

Report to:

**Charnwood
Borough Council**

**Housing Needs
Assessment**

Final Report

September 2020

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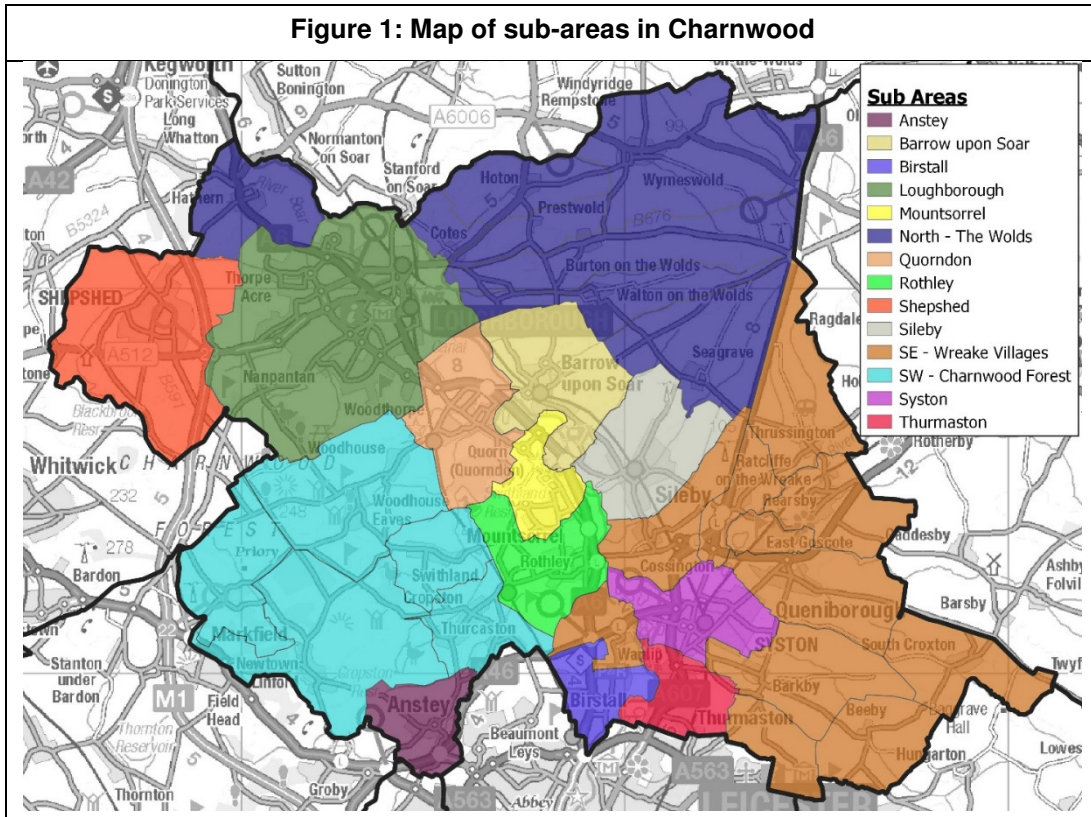
Summary

Introduction

1. This report provides a new Housing Needs Assessment (HNA) for Charnwood Borough Council. The analysis provides an update to previous research (notably the Leicester and Leicestershire Housing and Economic Development Needs Assessment (HEDNA)). The analysis importantly provides information at a smaller-area level than previously available.
2. The methodology used in this report responds to the revised National Planning Policy Framework (NPPF) of 2019. This continues to set out the Government's objective to significantly boost housing supply. The analysis is also mindful of Planning Practice Guidance (PPG) on housing need assessment and guidance on Housing for older and disabled people and Housing needs of different groups (versions from July 2019).
3. A key part of the revised NPPF/PPG is the introduction of a Standard Method for the assessment of housing need. Housing need in the context of current guidance (and as used in this report) therefore refers to *"the number of homes identified as being needed through the application of the standard method set out in national planning guidance, or a justified alternative approach."*
4. The report has also been developed against the backdrop of COVID-19 which potentially could have some impact on the national and local housing market. Whilst it is currently too early to know what the full impact of Covid-19 will be on the housing market, it will be important for outcomes to be monitored and consideration given to any short- or long-term consequences for a range of groups.
5. To provide an evidence base for the Charnwood Local Plan, 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 – Charnwood Borough Profile;
 - Section 3 – Demographic Trends and Projections;
 - Section 4 – Affordable Housing Need;
 - Section 5 – Family Households and the Appropriate Mix of Housing;
 - Section 6 – The Needs of Older People and People with Disabilities;
 - Section 7 – Private Rented Sector;
 - Section 8 – Space Standards;
 - Section 9 – Student Housing;
 - Section 10 – Houses in Multiple Occupation; and
 - Section 11 – Self-build and Custom Housebuilding.

Charnwood Borough Profile

6. A range of variables have been considered to look at the profile of the population and housing in the Borough (and for fourteen sub-areas). Key variables have looked at population, household characteristics, housing profile, house prices and the economic profile of residents.



7. The analysis identifies similar age structure to that seen in other areas, although there is a clear ‘spike’ in people in their late teens and early 20s due to the student population. Overall, some 18% of the population are aged 65 and over (a similar proportion to other locations) with variations from 14% in Loughborough up to 26% in South West – Wreake Villages. There has also been a notable population increase during the 2011 to 2018 period, including the number of people aged 65 and over increasing by 20% in the 7-years to 2018. Due to the population profile, household types are in similar proportions to that seen in other locations although the Borough sees a relatively low proportion of one person households aged under 65 and also lone parents.
8. The tenure profile of the Borough sees a relatively large proportion of owner-occupiers and a small social and private rented sector. Between 2001 and 2011, the number of owners with a mortgage declined by 10%, whilst the private rented sector increased by 87%; this may reflect the difficulties faced by younger households in accessing market housing to buy.
9. The dwelling stock in the Borough is predominantly of larger homes, with a greater average number of bedrooms and a high proportion of detached homes. There are however notable differences across areas, with only 20% of the stock in Sileby being detached, compared with a Borough-wide average of 30% (and up to 58% in South West – Charnwood Forest).
10. Overcrowding in the Borough is fairly low although a higher level of overcrowded households in Thurmaston (and to a lesser extent Loughborough) is notable. There is a significant level of under-occupation (40% of all households have at least two spare bedrooms).

11. House prices in a regional context are relatively high, with an average (median) price of £220,000 paid in the year to September 2019 (£192,000 across the East Midlands). Prices have risen markedly over the past decade, with data drawn for Land Registry suggesting an increase of 54% in the 2009-19 period – this level of price rise is slightly above that seen in many other locations.

Figure 2: Change in median house price (all dwellings) – 2009-2019

	Year to September 2009	Year to September 2019	Change	% change
Charnwood	£143,000	£220,000	£77,000	53.8%
Leicester	£120,000	£177,000	£57,000	47.5%
Leicestershire	£145,000	£222,000	£77,000	53.1%
East Midlands	£132,000	£192,000	£60,000	45.5%
England	£167,000	£240,000	£73,000	43.7%

12. The economic profile of the Borough looks to be fairly average; although unemployment is low. The data also suggests that the population is relatively well qualified (in academic terms) to that seen in many other locations and are more likely to work in skilled occupations.
13. Looking across the fourteen sub-areas of the Borough, there are some notable differences between locations. For example, Loughborough shows a number of characteristics linked to the student population (e.g. having a large private rented sector) whilst Thurmaston shows a number of characteristics suggesting this area may be slightly more deprived than other locations (e.g. higher unemployment and overcrowding). More rural locations typically look to have some more affluent characteristics such as greater proportions of detached homes, low numbers of lone parent households, low overcrowding and low unemployment).
14. Whilst there are clearly some locational differences when drilling down to smaller areas and also between types of settlement (e.g. urban vs. rural), the analysis does not automatically imply that there are strong reasons to suggest different policy responses in different locations.

Demographic Trends and Projections

15. Analysis has been undertaken to consider demographic trends, in particular looking at past trends in population growth and future projections. The analysis draws on the 2016-based subnational population projections (SNPP) and the 2016-based household projections (SNHP). The analysis also looks at the most recent population estimates (again from ONS) which date to mid-2018. Consideration is also given to the 2014-based SNHP, as these projections form part of the Standard Method for assessing housing need).
16. Over the past five or more years, assessing the level of housing need has been for individual local authorities (or groups of local authorities) to prepare by following advice in Planning Practice Guidance (PPG). However, the new National Planning Policy Framework (NPPF) of February 2019 has introduced a Standard Method, based on looking at projected household growth and adjustments based on the level of affordability in an area.

17. The methodology links to 2014-based subnational household projections (SNHP); this suggests household growth of about 901 per annum, plus an uplift of around 23% for market signals (affordability). Therefore, at present the local housing need (LHN) for the Borough as a whole is for 1,105 dwellings per annum. A review of recent demographic data, including up-to-date projections and a range of data about past trends does not suggest that there is a strong case for the Council to move away from the Standard Method figure (in either an upward or downward direction).
18. Although a figure for LHN is essentially given to the Council, it is of use to understand some of the demographic trends underpinning future population and household growth and a range of analysis has been undertaken.
19. ONS population data shows that the population of the Borough has been increasing over time, increasing by 25% from 1991 to 2018; this level of growth is higher than seen across other areas, including nationally (17%). Population growth is mainly driven by net in-migration, both from other parts of the United Kingdom and abroad, although there is also a positive level of natural change (births minus deaths).
20. The latest (2018-based) subnational population projections (SNPP) project that the population of the Borough will increase by about 28,700 people (15%) in the period from 2020 to 2037 – population growth is expected to be focussed in older age groups (the population aged 65 and over). The figures are based on the alternative internal migration variant which is considered to be the most robust in a local context.
21. In converting population growth into household growth (and hence housing need) data from both the 2014- and 2016-based SNHP has been utilised. The older (2014-based) data has been accessed as there are some doubts about the robustness of 2016-based figures; these figures are based on short-term trends and it has been argued that they build in a degree of suppression/constraint in the formation of younger households.
22. Focussing only on the 2014-based SNHP with an adjustment for suppressed household formation, it is estimated that the housing need in Charnwood would be for around 983 dwellings per annum. On this basis, it is clear that if 1,105 dwellings per annum are provided moving forward from 2020, then some increase in net in-migration could be expected. A scenario has been modelled where population growth is sufficient to fill 1,105 additional homes, this sees an additional 33,700 people in the Borough (2020-37).
23. Analysis was undertaken to estimate the number of jobs that would be supported by projected population growth. Including a number of assumptions around economic participation, commuting, double jobbing and unemployment, it was concluded that housing delivery in-line with the Standard Method would be likely to support around 16,000 additional jobs (2020-37) although some caution should be applied to the exact figure due to the assumptions made (e.g. the modelling did not make any assumptions about possible changes to commuting dynamics). This is a significant level of job growth and would suggest that the LHN derived from the Standard Method will support economic growth without any need for an uplift.

Affordable Housing Need

24. Analysis has been undertaken to estimate the need for affordable housing in the 2020-37 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.
25. 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.
26. When looking at rented needs, the analysis suggests a need for 476 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 Borough. The figure of 476 affordable homes each year is higher than the comparable figure in the 2017 HEDNA (392 homes per annum) which looks to be due to a reduction in relet supply and also an increase in the estimated need from newly-forming households.

Figure 3: Estimated Need for Social/Affordable Rented Housing by sub-area (per annum)

	Current need	Newly forming households	Existing households falling into need	Total Gross Need	Relet Supply	Net Need
Loughborough	27	245	108	380	214	166
Shepshed	4	44	15	63	33	30
Birstall	5	45	6	56	13	43
Syston	5	48	13	67	28	39
Thurmaston	6	37	10	54	20	34
Anstey	2	22	8	33	18	16
Barrow upon Soar	1	23	5	29	11	18
Mountsorrel	2	28	10	40	22	18
Quorn	1	19	3	23	7	16
Rothley	1	17	3	21	7	14
Sileby	2	35	7	44	16	28
North – The Wolds	2	15	2	19	5	14
South East – Wreake Villages	3	29	3	35	6	28
South West – Charnwood Forest	1	14	3	18	6	12
Charnwood	63	621	197	881	405	476

27. The analysis suggests that the majority of the rented need is for social rented housing, although it is recognised that there is also a role for affordable rents – particularly for households who are close to being able to afford to rent privately and also for some households who claim full Housing Benefit (as long as the rent is fully covered). On this basis, it is not recommended that the Council has a rigid policy for the split between social and affordable rented housing, although the analysis is clear that both tenures of homes are likely to be required in all areas.
28. 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.
29. However, it does seem that there are many households in Charnwood who are being excluded from the owner-occupied sector. The analysis would therefore suggest that a key issue in the Borough 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.
30. If the Council does seek to provide 10% of housing as affordable home ownership (the default figure suggested in the NPPF), 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).
31. 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 midpoint between the levels needed to access private rented housing and to access equivalent housing to buy. This would ensure that many 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.
32. The evidence does not show any basis to increase the provision of affordable home ownership above the 10% figure currently suggested in the NPPF and indeed does provide evidence that the 10% figure could be challenged if the Council wished to do so.
33. 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 Borough. 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.
34. The analysis in this report does not point towards any need to revise Draft Policy LP4 (Affordable Housing). It is however suggested that some of the supporting text is amended, in particular to be clear about the Council's approach to the provision of affordable home ownership products.

