. In 2001, some 13% of younger households lived in the PRS; by 2011, this had increased to 34%. These trends are likely to have been influenced by affordability issues, including the recession and restrictions on mortgage finance availability.

| Figure 5.6: Change in tenure 2001-11 (all households aged Under 35) – NWL				
	2001	2011	Change	% change
Owned	4,301	2,512	-1,789	-41.6%
Social rented	985	939	-46	-4.7%
Private rented	789	1,761	972	123.2%
TOTAL	6,075	5,212	-863	-14.2%

Source: 2001 and 2011 Census

Profile of Private Renters

5.10   This section presents a profile of people/households living in the private rented sector. Whenever possible comparisons are made with those living in other tenures.

Age

5.11   Private renters are younger than social renters and owner occupiers. In 2011, the average age of household reference persons (HRPs) in the private rented sector was 44 years (compared with 56 years for both social renters and owner occupiers). Over two-thirds (70%) of private rented sector HRPs were aged under 50 compared with 42% of social renters and 40% of owner occupiers.

Figure 5.7: Age of household reference person by tenure (2011) – NWL
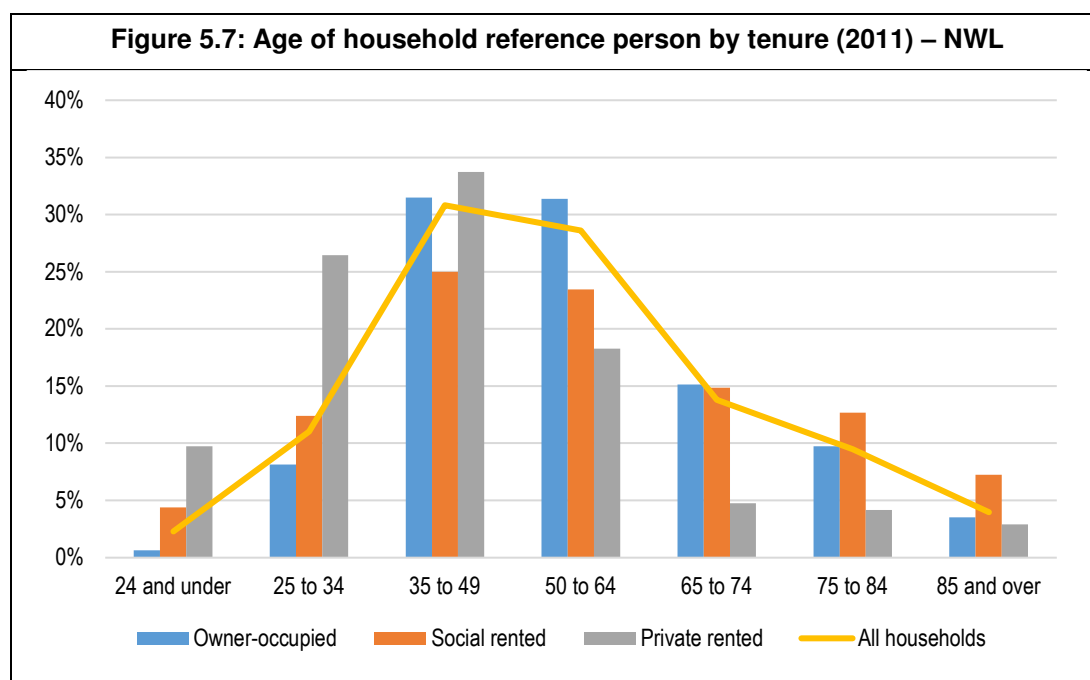
Source: Census (2011)

5.12   At a national level, the EHS notes that the proportion of younger people in the PRS has increased over time. It notes that the proportion of those aged 25 to 34 who lived in the private rented sector increased from 24% in 2005-6 to 46% in 2015-16. Over the same period, there was a corresponding decrease in the proportion of people in this age group in both the owner occupied (from 56% in 2005-6 to 38% in 2015-16) and social rented (from 20% in 2005-6 to 16% in 2015-16) sectors.

Household type

5.13   The table below shows the composition of households living in the private rented sector (and compared with other tenures). This shows a particularly high proportion of households with dependent children, making up 32% of the PRS and younger single person households (30% of the sector). The sector also sees a relatively high proportion of households in the 'other' category. Many of these households are likely to be multi-adult households living in shared accommodation (i.e. houses in multiple occupation (HMOs)).