Family Households and the Appropriate Mix of Housing

35. The proportion of households with dependent children is similar to the regional and national average. Projecting forward, there is expected to be an increase in the number of households with dependent children – increasing by 27% over the 2020-37 period when linking to a housing need of 1,105 dwellings per annum – the majority of this increase is projected to be within smaller family households (with just one dependent child).
36. 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 (17-year) demographic change concludes that the following represents an appropriate mix of new affordable and market homes, this takes account of both household changes and the ageing of the population:

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	Up to 10%	20-30%	45-55%	15-25%
Affordable home ownership	10-20%	35-45%	30-40%	5-15%
Affordable housing (rented)	25-30%	35-45%	20-30%	Up to 10%

37. The suggested mix in the affordable sector (rented housing) 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 Borough (by tenure) which recognises that Charnwood currently has a high stock of 1-bedroom social rented homes.
38. 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.
39. 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.
40. Analysis also considered the population profile and the current mix of housing at a smaller-area level. Whilst there were some differences between areas, 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.

The Needs of Older People and People with Disabilities

41. 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).
42. The data shows in general that Charnwood has a similar age structure (in terms of older people) and slightly lower levels of disability compared with other areas. The older person population is projected to increase notably in the future and an ageing population means that the number of people with disabilities is likely to increase substantially. Key findings include:
- A 38% increase in the population aged 65+ over 2020-37 (potentially accounting for around two-fifths of total population growth);
 - A 51% increase in the number of people aged 65+ with dementia and a 46% increase in those aged 65+ with mobility problems (2020-37);
 - A need for around 1,700 housing units with support (sheltered/retirement housing) in both the market and affordable sectors – 2020-37;
 - A need for around 1,000 additional housing units with care (e.g. extra-care), around a third in the affordable sector (2020-37);
 - A need for around 1,100 additional care bedspaces (2020-37); and
 - A need for around 800 dwellings to be for wheelchair users (meeting technical standard M4(3)) – 2020-37.
43. 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. It is noted that these recommendations differ from those in Draft Policy LP6 (Housing Mix).
44. 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.
45. 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.
46. 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.

47. In framing or confirming 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. It is noted that at present Draft Policy LP4 (Affordable Housing) does not seek affordable contributions on sheltered/extra-care schemes due to viability concerns; this could however change in the lifetime of the plan and it may be prudent for the Council to consider if the wording of the plan is sufficiently flexible to allow for improved viability of such schemes.

Figure 5: Specialist Housing Need using adjusted SHOP@ Assumptions, 2020-37 – Charnwood

		Housing demand per 1,000 75+		Current supply	Current demand	Current shortfall/surplus (-ve)	Additional demand to 2037	Shortfall/surplus by 2037
		Start	Finish					
Age-exclusive	Market	5	5	94	78	-16	40	25
	Affordable	25	25	156	392	236	202	439
Total (age-exclusive)		30	30	250	471	221	243	463
Housing with support	Market	75	75	352	1,173	821	605	1,427
	Affordable	44	44	728	687	-41	354	313
Total (housing with support)		119	119	1,080	1,860	780	960	1,740
Housing with care	Market	15	27	0	235	235	406	640
	Affordable	9	16	38	137	99	237	337
Total (housing with care)		24	43	38	372	334	643	977
Residential care bedspaces		62	43	625	967	342	48	390
Nursing care bedspaces		43	43	289	670	381	345	726
Total bedspaces		104	85	914	1,637	723	393	1,116

Private Rented Sector

48. The private rented sector (PRS) accounted for around 14% of all households in Charnwood (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 87% in the 2001-11 period). The analysis shows a particularly large PRS in Loughborough (in part linked to the student population) – nearly half of all private rented sector homes are in the Loughborough area.

Figure 6: Change in tenure (2001-11) – Charnwood				
	2001 households	2011 households	Change	% change
Owens outright	19,504	23,729	4,225	21.7%
Owens with mortgage/loan	27,536	24,771	-2,765	-10.0%
Social rented	7,282	7,851	569	7.8%
Private rented	5,026	9,396	4,370	86.9%
Other	1,124	769	-355	-31.6%
Total	60,472	66,516	6,044	10.0%

Source: 2001 and 2011 Census

49. 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 relatively 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 49% 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.
50. Additional analysis suggests that rent levels have increased over time (when looking at the 2011-19 period) but that increases in rents fall significantly 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.
51. There is no evidence of a need for Build to Rent housing (i.e. developments specifically for private rent) other than potentially for students. 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).
52. 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.

Space Standards

53. The PPG (Reference ID: 56-018-20150327) states that “Where a local planning authority wishes to require an internal space standard, they should only do so by reference in their Local Plan to the nationally described space standard (NDSS)”.

54. Within Charnwood, private sector developers are not delivering to the overall NDSS concerning gross internal floorspace and built-in storage. However, they do perform strongly in fulfilling the NDSS on individual rooms. In addition, developments are offering a range of products with room sizes of an acceptable size at different price points that are affordable for first-time buyers.
55. This would suggest that the evidence may not be strong enough to support the retention of Policy LP7 that requires NDSS to be met on all new development in the Borough. A more appropriate policy response might be to support delivery by planning for enough homes of the right type, size and tenure to meet demand, as set out in Draft Policy LP6. In respect of affordable housing, the Council should be conscious of Homes England's space standards in setting any policy.
56. In considering whether to include a space standards policy, the Council should form a judgement as to whether introducing an additional regulatory dimension on the industry (and thereby increasing costs) will compromise viability to an unacceptable degree. This may reduce delivery, place upward pressure on house prices, and potentially reduce the ability of households to access market homes.
57. There may be a concern about the future adaptability of new homes given they are narrowly designed with the needs of a particular market segment in mind. The needs of all households must be considered in the provision of future housing. To address this, policies that support the adaptability of homes, for example designing to M4(2) and M4(3) standards, may be appropriate.

Student Housing

58. Paragraph 61 of the NPPF requires local planning authorities to understand “the size, type and tenure of housing needed for different groups in the community” including students. In Charnwood, this primarily relates to demand from Loughborough University.
59. Loughborough University has indicated that it does not have any plans at the moment to increase the number of students. Data relating to recent development gives a conservative estimation of 930 student bedspaces in the pipeline.
60. Given the University has no plans to increase student numbers, there is no need to increase overall housing supply or to have a specific policy requirement allocating sites specifically for purpose-built student accommodation. Although any proposal should be treated on its merits.

Houses in Multiple Occupation

61. Demand for HMOs is to some extent linked to the housing needs of students. This study draws on two studies, “A study of Housing in Multiple Occupation (HMO) in Charnwood - December 2018” and the “Charnwood Borough Council Houses in Multiple Occupation Assessment – July 2019”.
62. There appears to be a concern among local residents of the proliferation of HMOs in the borough although there was also concern that limiting the supply will impact on the availability of low-cost homes.

63. The weight of opinion is in favour of reducing the threshold for concentration (expressed as number of people who live in HMOs as a percentage of all residents) to a maximum of 10%. This is perceived as being likely to lead to fewer new HMOs being granted permission in future years.

Self- and Custom-Build

64. The Government has long had a clear agenda for supporting and promoting the self-build and custom building sector which is now recognised in national planning policy and guidance; but the Government has also recognised the challenges associated with the sector including in respect of finance and more crucially, land supply and procurement.
65. An update to PPG in July 2019 required “a robust assessment of demand for this type of housing” and “local planning authorities should assess and review the data held on registers”.
66. Data shows there have been an average of 42 new registrations each year to the Council’s Self-build Register over the past 4-years. In order to respond to the demand for self- and custom-build housing, and in response to the PPG’s requirements, the Council should support the submission and delivery of self-build and custom housebuilding sites, where opportunities for land arise and where such schemes are consistent with other planning policies.
67. On the basis of the evidence collected in this report, the emerging policy (Draft Policy LP8 – Self-build and Custom Housebuilding) appears to be reasonable.

Overall Summary

68. Overall, the Housing Needs Assessment identifies that the Standard Method would lead to a housing need for 1,105 dwellings per annum. This figure is very slightly above the figure as calculated at the time of the Preferred Options Consultation in October 2019 (1,082 per annum) but below the proposed housing target (for 19,716 new homes between 2019 and 2036 – at an average of 1,160 per annum).
69. The affordable needs assessment continues to show a need for affordable housing in the Borough, and in all sub-areas. The evidence of a need for affordable home ownership products was far from clear-cut, however given the clear steer in the NPPF it is recommended that the Council consider whether seeking 10% of housing on larger sites as affordable home ownership is appropriate; where possible such housing would ideally be in a shared ownership tenure.
70. The analysis also identifies a need for all sizes of housing within all tenure groups. For market housing there is a focus on smaller (2- and 3-bedroom) family units, but also some larger (4+-bedroom) homes. For affordable home ownership the focus should be on 2-bedroom homes (along with some 3-bedroom accommodation) whilst for social/affordable rented housing the need is particularly for 1- and 2-bedroom homes.
71. Finally, the analysis identifies a large and growing older person population. This is likely to drive the need for additional specialist accommodation in both the rented (affordable) and leasehold (market) sectors, as well as a need for additional care home bedspaces.

1. Introduction

Introduction

- 1.1 Justin Gardner Consulting (JGC) working in association with GL Hearn have been commissioned by Charnwood Borough Council (CBC) to provide a Housing Needs Assessment (HNA). The methodology used in this report responds to the National Planning Policy Framework (NPPF) of 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 housing need assessment (February/July 2019).

National Planning Policy Framework (NPPF)

- 1.2 In February 2019 the government published a revised National Planning Policy Framework (NPPF) – this was only slightly revised from the NPPF published in July 2018. It identifies that local planning authorities should have a clear understanding of housing needs in their area.
- 1.3 Paragraph 31 of the NPPF states that local planning authorities in preparing and reviewing plans should ensure that the preparation and review of all policies should be underpinned by relevant and up-to-date evidence.
- 1.4 In ensuring that Local Plans deliver a sufficient supply of homes strategic policy-making authorities should establish a housing requirement figure for their whole area, with paragraph 60 stating that *'To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for'*.
- 1.5 Paragraph 61 further states *'Within this context, (determining the minimum number of homes needed) the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes'*.
- 1.6 One significant change in the revised NPPF from the earlier version is a revision of the definition of affordable housing (Annex 2 of both NPPF). The revised NPPF now includes a series of affordable home ownership options within the definition of need and paragraph 64 of the NPPF states that *'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'*.

- 1.7 The NPPF also states that strategic policy-making authorities should establish a housing requirement figure for their whole area, which shows the extent to which their identified housing need (and any needs that cannot be met within neighbouring areas) can be met over the plan period.

Planning Practice Guidance (PPG)

- 1.8 The PPG explains how key elements of the NPPF should be interpreted. It also assists plan-making authorities in assessing and evidencing development needs for housing (both market and affordable), by introducing a standard approach for assessing local housing need. The National Planning Policy Framework expects strategic policy-making authorities to follow the standard method in the PPG for assessing local housing need.
- 1.9 It is clear from the NPPF that the Local Housing Need (LHN) derived from the standard methodology is to act as a minimum and there is scope and indeed it is encouraged for local authorities to provide housing in excess of this. Paragraph 10 of the PPG sets out the circumstances when a higher figure than the standard method can be considered. This includes but is not limited to situations where:
- *“growth strategies for the area that are likely to be deliverable, for example where funding is in place to promote and facilitate additional growth (e.g. Housing Deals);*
 - *strategic infrastructure improvements that are likely to drive an increase in the homes needed locally;*
or
 - *an authority agreeing to take on unmet need from neighbouring authorities, as set out in a statement of common ground;*
- 1.10 In addition, authorities should also consider past housing delivery levels and also previous assessments of need (such as a Strategic Housing Market Assessments (SHMA)). These need to be taken into account when authorities consider if it is appropriate to plan for a higher level of need than that suggested by the Standard Method.
- 1.11 In addition to setting out a Standard Method for assessing housing need there are various planning practice guides that set out how specific elements of analysis should be undertaken. This includes advice about older people, people with disabilities and the private rented sector. The PPG also sets out a methodology for assessing affordable housing need; this is noteworthy for largely being the same as in the previous PPG (linked to the original NPPF) and for not providing any substantive advice about how to measure need captured under the new Annex 2 (NPPF) definition of affordable housing (affordable home ownership).
- 1.12 For clarity, the following are the main Planning Practice Guides that 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)

Current Policy Position – The Emerging Local Plan

- 1.13 The Draft Charnwood Local Plan (2019-36) – Preferred Options Consultation was published in October 2019. The plan sets out ‘*a vision and a framework for the future pattern, scale and quality of development in Charnwood*’. The text below highlights some of the key topics and policies covered by the draft plan that have some relevance to this report (mostly within Section 5 – Housing).
- 1.14 Policy LP1 (Development Strategy) sets out the overall spatial strategy for Charnwood, including the consideration of housing targets. This sets out the plan to provide 19,716 dwellings over the 2019-36 period (at an annual average of 1,160). The spatial strategy for these new homes sees around a third (32%) directed at Loughborough and a further third (36%) to the Leicester Urban area. Policy LP1 also considers employment and retail and the environment.
- 1.15 Policy LP4 (Affordable Housing) sets out that the Council will seek a 30% contribution and that such housing should normally be delivered on-site and integrated with market housing. The supporting text to the policy highlights the four main categories of affordable housing set out in the NPPF and continues by noting that the last evidence suggested a 77% need for social/affordable rented housing and 23% for intermediate products. The text also highlights the 10% affordable home ownership expectation in the NPPF although it is not clear if the Council is seeking to provide this level of provision. It is also noted that it is not viable to provide affordable housing on the back of sheltered or extra-care schemes.
- 1.16 Policy LP5 (Rural Exceptions Sites) provides support for small scale developments in rural areas where housing will meet an identified local need and the development is well related to the settlement. Any affordable housing delivered under LP5 would need to be affordable housing in perpetuity.
- 1.17 Policy LP6 (Housing Mix) sets out that the Council will seek a mix of types, tenures and sizes of homes, having regard to market conditions, viability and site circumstances. The policy also seeks for 5% of homes to meet Part M4(2) of the Building Regulations. The provision of specialist accommodation for older people is also encouraged by this policy. Supporting text to this policy provides a range of information, although it is notable that there is not specific guidance about the mix of housing (e.g. in terms of the sizes of homes that might be needed in different tenures) although there are some general pointers (e.g. noting a need for 2- and 3-bedroom homes in the market).
- 1.18 Policy LP7 (Space Standards) notes that the Council expects new dwellings to meet nationally described space standards.
- 1.19 Policy LP8 (Self-build and Custom Housebuilding) sets out support for self-build and custom housebuilding proposals and also that the Council will seek 5% of homes to be made available for self-build and custom housebuilding on housing allocations of 20 or more dwellings. The policy does allow for plots to be offered to the Council or Registered Providers (and ultimately be made available as market housing) where they are not sold within 12 months.

- 1.20 Policy LP9 (Houses in Multiple Occupation) seeks to manage the proportion of houses in multiple occupation and prevent further HMOs in certain circumstances. This includes creating concentrations of HMOs, 'sandwiching' residential homes, damaging the character of an area or prejudice the safe use of highways (e.g. through increased need for on-street parking). This policy is supported by a significant amount of supporting text and is an issue that has been well researched locally. Some of the relevant research is discussed within this report.
- 1.21 Policy LP10 (Campus and Purpose Built Student Accommodation) – this policy encourages new student provision within campuses and with good transport links (including by cycle and on foot). The supporting text recognises the importance of both Loughborough University and Loughborough College to the local economy and that purpose built student accommodation can reduce pressures on residential areas.

COVID-19

- 1.22 The data accessed and used in this report all pre-dates the Covid-19 Emergency. Whilst it is currently too early to know what the full impact of Covid-19 will be on the housing market, it will be important for outcomes to be monitored and consideration given to any short- or long-term consequences for a range of groups. Below is a very brief initial discussion of some of the areas that will need to be monitored:
- Affordable housing – potentially the most immediate impact will be, as a result of higher levels of unemployment a greater affordable housing need. Given that the Council has a finite amount of (social housing) stock this could put pressure on the private rented sector as well as various service providers. The immediate response from banks has been to offer those affected mortgage holidays. This has postponed the immediate increase in demand for affordable housing and PRS although it is unlikely to be offered indefinitely.
 - Housing market – it is likely that a greater focus will be on house prices and sales volumes with some analysts predicting a notable short-term fall in prices and transactions. Whilst this would arguably make housing more affordable, it does look like lenders are changing their lending criteria (requiring higher deposits) which is likely to make it more difficult for new households to access the market. This potentially will put pressure on the need for private rented accommodation. The government has responded to this by offering cuts to stamp duty on homes until March 2021.
 - Older People – whilst the number of excess deaths due to Covid-19 is relatively high in England, it still represents only a fraction of the number of deaths that might have been anticipated. However, given the groups impacted there may be a short-term shift on the population profile and hence the need for housing (particularly housing for older people). On the flip side, given high numbers of deaths in care homes, it may be (in the longer-term) that there is a change in models of care; in particular away from a traditional residential care home setting.
 - Commuting and Migration – There may well be a longer-term shift to increased working from home. This may well see people having less of a need to be close to their traditional place of work. This may potentially have a longer-term impact on migration patterns as people move away from major employment hubs i.e. cities towards more rural locations.

- 1.23 These are just a small number of topics that might be impacted by Covid-19 and as noted it will be important to monitor the situation moving forward. That said, this report does project needs many years into the future and it may be that the Covid Emergency will only create minor or short-term housing market impacts. For these reasons it is considered that the core strategic conclusions in this report remain sound although they may be influenced by changes that cannot currently be accurately predicted.

Report Structure

- 1.24 This report sets out a number of either linked or distinct sections; these are summarised below with a brief description:
- Section 2 – Charnwood Borough Profile – Provides background analysis about population and housing in the Borough to help provide context for the analysis to follow;
 - Section 3 – Demographic Trends and Projections – Reviews a range of data about population and household growth and sets out how population might develop if delivery is in-line with the Standard Method;
 - 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 the Appropriate Mix of Housing – 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 – The Needs of 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) and M4(3). The section studies a range of data around older persons and people with disabilities;
 - Section 7 – Private Rented Sector (PRS) – Analysis of the PRS in terms of characteristics and costs, and how this has changed over time;
 - Section 8 – Space Standards – Analysis of a range of data and contact with stakeholders about the need and relevance of the nationally prescribed space standard in a local context;
 - Section 9 – Student Housing – provides brief details about the local student population and considers the potential impact of students on the housing market;
 - Section 10 – Houses in Multiple Occupation – provides a review of the considerable amount of material about HMOs collected by the Council over the last few years; and
 - Section 11 – Self-build and Custom Housebuilding – Investigates the need from those who wish to build their own homes in Charnwood;

1.25 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:

- Travellers who have ceased to travel – it is considered that this topic is best addressed through a Gypsy and Traveller Accommodation Assessment.
- 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 291 households living in dwellings that comprised 'caravans or other mobile or temporary structures' in Charnwood. It is not considered that the overall scale of this part of the housing market is large enough to lead to any specific requirements; and
- Armed Forces – the Allocation of Housing (Qualification Criteria for Armed Forces) (England) Regulations ensure that Service personnel (including bereaved spouses or civil partners) are allowed to establish a 'local connection' with the area in which they are serving or have served. This is designed to ensure that ex-service personnel will not suffer disadvantages from any 'residence' criteria chosen by the Local Authority in their allocations policy. The Ministry of Defence data reveals that there were 10 military personnel stationed in Charnwood in 2018¹ (the most recent data available). It is also worth noting that any ex-armed forces personnel with mental health issues who present themselves to the Council as homeless would be assisted as a vulnerable group and will be given priority need for housing. Such is the scale of presence of military personnel in Charnwood it would not merit a specific policy response.

¹ <https://www.gov.uk/government/statistics/location-of-uk-regular-service-and-civilian-personnel-annual-statistics-2018> (visited 26/03/20)

Introduction: Key Messages

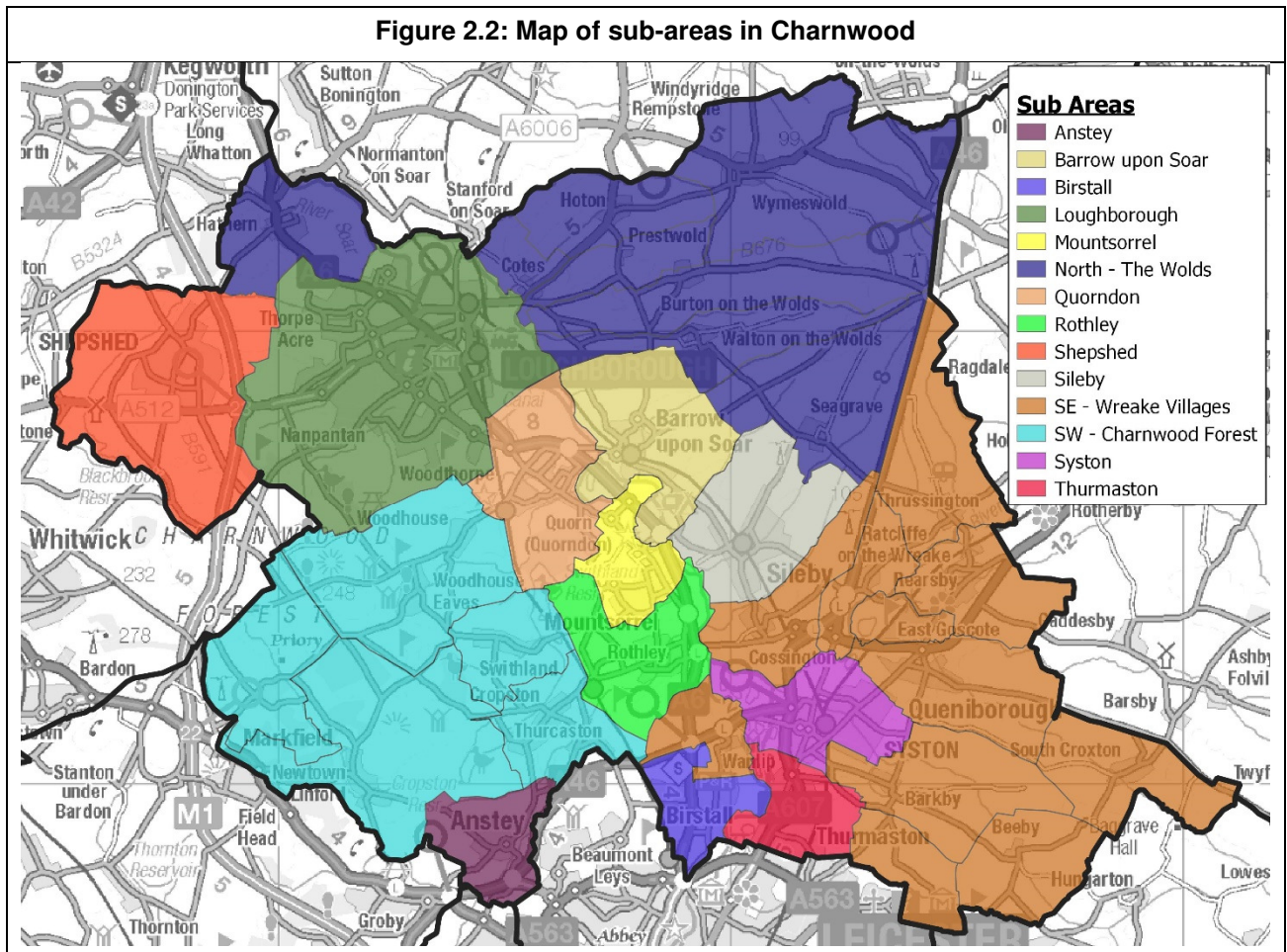
- This report provides a new Housing Needs Assessment (HNA) for Charnwood Borough Council. The analysis provides an update to previous research (notably the Leicester and Leicestershire Housing and Economic Development Needs Assessment (HEDNA)). The analysis importantly provides information at a smaller-area level than previously available.
- The methodology used in this report responds to the revised National Planning Policy Framework (NPPF) of 2019. This continues to set out the Government's objective to significantly boost housing supply. The analysis is also mindful of Planning Practice Guidance (PPG) on housing need assessment and guidance on Housing for older and disabled people and Housing needs of different groups (versions from July 2019).
- A key part of the revised NPPF/PPG is the introduction of a Standard Method for the assessment of housing need. Housing need in the context of current guidance (and as used in this report) therefore refers to "*the number of homes identified as being needed through the application of the standard method set out in national planning guidance, or a justified alternative approach.*"
- 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 – Charnwood Borough Profile;
 - Section 3 – Demographic Trends and Projections;
 - Section 4 – Affordable Housing Need;
 - Section 5 – Family Households and the Appropriate Mix of Housing;
 - Section 6 – The Needs of Older People and People with Disabilities;
 - Section 7 – Private Rented Sector;
 - Section 8 – Space Standards;
 - Section 9 – Student Housing;
 - Section 10 – Houses in Multiple Occupation; and
 - Section 11 – Self-build and Custom Housebuilding.

2. Charnwood Borough Profile

Introduction

- 2.1 This section provides some background analysis about population and housing in Charnwood, along with summary information for each of fourteen sub-areas. Data is compared with local, regional and national data as appropriate – where data is for Leicestershire, this includes equivalent information for Leicester City unless otherwise stated.
- 2.2 Where possible, the most up-to-date information has been used, however due to looking at a number of smaller areas, it is the case that for much of the analysis it has been necessary to rely on Census data (which is 2011). Whilst this information is slightly dated, it is expected that it will still be able to show key differences between areas for a number of key variables. The analysis can be summarised as covering five main topic headings:
- Population (age/ethnic group)
 - Household characteristics (type/tenure)
 - Housing profile (size/accommodation type)
 - House Prices
 - Economic profile
- 2.3 The sub-areas used in analysis have been based on parishes and groups of parishes. For some analysis in this section, the sub-area names have been abbreviated. The table below shows the codes used with the map below the table showing the locations of the different sub-areas within the Borough.