5.14   Between 2001 and 2011, Census data shows that the number of households with dependent children in the PRS rose from 560 to 1,540 – a 173% increase. The proportion of the PRS made up of households with dependent children has increased from 22% to 32% over the same period. The EHS also shows a similar pattern nationally.

Figure 5.8: Household composition by tenure (2011) – NWL				
	Owner-occupied	Social rented	Private rented	Total
Single person aged 65+	10.8%	22.3%	7.4%	12.0%
Single person aged <65	11.8%	18.5%	29.9%	15.0%
Couple aged 65+	10.7%	6.7%	2.6%	9.1%
Couple, no children	24.1%	9.3%	19.1%	21.4%
Couple, dependent children	23.9%	14.9%	16.1%	21.6%
Couple, all children non-dependent	8.5%	4.8%	2.1%	7.2%
Lone parent, dependent children	3.3%	13.0%	12.7%	5.8%
Lone parent, all children non-dependent	2.7%	5.2%	1.8%	2.9%
Other households with dependent children	1.6%	2.4%	2.7%	1.8%
Other households	2.6%	2.8%	5.5%	3.0%
Total	100.0%	100.0%	100.0%	100.0%
Total households	28,662	5,598	4,868	39,128
Total dependent children	28.8%	30.3%	31.6%	29.3%

Source: Census (2011)

Size and type of accommodation

5.15   The tables below show the size and type of accommodation in the PRS compared with other sectors. From this it can be seen that the profile PRS generally sits somewhere between that of owner-occupation and social renting. For example, the PRS has a higher proportion of detached homes than the social rented sector, but fewer than owner-occupiers; the opposite is seen when looking at flatted accommodation.

5.16   When looking at the size of accommodation, it is clear that the PRS is strongly focussed on 2- and 3-bedroom homes (making up 77% of all households in this tenure). The owner-occupied sector in contrast is dominated by 3+-bedroom homes (80% of the total in this tenure) whilst social renting has the highest proportion of 1-bedroom homes (22%).

Figure 5.9: Accommodation type by tenure (households) – NWL				
	Owner-occupied	Social rented	Private rented	Total
Detached	49.2%	5.5%	19.6%	39.3%
Semi-detached	33.4%	51.8%	29.0%	35.5%
Terraced	15.4%	19.7%	30.4%	17.9%
Flat/other	2.0%	23.0%	21.1%	7.3%
Total	100.0%	100.0%	100.0%	100.0%
	28,662	5,598	4,868	39,128

Source: Census (2011)

Figure 5.10: Accommodation size by tenure (households) – NWL				
	Owner-occupied	Social rented	Private rented	Total
1-bedroom	1.5%	22.1%	12.8%	5.9%
2-bedrooms	19.0%	31.4%	39.1%	23.3%
3-bedrooms	50.0%	42.3%	37.8%	47.4%
4+-bedrooms	29.5%	4.2%	10.3%	23.5%
Total	100.0%	100.0%	100.0%	100.0%
	28,662	5,598	4,868	39,128

Source: Census (2011)

Overcrowding and under-occupation

5.17   The analysis below studies levels of overcrowding and under-occupation – this is based on the bedroom standard with data taken from the 2011 Census. The analysis shows that levels of overcrowding in the PRS are higher than for households generally, with 3.4% of households being overcrowded in 2011 (slightly lower than the 4.3% figure in social rented accommodation, but notably above the owner-occupied figure of 1.2%). Levels of under-occupation are slightly higher than in the social rented sector, with around 66% of households having at least one spare bedroom (87% in the owner-occupied sector).

| Figure 5.11: Overcrowding and under-occupation by tenure (households) – NWL				
	Owner-occupied	Social rented	Private rented	Total
+2 or more	52.6%	16.7%	24.8%	44.0%
+1 or more	34.8%	35.6%	41.1%	35.7%
0	11.4%	43.5%	30.7%	18.4%
-1 or less	1.2%	4.3%	3.4%	1.9%
Total	100.0%	100.0%	100.0%	100.0%
	28,662	5,598	4,868	39,128

Source: Census (2011)

Economic activity

5.18   Data from the 2011 Census shows that 74% of private renters in NWL were working, this is higher than the proportion of owner occupiers (70%) and somewhat higher than the proportion of social renters in work (39%). Smaller proportions of private renters were retired (11%) compared with over a quarter (28%) of owner-occupiers and over a third (36%) of social rented sector tenants.