Figure 2.1: Sub-areas of Charnwood and abbreviations used		
Area name	Parish(es)	Code
Loughborough	All unparished parts of Charnwood	Loug'h
Shepshed	Shepshed	Shep'd
Birstall	Birstall	Birs'l
Syston	Syston	Syston
Thurmaston	Thurmaston	Thum'n
Anstey	Anstey	Anstey
Barrow upon Soar	Barrow upon Soar	BuS
Mountsorrel	Mountsorrel	Moun'l
Quorn	Quorndon	Quorn
Rothley	Rothley	Roth'y
Sileby	Sileby	Sileby
North – The Wolds	Burton on the Wolds, Cotes, Hathern, Hoton, Prestwold, Seagrave, Walton on the Wolds, Wymeswold	N-TW
South East – Wreake Villages	Barkby, Barkby Thorpe, Beeby, Cossington, East Goscote, Queniborough, Ratcliffe on the Wreake, Rearsby, South Croxton, Thrussington, Wanlip	SE-WV
South West – Charnwood Forest	Newtown Linford, Swithland, Thurcaston & Cropston, Woodhouse, Ulverscroft	SW-CF



Source: Map provided by GL Hearn

2.4 As an initial background analysis, the table below shows the estimated population in each sub-area (as of 2018) and the proportion of the Charnwood total this amounts to. This analysis shows that just over a third of the population lives in Loughborough with Rothley being the smallest area being used for analysis.

Figure 2.3: Estimated population by sub-area (2018)		
	Estimated population	% of population
Loughborough	67,013	36.7%
Shepshed	13,863	7.6%
Birstall	13,760	7.5%
System	14,046	7.7%
Thurmaston	10,300	5.6%
Anstey	7,153	3.9%
Barrow upon Soar	6,654	3.6%
Mountsorrel	8,541	4.7%
Quorn	5,942	3.3%
Rothley	5,056	2.8%
Sileby	8,849	4.8%
North – The Wolds	5,982	3.3%
South East – Wreake Villages	9,701	5.3%
South West – Charnwood Forest	5,783	3.2%
Charnwood total	182,643	100.0%

Source: ONS mid-year population estimates

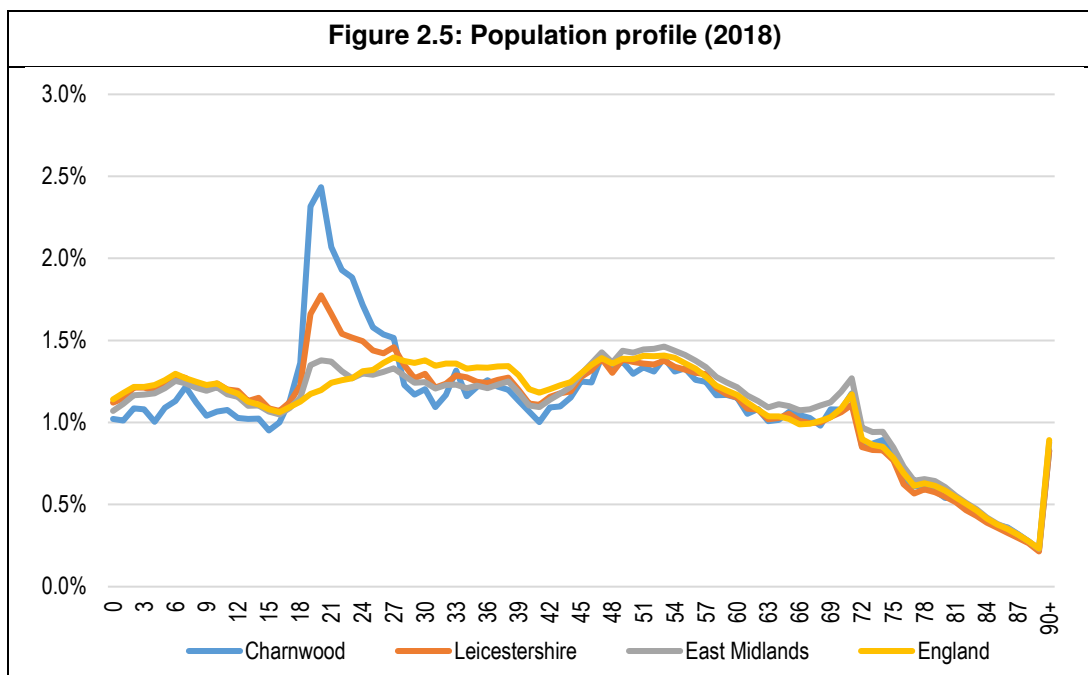
Population

- 2.5 The table below shows the population profile of Charnwood in five-year age bands compared with a range of other areas. In many regards the data shows a similar age profile to other areas, with the key difference being a 'spike' in population as a result of students in Loughborough. Another feature is a relatively low proportion of children when compared with other areas.

Figure 2.4: Population profile (2018)					
	Charnwood		Leicestershire	East Midlands	England
	Population	% of population	% of population	% of population	% of population
0-4	9,501	5.2%	5.9%	5.7%	6.0%
5-9	10,222	5.6%	6.2%	6.1%	6.3%
10-14	9,522	5.2%	5.9%	5.7%	5.8%
15-19	12,346	6.8%	6.2%	5.7%	5.5%
20-24	18,322	10.0%	8.0%	6.6%	6.3%
25-29	12,830	7.0%	6.9%	6.5%	6.8%
30-34	10,845	5.9%	6.3%	6.1%	6.8%
35-39	10,998	6.0%	6.2%	6.1%	6.6%
40-44	9,875	5.4%	5.7%	5.7%	6.1%
45-49	12,050	6.6%	6.7%	6.9%	6.8%
50-54	12,130	6.6%	6.8%	7.2%	7.0%
55-59	11,268	6.2%	6.3%	6.6%	6.4%
60-64	9,693	5.3%	5.4%	5.7%	5.4%
65-69	9,485	5.2%	5.1%	5.5%	5.0%
70-74	8,895	4.9%	4.7%	5.3%	4.9%
75-79	5,933	3.2%	3.1%	3.5%	3.3%
80-84	4,373	2.4%	2.3%	2.6%	2.5%
85+	4,355	2.4%	2.3%	2.4%	2.4%
All Ages	182,643	100.0%	100.0%	100.0%	100.0%

Source: ONS mid-year population estimates

- 2.6 The differences between Charnwood and other areas can more clearly be seen in the figure below. This identifies that the population of Charnwood broadly tracks other areas from about age 45 onwards and also shows the differences described above in terms of the impact of the student population and the proportion of children.



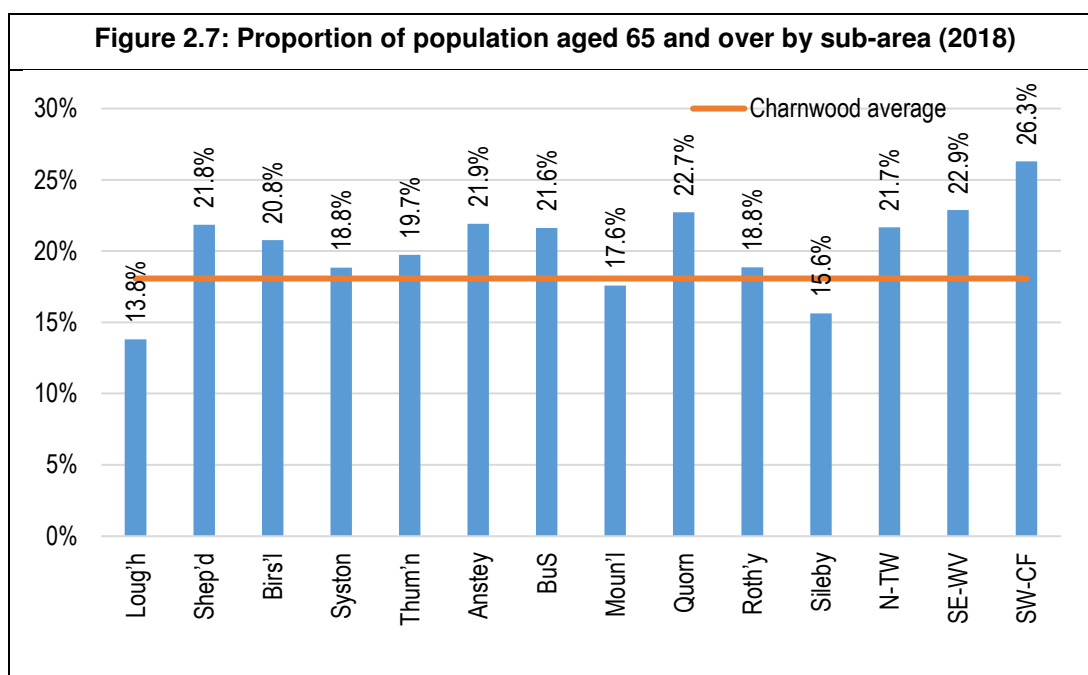
Source: ONS mid-year population estimates

2.7 The analysis below summarises the above information by assigning population to three broad age groups (which can generally be described as a) children, b) working-age and c) pensionable age). This analysis shows that, compared with the region and national position, Charnwood has a similar proportion of people aged 65 and over (18%), a lower proportion of children and consequently slightly higher proportions of people of working-age (although many of these will be students).

	Charnwood		Lincolnshire	East Midlands	England
	Population	% of population	% of population	% of population	% of population
Under 16	30,982	17.0%	19.1%	18.6%	19.2%
16-64	118,620	64.9%	63.4%	62.1%	62.6%
65+	33,041	18.1%	17.5%	19.3%	18.2%
All Ages	182,643	100.0%	100.0%	100.0%	100.0%

Source: ONS mid-year population estimates

2.8 The figure below takes this data forward to look at some differences by sub-area. This focusses on the population aged 65 and over. The analysis identifies notable variation in the proportion of people in this age group in different locations. The proportion aged 65+ varies from 14% in Loughborough up to 26% in South West –Charnwood Forest.



Source: ONS mid-year population estimates

- 2.9 As well as looking at the population profile, analysis has been carried out (below) to look at overall population change over the 7-year period to 2018 (a 7-year period being chosen as the start point of 2011 has data that is likely to be fairly accurate as it draws on information in the Census). The analysis shows over the period that the population of Charnwood increased by 10.1%; this is a high level of population change and compares with increases of 5.9% in the East Midlands and 5.4% in England. The level of population growth is also higher than seen across Leicestershire in the same period.

Figure 2.8: Population change (2011-18)

	Population (2011)	Population (2018)	Change	% change
Charnwood	165,876	182,643	16,767	10.1%
Leicestershire	980,806	1,053,486	72,680	7.4%
East Midlands	4,537,448	4,804,149	266,701	5.9%
England	53,107,169	55,977,178	2,870,009	5.4%

Source: ONS mid-year population estimates

- 2.10 The table and figure below show population change by age (again for the 2011-18 period). This generally identifies the greatest increases to be in older age groups (aged 65 and over) along with some notable population increases in the 5-9 and 25-29 age groups. The Borough also saw some population declines, particularly those aged 40-44.

Figure 2.9: Population change by age (2011-18) – 5-year age bands (Charnwood)

	Population (2011)	Population (2018)	Change	% change
0-4	9,154	9,501	347	3.8%
5-9	8,329	10,222	1,893	22.7%
10-14	8,831	9,522	691	7.8%
15-19	12,247	12,346	99	0.8%
20-24	16,212	18,322	2,110	13.0%
25-29	10,071	12,830	2,759	27.4%
30-34	9,280	10,845	1,565	16.9%
35-39	9,993	10,998	1,005	10.1%
40-44	11,751	9,875	-1,876	-16.0%
45-49	11,828	12,050	222	1.9%
50-54	10,579	12,130	1,551	14.7%
55-59	9,708	11,268	1,560	16.1%
60-64	10,341	9,693	-648	-6.3%
65-69	8,187	9,485	1,298	15.9%
70-74	6,320	8,895	2,575	40.7%
75-79	5,249	5,933	684	13.0%
80-84	4,081	4,373	292	7.2%
85+	3,715	4,355	640	17.2%
All Ages	165,876	182,643	16,767	10.1%

Source: ONS mid-year population estimates

2.11 This information has been summarised into three broad age bands to ease comparison. The table below shows a notable increase in the number of children living in the Borough (increasing by about 10%) along with an increase in the ‘working-age’ population (8%). The main driver of population growth has been in the 65 and over age group, which between 2011 and 2018 saw a population increase of about 5,500 people; this age group increasing in size by 20% over the 7-year period.

Figure 2.10: Change in population by broad age group (2011-18) – Charnwood

	2011	2018	Change	% change
Under 16	28,178	30,982	2,804	10.0%
16-64	110,146	118,620	8,474	7.7%
65+	27,552	33,041	5,489	19.9%
TOTAL	165,876	182,643	16,767	10.1%

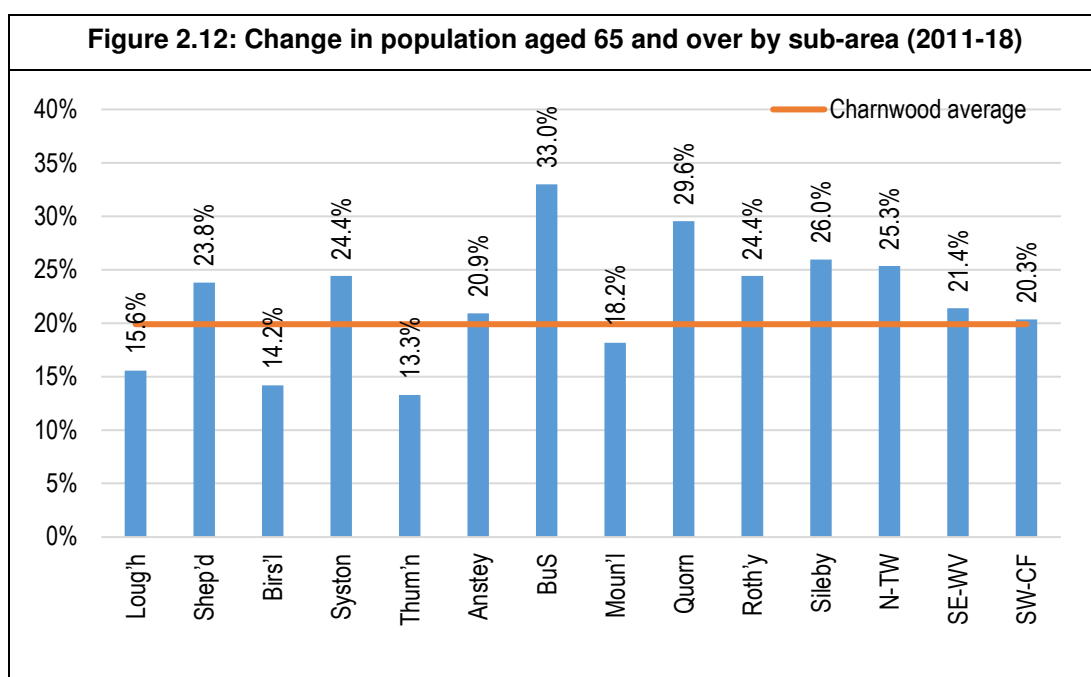
Source: ONS mid-year population estimates

2.12 Additional analysis is provided below to look at the sub-areas. The analysis shows an increasing population in all of the sub-areas with the population of Rothley increasing by 30% between 2011 and 2018. The main settlement of Loughborough saw a population increase of 6,900 people (11%) – this increase represents 41% of all population growth in the Borough. In contrast, the area of South West –Charnwood Forest only saw a modest population increase (around 1%). Levels of population growth may to some degree to be driven by the locations of new housing development over this period.

	2011	2018	Change	% change
Loughborough	60,137	67,013	6,876	11.4%
Shepshed	13,497	13,863	366	2.7%
Birstall	12,220	13,760	1,540	12.6%
Syston	12,790	14,046	1,256	9.8%
Thurmaston	9,636	10,300	664	6.9%
Anstey	6,536	7,153	617	9.4%
Barrow upon Soar	5,970	6,654	684	11.5%
Mountsorrel	8,232	8,541	309	3.8%
Quorn	5,179	5,942	763	14.7%
Rothley	3,899	5,056	1,157	29.7%
Sileby	7,837	8,849	1,012	12.9%
North – The Wolds	5,585	5,982	397	7.1%
South East – Wreake Villages	8,637	9,701	1,064	12.3%
South West – Charnwood Forest	5,721	5,783	62	1.1%
Charnwood total	165,876	182,643	16,767	10.1%

Source: ONS mid-year population estimates

- 2.13 The figure below shows the change in the population aged 65 and over in each sub-area. All areas have seen an increase in the proportion of older people, with the increase in the population in this age group ranging from 13% in Thurmaston up to 33% in Barrow upon Soar.



Source: ONS mid-year population estimates

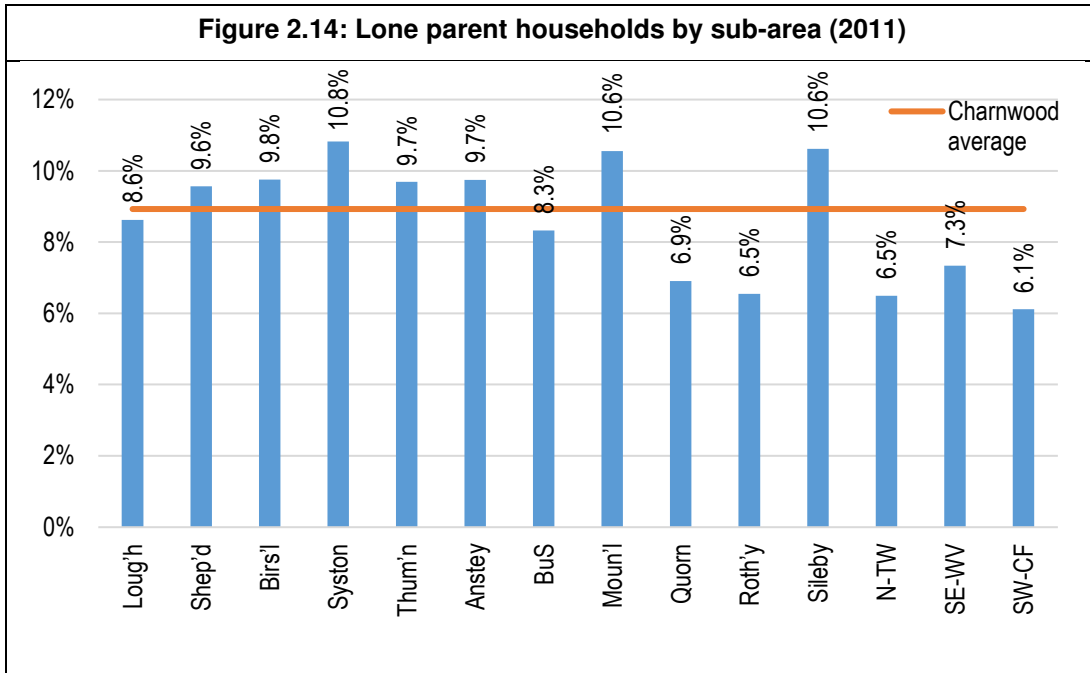
Household Characteristics

2.14 The table below shows household types (in 2011) in Charnwood and compared with other areas. Compared with the County, regional and national position, this analysis shows a broadly similar pattern of households – the main differences to be seen include a slightly higher proportion of older person couple households, a lower proportion of single persons (aged under 65) and relatively few lone parent households (9% in Charnwood compared with 11% nationally).

Figure 2.13: Household Types (2011)					
	Charnwood		Leicester-shire	East Midlands	England
	House-holds	% of house-holds	% of house-holds	% of house-holds	% of house-holds
One person 65 and over	7,980	12.0%	11.6%	12.3%	12.4%
Couple 65 and over	6,231	9.4%	8.3%	9.0%	8.1%
One person (under 65)	10,678	16.1%	16.5%	16.7%	17.9%
Couple (no children)	12,663	19.0%	18.0%	19.5%	17.6%
Couple (dependent children)	13,557	20.4%	20.8%	19.7%	19.3%
Couple (non-dependent children only)	4,543	6.8%	6.8%	6.2%	6.1%
Lone parent (dependent children)	3,812	5.7%	6.5%	6.7%	7.1%
Lone parent (non-dependent children only)	2,127	3.2%	3.3%	3.2%	3.5%
Other households	4,925	7.4%	8.2%	6.6%	8.0%
TOTAL	66,516	100.0%	100.0%	100.0%	100.0%

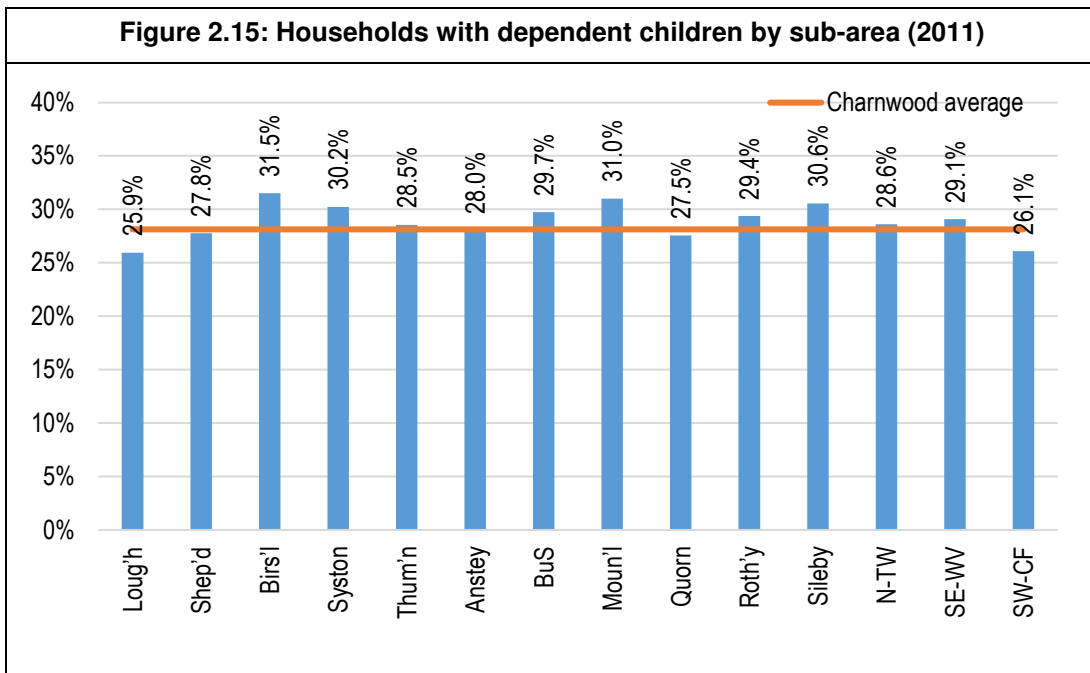
Source: 2011 Census

2.15 The figure below focuses on the proportion of lone parent households by sub-area (the figures are for lone parent households with both dependent and non-dependent children combined). This shows a range from 6% in South West – Charnwood Forest up to 10% in a number of areas. The main settlement of Loughborough has a below average proportion of lone parent households (8.6% of all households).



Source: 2011 Census

2.16 A similar analysis has been undertaken below focussing on all households with dependent children. This again shows some variation across areas, with the range of proportions of such households going from 26% in Loughborough up to 32% in Birstall.



Source: 2011 Census

2.17 The table below shows household tenure compared with a number of other locations. The analysis identifies a relatively high proportion of owner-occupiers, particularly outright owners. The proportion of households living in both the social rented sector and private rented accommodation is lower than observed in other areas – at 11.8% of the stock, the proportion of households living in social rented housing is particularly low.

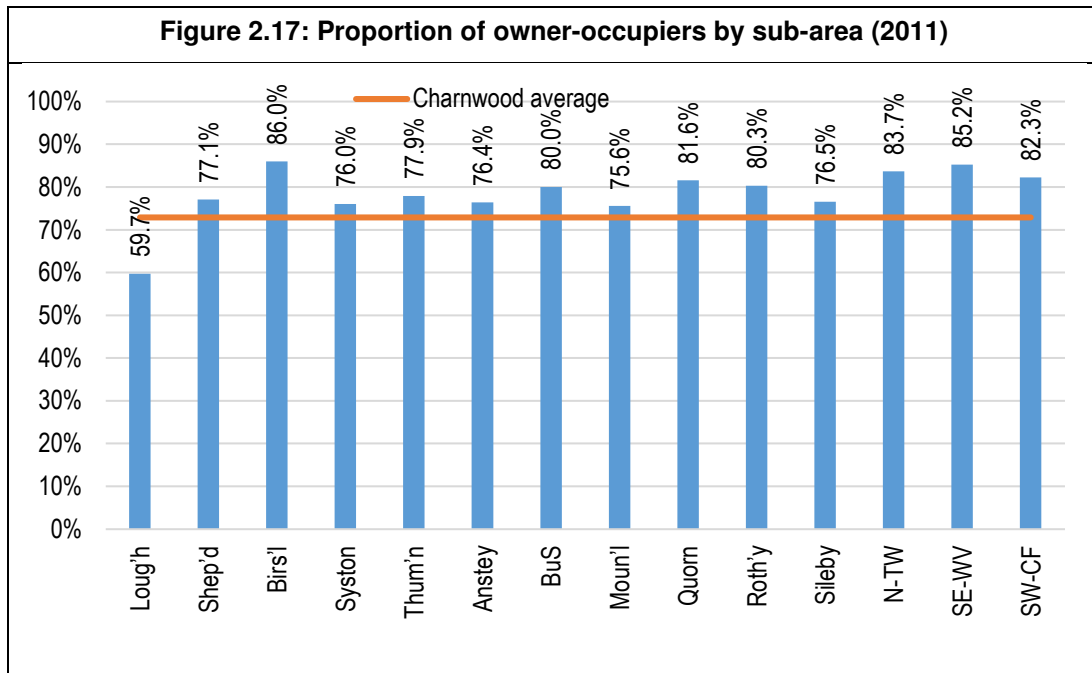
Figure 2.16: Tenure (2011)

	Charnwood		Leicester-shire	East Midlands	England
	House-holds	% of house-holds	% of house-holds	% of house-holds	% of house-holds
Owns outright	23,729	35.7%	32.5%	32.9%	30.6%
Owns with mortgage/loan	24,771	37.2%	35.7%	35.4%	33.6%
Social rented	7,851	11.8%	15.2%	15.7%	17.7%
Private rented	9,396	14.1%	15.3%	14.7%	16.8%
Living rent free	769	1.2%	1.2%	1.3%	1.3%
TOTAL	66,516	100.0%	100.0%	100.0%	100.0%