Housing Costs

5.19   The analysis of affordable housing need describes the current cost of housing in the PRS in NWL. Below, analysis is carried out to look at how costs have changed over time. This draws on data from the Valuation Office Agency (VOA) and ONS using a time series back to 2011 – the data provided in this section looks at the year to the end of September (for any given year).

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5.20   The figure below shows a time-series of average (median) rents from 2011 to 2019; this shows across the District area that there has been a modest increase in rent levels, although rents are somewhat lower than seen nationally.

**Figure 5.12: Average (median) private sector rent (per month) 2011-18**
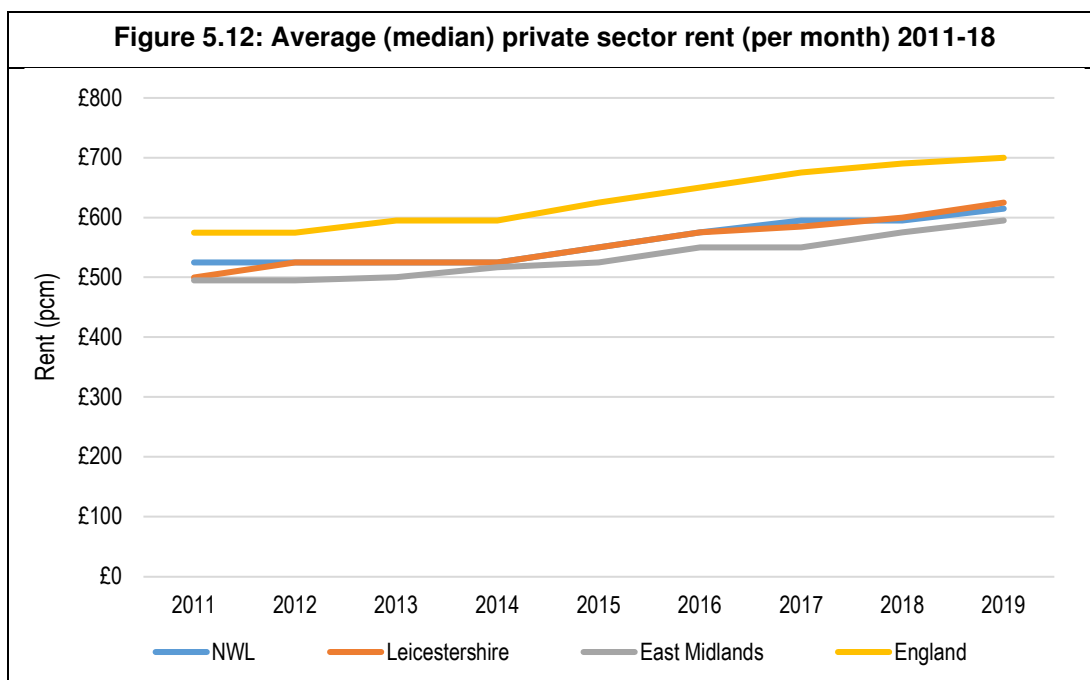
Source: Valuation Office Agency

5.21   The table below shows that the overall average rent in NWL increased by £90 per month (a 17% increase). In comparison, rents increased by 20% across the East Midlands and 22% nationally. The large increase in rents for 4+-bedroom homes is likely to reflect the relatively small number of lettings of this size of property (which means that average figures can be quite variable). That said, figures could be monitored to see if this an ongoing trend (which may indicate a supply shortage).

| Figure 5.13: Average (median) private sector rent (per month) 2011 and 2019 – NWL				
	2011	2019	Change	% change
1-bedroom	£375	£435	£60	16%
2-bedrooms	£495	£550	£55	11%
3-bedrooms	£575	£680	£105	18%
4+-bedrooms	£795	£1,175	£380	48%
All dwellings	£525	£615	£90	17%

Source: Valuation Office Agency

5.22   The figure below shows a comparison between changes to private sector rents and changes to the average house price in the 2011-19 period (figures are for mean rather than median and in the case of rents this shows a higher increase (of about 28% from 2011 to 2019)). The analysis shows that house prices have increased by around 34% in NWL, compared with a 28% change in rents. For context, the equivalent change in prices across England and Wales was 40%. In general house prices and private sector rents have tracked each other since 2011, with a gap in the growth only being apparent in the last two years for which data is available. This analysis does not really suggest any particular pressures in PRS when taken in the context of the whole market, and therefore does not indicate any particular shortage of supply of private rented homes when compared with the owner-occupied sector.