Source: 2011 Census

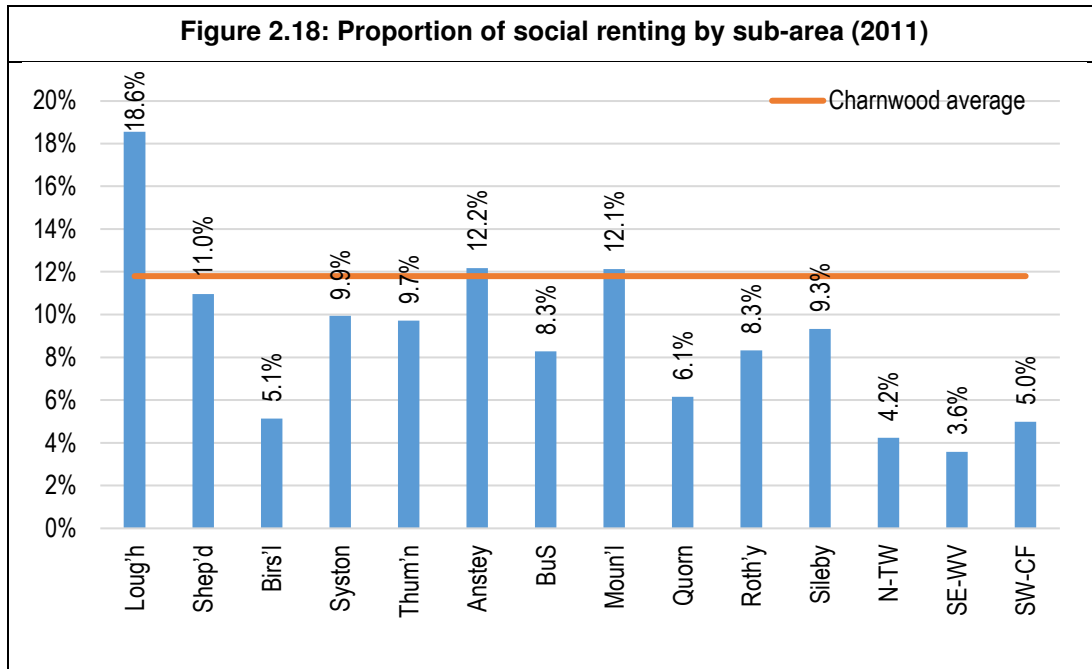
2.18 The three figures below show sub-area level data for three key tenure groups: a) owner-occupied (combining those with and without a mortgage/loan), b) social rent and c) private rent. Data for the 'living rent free' tenure group is not shown below; the proportion of households in the 'living rent free' category is relatively small (1% of all households in the Borough).

2.19 When looking at owner-occupation the analysis shows a range from about 60% of households in Loughborough up to 86% in Birstall. All sub-areas with the exception of Loughborough see proportions of owners in excess of 75%, with the figures for Loughborough likely to some extent to be influenced by student households in the private rented sector.



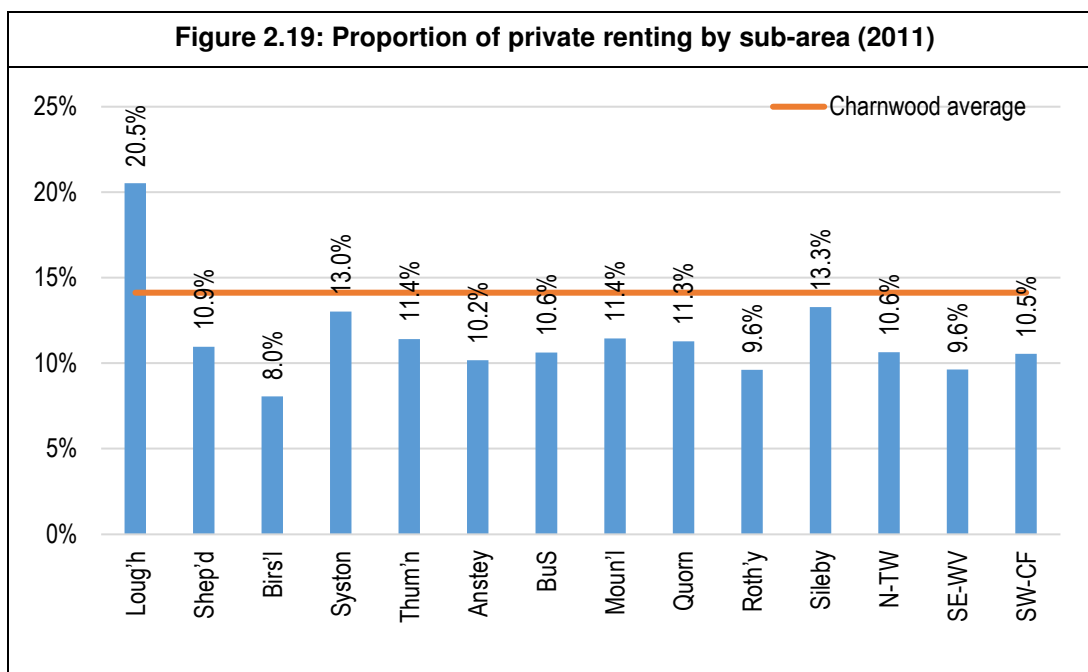
Source: 2011 Census

2.20 The proportion of households living in social rented housing (figure below) shows some notable variation by area with proportions varying from less than 4% in South East – Wreake Villages up to 19% in Loughborough. Other than Loughborough, no area has more than an eighth of households living in the social sector.



Source: 2011 Census

2.21 The final tenure analysis below focusses on the private rented sector; as with other tenures there is some variation between areas with the proportion of households living in this sector varying from 8% in Birstall, up to 21% in Loughborough. This latter finding will to some extent be influenced by the student population and it is estimated that around a quarter of the private rented sector in Loughborough is student-only households.



Source: 2011 Census

2.22 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 Charnwood) data from the 2001 and 2011 Census. From this it is clear that there has been substantial growth in the number of households living in privately rented accommodation as well as a notable increase in outright owners. There has been a decline in the number of owners with a mortgage and a small increase in the numbers in the social rented sector. The data is only to 2011 and so is quite dated – more up to date information from the English Housing Survey suggests that nationally the private rented sector has increased by a further 22%.

	2001 households	2011 households	Change	% change
Owns outright	19,504	23,729	4,225	21.7%
Owns with mortgage/loan	27,536	24,771	-2,765	-10.0%
Social rented	7,282	7,851	569	7.8%
Private rented	5,026	9,396	4,370	86.9%
Living rent free	1,124	769	-355	-31.6%
TOTAL	60,472	66,516	6,044	10.0%

Source: 2001 and 2011 Census

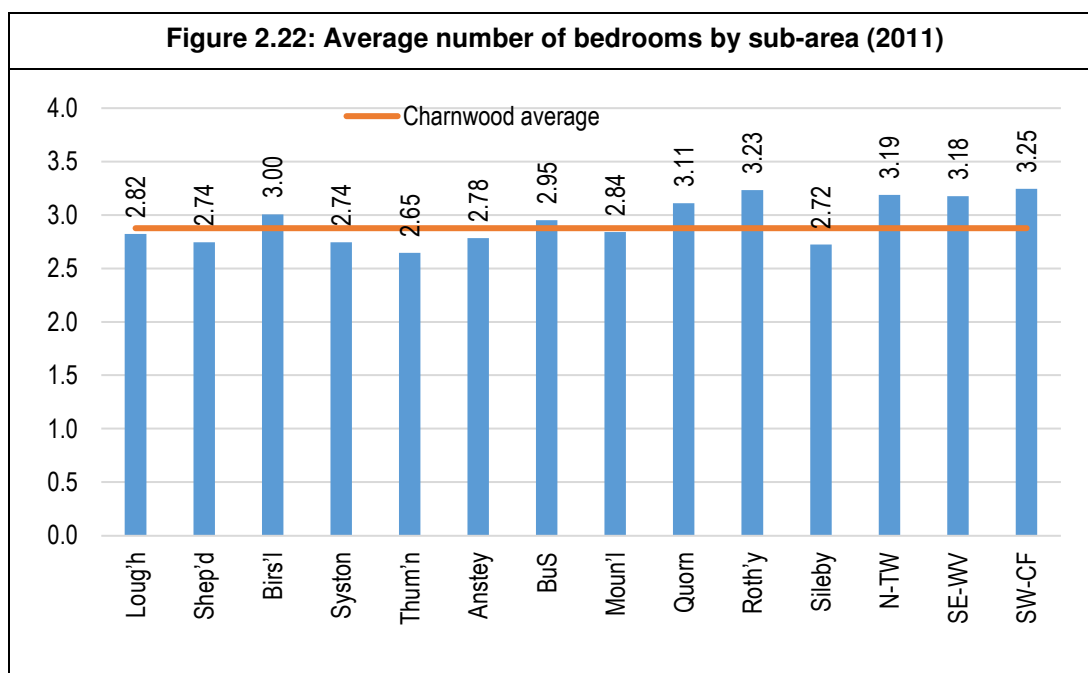
Housing Profile

2.23 The analysis below shows the number of bedrooms available to households as of the 2011 Census. Generally, the size profile in Charnwood is one of larger homes with an average of 2.88 bedrooms compared with 2.81 in the East Midlands and 2.72 nationally. The analysis shows that the dwelling stock of Charnwood is fairly balanced, with a particular focus on 3-bedroom homes.

	Charnwood		Leicester-shire	East Midlands	England
	House-holds	% of house-holds	% of house-holds	% of house-holds	% of house-holds
1-bedroom	5,723	8.6%	9.4%	8.3%	12.0%
2-bedrooms	15,940	24.0%	24.4%	26.5%	27.9%
3-bedrooms	29,419	44.2%	45.2%	45.4%	41.2%
4-bedrooms	11,673	17.5%	16.1%	15.4%	14.4%
5+-bedrooms	3,761	5.7%	5.0%	4.4%	4.6%
TOTAL	66,516	100.0%	100.0%	100.0%	100.0%
Average bedrooms	2.88		2.83	2.81	2.72

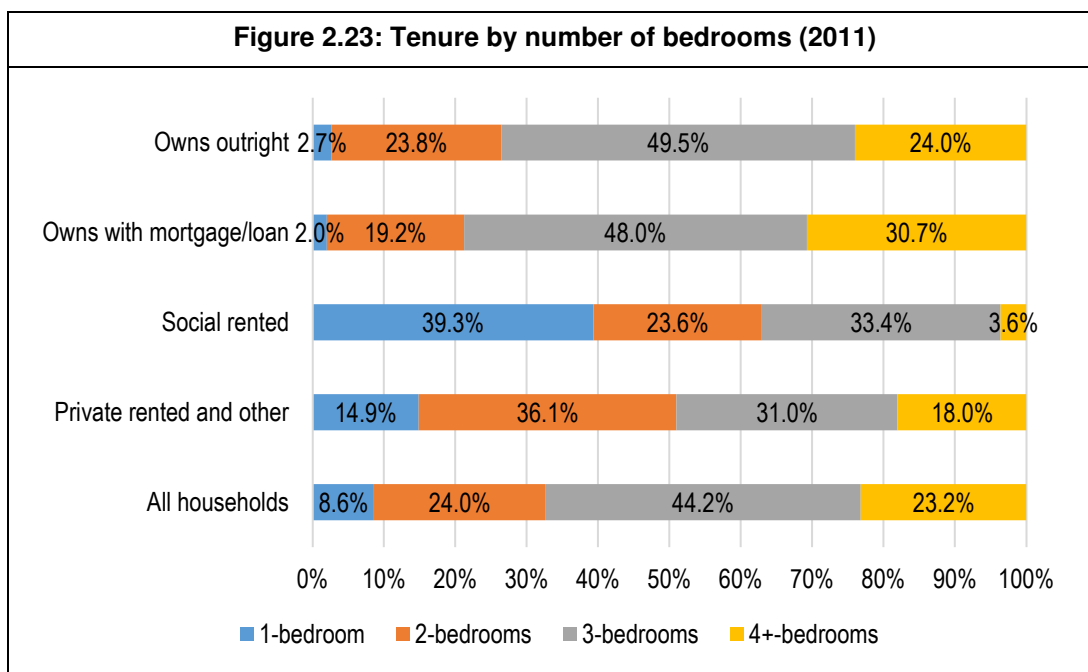
Source: 2011 Census

2.24 There is some variation in the average number of bedrooms across different locations (as shown in the figure below) – the average number of bedrooms varies from 2.65 in Thurmaston, up to 3.25 in South West – Charnwood Forest. The main urban area of Loughborough typically has slightly smaller than average dwelling sizes with an average of 2.82 bedrooms per home.



Source: 2011 Census

2.25 The figure below shows how the size of homes varies by tenure (for the whole of Charnwood). From this it is clear that homes in the owner-occupied sector are significantly larger than either the private or social rented sectors. Around 76% of all owner-occupied homes have at least three bedrooms with around 27% having four or more bedrooms. In the social rented sector, only 4% of homes have four or more bedrooms, along with 18% of private rented accommodation.



Source: 2011 Census

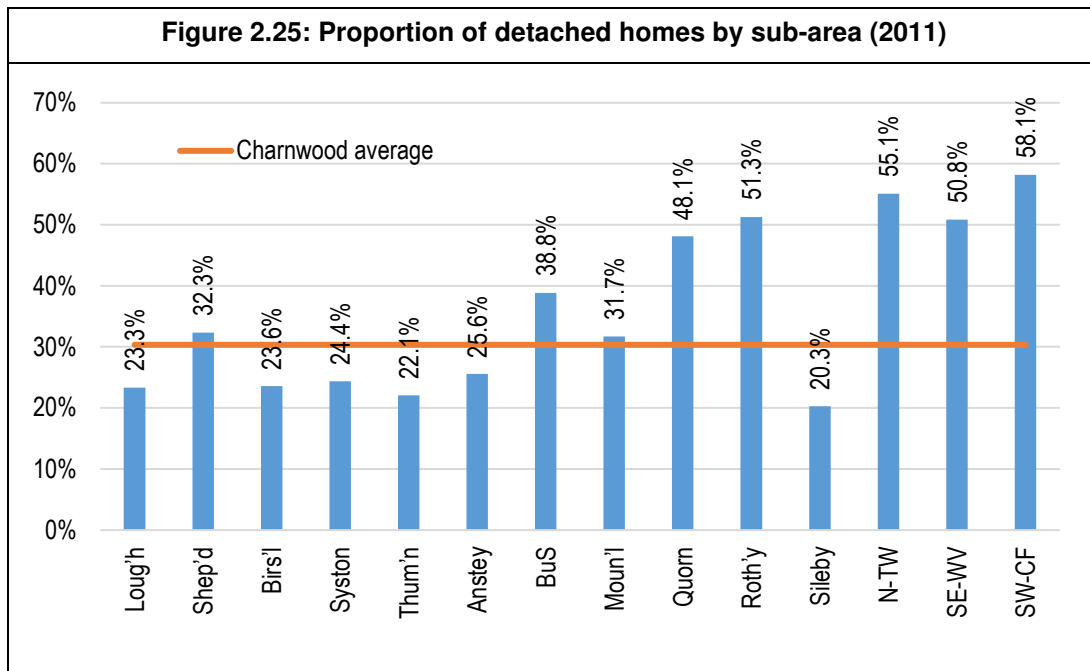
2.26 Leading on from the analysis of dwelling sizes, the analysis below looks at accommodation types. This identifies that Charnwood has a particularly high proportion of semi-detached homes and relatively few terraces – some 38% of homes are semi-detached, compared with 35% across the East Midlands and 31% nationally; only 19% of homes are terraced, compared with 25% nationally.

Figure 2.24: Accommodation type (2011)

	Charnwood		Leicester-shire	East Midlands	England
	Dwellings	% of dwellings	% of dwellings	% of dwellings	% of dwellings
Detached	21,025	30.3%	28.3%	32.2%	22.3%
Semi-detached	26,657	38.5%	37.4%	35.1%	30.7%
Terraced	12,991	18.7%	20.9%	20.6%	24.5%
Flat/other	8,632	12.5%	13.4%	12.1%	22.5%
TOTAL	69,305	100.0%	100.0%	100.0%	100.0%

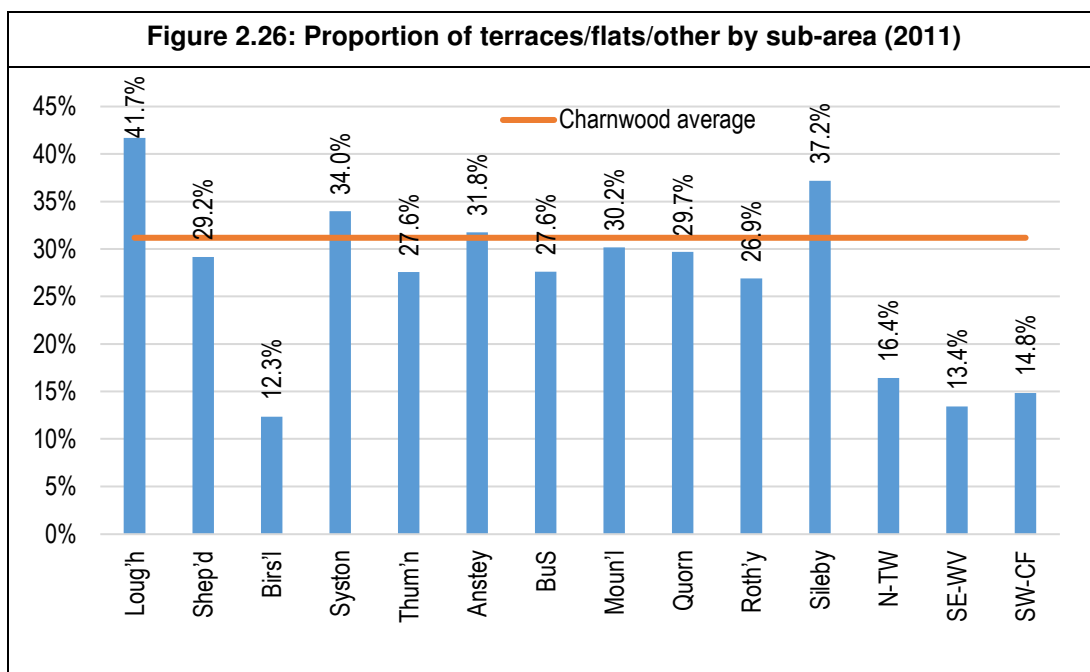
Source: 2011 Census

2.27 The figure below shows the proportion of detached homes in each sub-area. There is a notable variation with figures ranging from 20% in Sileby, up to 58% in South West – Charnwood Forest.



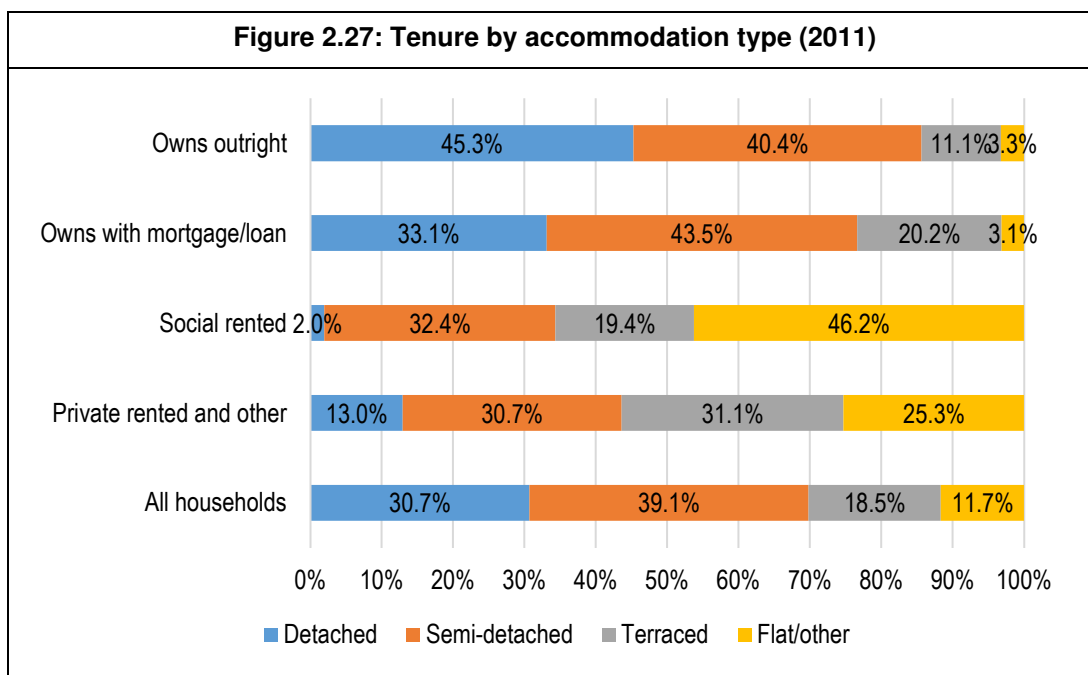
Source: 2011 Census

2.28 A similar analysis (below) focuses on the proportion of terraced homes and flats/other. This typically shows the opposite pattern to that for detached homes with the proportion of households living in terraces/flats ranging from just 12% in Birstall, up to 42% in Loughborough.



Source: 2011 Census

2.29 The figure below shows how accommodation type varies by tenure (for the whole of Charnwood Borough). From this it is clear that homes in the owner-occupied sector are more likely to be detached with relatively few terraced homes or flats. The social rented sector has the highest proportion of flatted accommodation (some 46% of the social rented sector). The private rented sector sees a reasonably balanced split between different dwelling types, although the proportion of terraced homes (at 31%) is notable. It should be noted that the data below is for households and not dwellings (i.e. it includes only occupied homes).



Source: 2011 Census

2.30 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 box below shows how the standard is calculated, this is then compared with the number of bedrooms available to the household (with a negative number representing overcrowding and a positive number being under-occupation). Households with an occupancy rating of +2 or more have at least two spare bedrooms.

For the purposes of the bedroom standard a separate bedroom shall be allocated to the following persons –

- (a) A person living together with another as husband and wife (whether that other person is of the same sex or the opposite sex)
- (b) A person aged 21 years or more
- (c) Two persons of the same sex aged 10 years to 20 years
- (d) Two persons (whether of the same sex or not) aged less than 10 years
- (e) Two persons of the same sex where one person is aged between 10 years and 20 years and the other is aged less than 10 years
- (f) Any person aged under 21 years in any case where he or she cannot be paired with another occupier of the dwelling so as to fall within (c), (d) or (e) above.

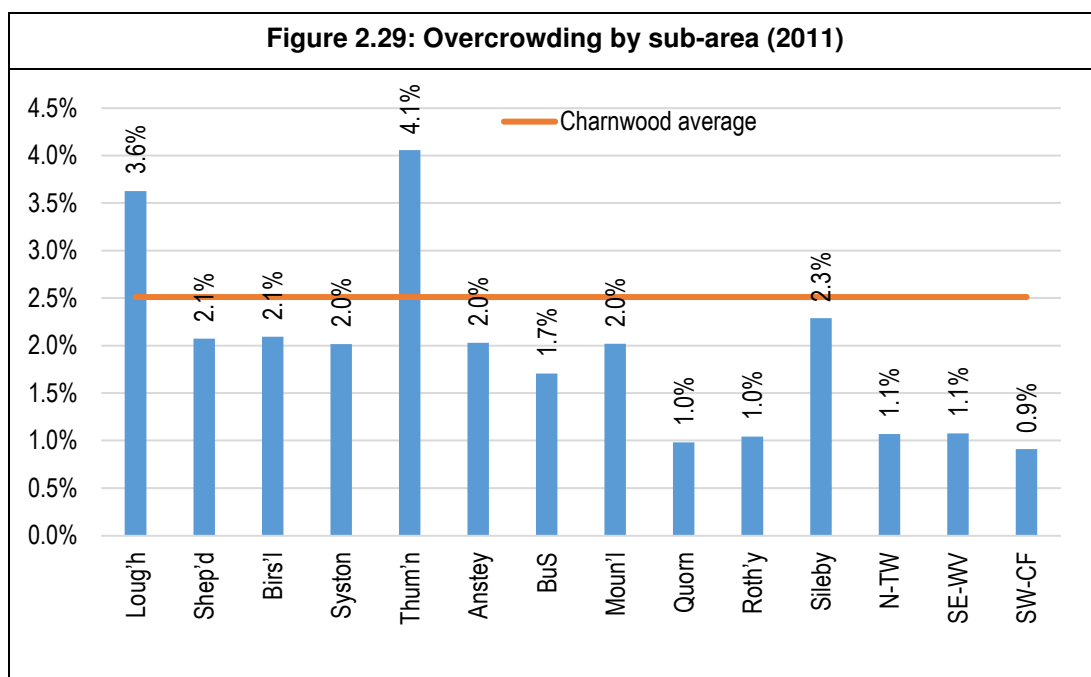
- 2.31 The analysis shows that levels of overcrowding in Charnwood are low in a national context with only 2.5% of households being overcrowded in 2011 (compared with 4.6% nationally). This level of overcrowding is also below the regional average and for the whole of Leicestershire. Levels of under-occupation are also relatively high with around 40% of households having a rating of +2 or more – this is notably higher than seen across England and also above that seen in other areas.