Figure 5.14: Change in house prices and private rents (2012-19) – NWL
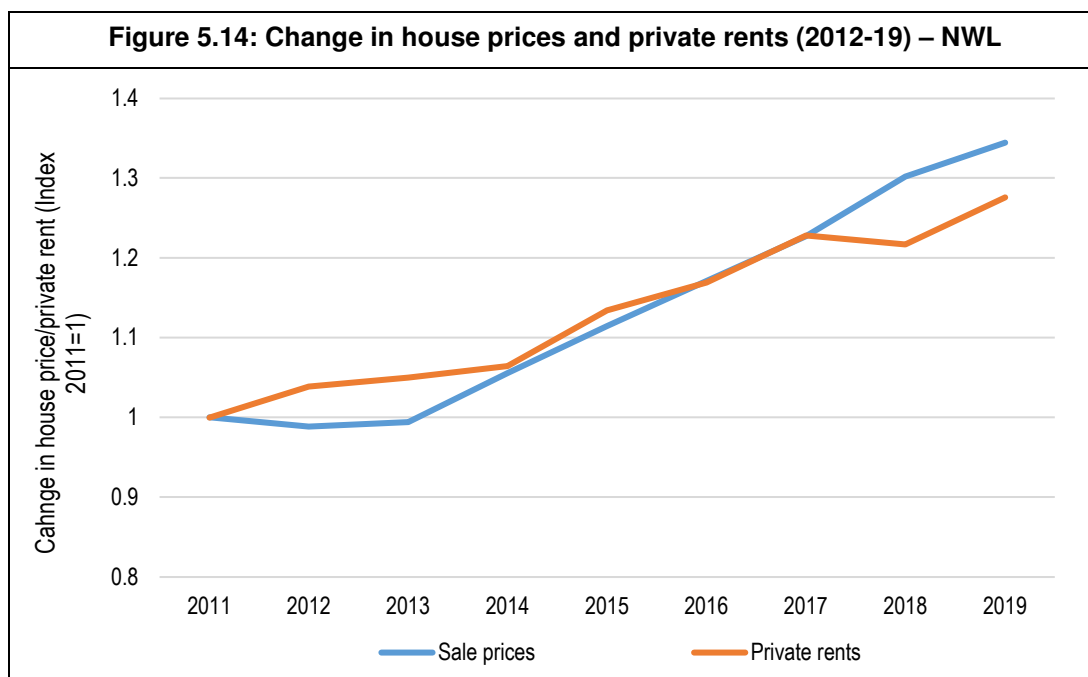
Source: Valuation Office Agency and Land Registry

Housing Benefit Claimants

5.23   A further analysis has been carried out to look at the number of housing benefit claimants in the sector. This provides an indication of the number of people who are using the sector as a form of affordable housing, and in many cases will be living in private rented accommodation due to a lack to affordable housing (e.g. in the social rented sector). However, it should be noted that some of these households may be in the sector through choice whilst others may be forced to use the sector if they are excluded from the Housing Register (e.g. due to rent arrears). The figures below include both Housing Benefit and also Universal Credit claims where there is a housing entitlement (in the PRS).

5.24   The analysis shows that from 2008, the number of claimants in the PRS rose steadily to peak at just under 1,500 in 2013. Since then the number of claimants has fallen, although numbers have risen slightly over the past couple of years. The number of households claiming Housing Benefit or Universal Credit (with housing entitlement) currently stands at just under 1,200. It is clear that the PRS still has a significant role in providing accommodation for those who cannot afford market housing without some form of subsidy.

Figure 5.15: Number of Housing Benefit claimants in the private rented sector – NWL
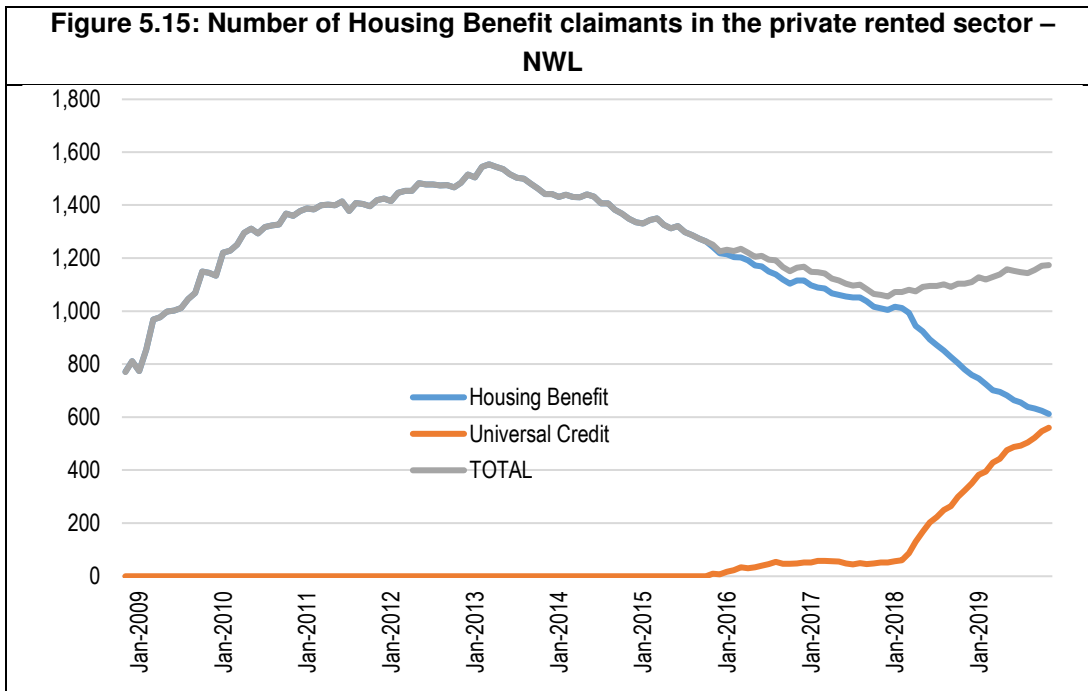
Source: Department of Work and Pensions

Build-to-Rent

5.25   As noted, the size of the PRS has grown substantially in NWL since 2011 and this has been the main growth sector in the market. Nationally and regionally there has also been a substantial increase in the size of the PRS.

5.26   Linked in part to this, there is an increased (national) interest from developers in "Build to Rent" housing, which is specifically built not for open market sale but for the Private Rented Sector. Arguably, the sector provides the opportunity for good quality, well-managed rental accommodation which is purpose-built. Additionally, the sector provides the opportunity to boost overall housing delivery, as it does not compete directly with traditional housing development schemes which are built for sale.

5.27   The Government has been promoting Build-to-Rent housing. It has set up a Private Rented Sector Taskforce; and supported delivery though other measures – including a Build to Rent Fund which provides Government-backed loans to support new development. The sector is currently relatively small, but is one with growth potential.

5.28   Build-to-Rent development is defined in the NPPF Glossary as "*purpose-build housing that is typically 100% rented out. It can form part of a wider multi-tenure development comprising either flats or houses, but should be on the same site and/or contiguous with the main development. Schemes will usually offer longer tenancy agreements of three years or more, and will typically be professionally managed stock in single ownership or management control.*" It represents development which is constructed with the intention that it will be let (rather than sold).

5.29   The benefits of Build to Rent are strong and are best summarised in the Government's *A Build to Rent Guide for Local Authorities*[5] which was published in March 2015. The Guide notes the benefits are which ranging but can include:

- Helping local authorities to meet demand for private rented housing whilst increasing tenants' choice "as generally speaking tenants only have the option to rent from a small-scale landlord".
- Retaining tenants for longer and maximising occupancy levels as Build to Rent investment is an income focused business model;
- Helping to increase housing supply, particularly on large, multiple phased sites as it can be built alongside build for sale and affordable housing; and
- Utilising good design and high-quality construction methods which are often key components of the Build to Rent model.

5.30   In NWL, there is currently no evidence of a need for Build to Rent or any significant activity in the sector. Indeed nationally, Build to Rent schemes are mainly coming forward in major urban areas (notably London) and are focussed on young professionals in locations close to transport hubs. Given private sector rent levels in NWL, it seems unlikely that there would be any notable investment in this sector at present. However, if schemes were to come forward, the Council should consider them on merit, including taking account of any affordable housing offer (such as rent levels and the security of tenure). The paragraphs below provide a brief description of some factors to consider with regard to Build-to-Rent.

5.31   With regards to the profile of prospective renters, the sector can be expected to accommodate households typically aged in the 25-40 bracket who are unable to afford to buy a home; but may also include some older households looking for flexibility or whose circumstances have changed (e.g. divorcees). This age band might suggest that dwelling mix would focus on smaller (2-bedroom) dwellings.

5.32   As noted, the Framework's definition of Build to Rent development sets out that schemes will usually offer tenancy agreements of three or more years and will typically be professionally managed stock in single ownership and management control.

5.33   If schemes were to come forward, the Council will need to consider affordable housing policies specifically for the Build-to-Rent sector. The viability of Build-to-Rent development will differ from that of a typical mixed tenure development: returns from the BTR development are phased over time whereas for a typical mixed tenure scheme, capital receipts are generated as the units are completed. There is potential for a proportion of build-to-rent units to be delivered as 'affordable private rent' housing. Planning Practice Guidance[6] states that:

"The National Planning Policy Framework states that affordable housing on build to rent schemes should be provided by default in the form of affordable private rent, a class of affordable housing specifically designed for build to rent. Affordable private rent and private market rent units within a development should be managed collectively by a single build to rent landlord.

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[5] Accelerating housing supply and increasing tenant choice in the private rented sector: A Build to Rent Guide for Local Authorities (DCLG, March 2015)
[6] ID: 60-002-20180913

20% is generally a suitable benchmark for the level of affordable private rent homes to be provided (and maintained in perpetuity) in any build to rent scheme. If local authorities wish to set a different proportion they should justify this using the evidence emerging from their local housing need assessment, and set the policy out in their local plan. Similarly, the guidance on viability permits developers, in exception, the opportunity to make a case seeking to differ from this benchmark.

National affordable housing policy also requires a minimum rent discount of 20% for affordable private rent homes relative to local market rents. The discount should be calculated when a discounted home is rented out, or when the tenancy is renewed. The rent on the discounted homes should increase on the same basis as rent increases for longer-term (market) tenancies within the development"

5.34   The Council should have regard to the specific Planning Practice Guidance on Build-to-Rent development; with the starting point therefore that 20% affordable private rented homes at a discount of 20% to local market rents should be included within a development scheme.

The Private Rented Sector: Key Messages

- The private rented sector (PRS) accounted for around 11% of all households in NWL (as of 2011) – a smaller proportion to that seen across Leicestershire and the East Midlands, and notably below the national average (17%). The number of households in this sector had however grown substantially (increasing by 128% in the 2001-11 period) – albeit from a low base point.

- The PRS has some distinct characteristics, including a much younger demographic profile and a high proportion of households with dependent children (notably lone parents) – levels of overcrowding are relativity high. In terms of the built-form and size of dwellings in the sector, it can be noted that the PRS generally provides smaller, flatted/terraced accommodation when compared with the owner-occupied sector. That said, around 48% of the private rented stock has three or more bedrooms and demonstrates the sector's wide role in providing housing for a range of groups, including those claiming Housing Benefit and others who might be described as 'would be owners' and who may be prevented from accessing the sector due to issues such as deposit requirements.

- Additional analysis suggests that rent levels have increased over time (when looking at the 2011-19 period) but that increases in rents fall slightly behind the increase in house prices over the same period – the increase in rents is lower than seen regionally and nationally and does not suggest any particular lack of supply of private rented homes. The lack of homes to buy does appear to be a more pressing issue.

- There is no evidence of a need for Build to Rent housing (i.e. developments specifically for private rent). Given the current Government's push for such schemes, the Council should consider any proposals on their merit, including taking account of any affordable housing offer (such as rent levels and the security of tenure).

- This study has not attempted to estimate the need for additional private rented housing. It is likely that the decision of households as to whether to buy or rent a home in the open market is dependent on a number of factors which mean that demand can fluctuate over time; this would include mortgage lending practices and the availability of Housing Benefit. A general (national and local) shortage of housing is likely to have driven some of the growth in the private rented sector, including increases in the number of younger people in the sector, and increases in shared accommodation. If the supply of housing increases, then this potentially means that more households would be able to buy, but who would otherwise be renting.