Figure 2.28: Overcrowding and under-occupation (2011) – bedroom standard

	Charnwood		Leicester-shire	East Midlands	England
	Number of households	% of households	% of households	% of households	% of households
+2 or more	26,722	40.2%	37.7%	38.8%	34.3%
+1 or more	23,405	35.2%	34.1%	36.1%	34.4%
0	14,718	22.1%	23.8%	22.0%	26.7%
-1 or less	1,671	2.5%	4.5%	3.1%	4.6%
TOTAL	66,516	100.0%	100.0%	100.0%	100.0%

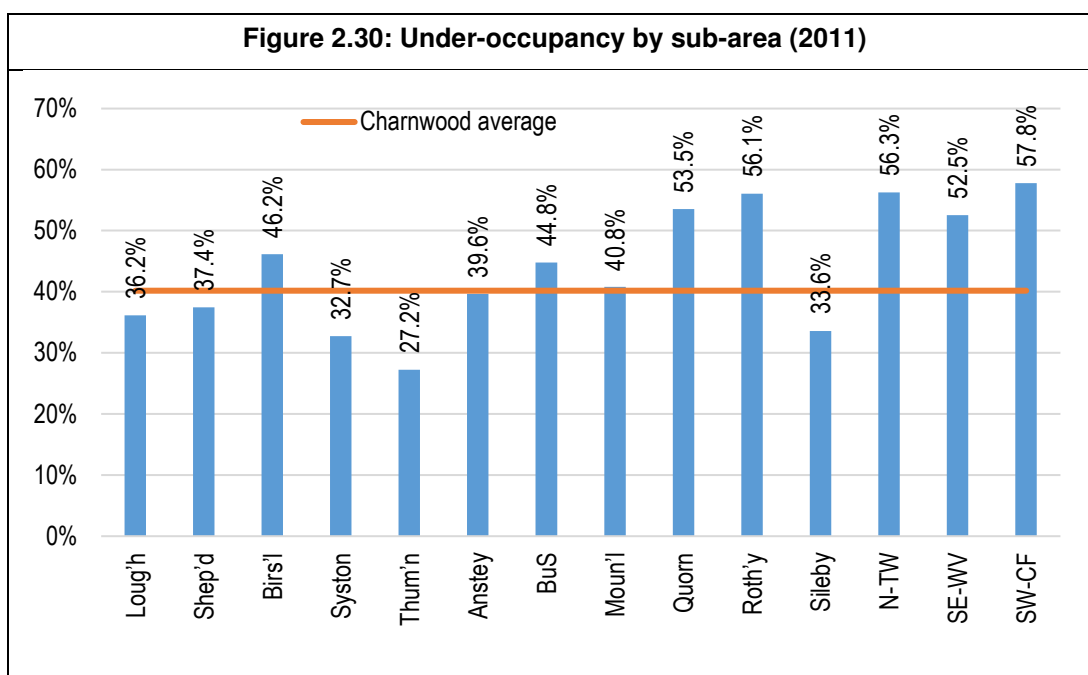
Source: 2011 Census

- 2.32 The figure below shows levels of overcrowding by sub-area. This identifies a range of overcrowding from around 1% in a number of areas, up to 4.1% in Thurmaston. Loughborough is the only other area to have a level of overcrowding that is above the Borough average.



Source: 2011 Census

- 2.33 A similar analysis (below) focuses on under-occupancy (using figures for the proportion of households with an occupancy rate of +2 or more). This shows the highest level of under-occupancy to be in some of the more rural areas, including 58% of households under-occupying in South West – Charnwood Forest. In contrast, only 27% of households in Thurmaston have at least two spare bedrooms.



Source: 2011 Census

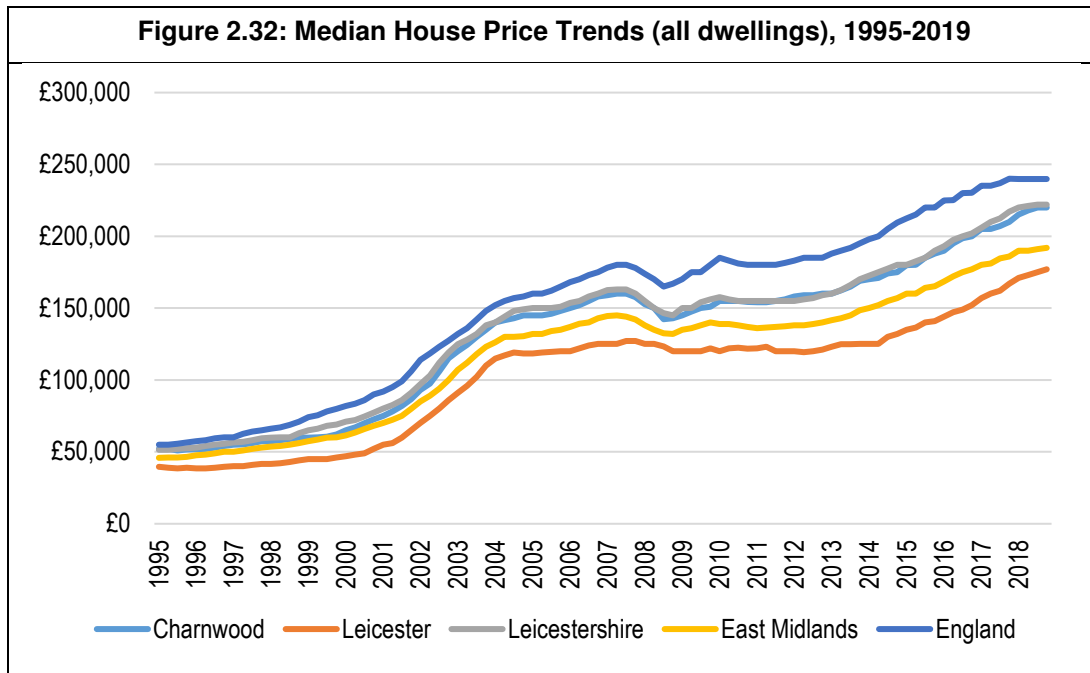
House Prices and Sales

2.34 The table below shows median house prices in Charnwood and a range of other areas (further information about prices at a smaller area level can be found in the affordable housing need section of this report). The analysis shows average prices in the Borough to be broadly the same as seen across the County (excluding Leicester City) and at a level above the regional average, but below the national average (for England). For Charnwood, the average cost of a newly-built home is around 30% higher than for existing dwellings, this is broadly similar to the equivalent figure for England (27%) but is a somewhat lower percentage than seen in other areas (including 50% for Leicester City). It should however be noted that the profile of new compared with existing stock can have a notable impact on these figures.

	Existing dwellings	Newly-built dwellings	All dwellings
Charnwood	£210,000	£275,000	£220,000
Leicester	£173,000	£260,000	£177,000
Leicestershire	£210,000	£295,000	£222,000
East Midlands	£182,000	£260,000	£192,000
England	£232,000	£295,000	£240,000

Source: ONS House price statistics for small areas, year ending September 2019

2.35 The figure below profiles the house price changes from 1995 to 2019 (year to September 2019). The analysis shows that house prices in Charnwood have generally followed a similar pattern to that seen in other areas and very closely track the prices in Leicestershire (excluding Leicester City). Prices are above the regional average and lower than average for England throughout the period studied.



Source: ONS House price statistics for small areas, year ending September 2019

- 2.36 It is clear that all areas experienced a fall in median house prices between 2008 and 2009 reflecting the economic downturn. House price growth remained modest between 2010 and 2013, with levels of housing market activity subdued. However, with improving economic performance, increased access to mortgage finance and Government support (such as through the Help-to-Buy scheme) the market began to recover more strongly from 2013 onwards.
- 2.37 The table below shows the median house price change over the last decade in Charnwood and other locations. This shows that prices in the Borough have risen by 54% to reach a median value of £220,000. This scale of increase is generally slightly higher than seen in other areas (albeit in-line with that seen in Leicestershire (excluding Leicester City)).

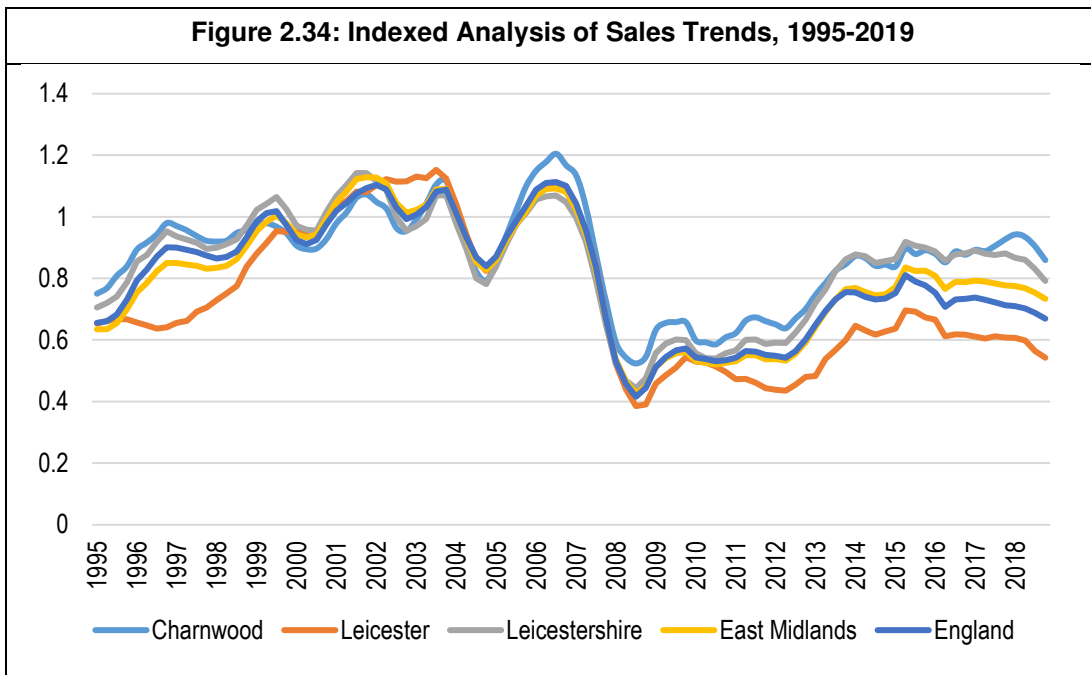
Figure 2.33: Change in median house price (all dwellings) – 2009-2019

	Year to September 2009	Year to September 2019	Change	% change
Charnwood	£143,000	£220,000	£77,000	53.8%
Leicester	£120,000	£177,000	£57,000	47.5%
Leicestershire	£145,000	£222,000	£77,000	53.1%
East Midlands	£132,000	£192,000	£60,000	45.5%
England	£167,000	£240,000	£73,000	43.7%

Source: ONS House price statistics for small areas, year ending September 2019

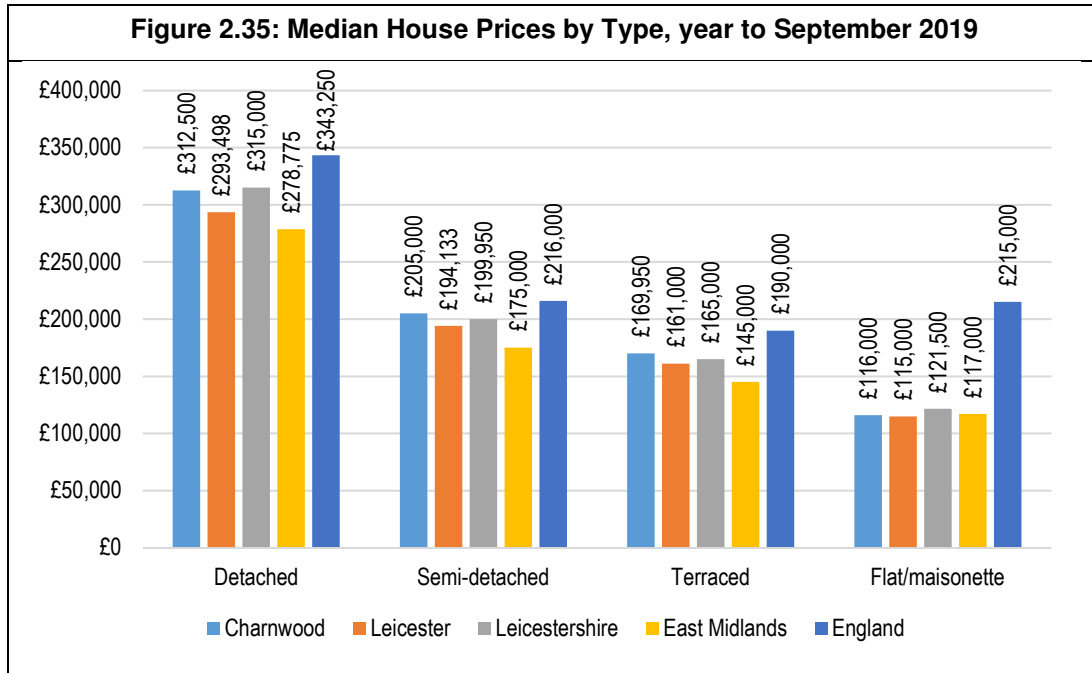
- 2.38 The analysis below benchmarks sales performance against long-term trends to assess the relative demand for market homes for sale. The figures are benchmarked against the pre-recession average (taken to be the decade up to the end of 2007). There is a relative similarity in trends across areas, reflecting the influence of macro-economic factors.

2.39 Sales volumes nationally experienced a significant drop between 2008-09 influenced by the credit crunch and subsequent housing market downturn. During 2009-2013 the recovery in sales volumes was very modest with housing market activity over this period significantly subdued (around 40% below the pre-recession trend). Between 2013 and 2016 there was a gradual recovery in sales volumes influenced by a combination of increasing availability and choice of mortgages together with Government support through the Funding for Lending and Help-to-buy schemes, however since 2016 a decrease in sales can be witnessed (although to a lesser degree in Charnwood) – this is likely to reflect wider macro-economic uncertainty associated with Brexit.



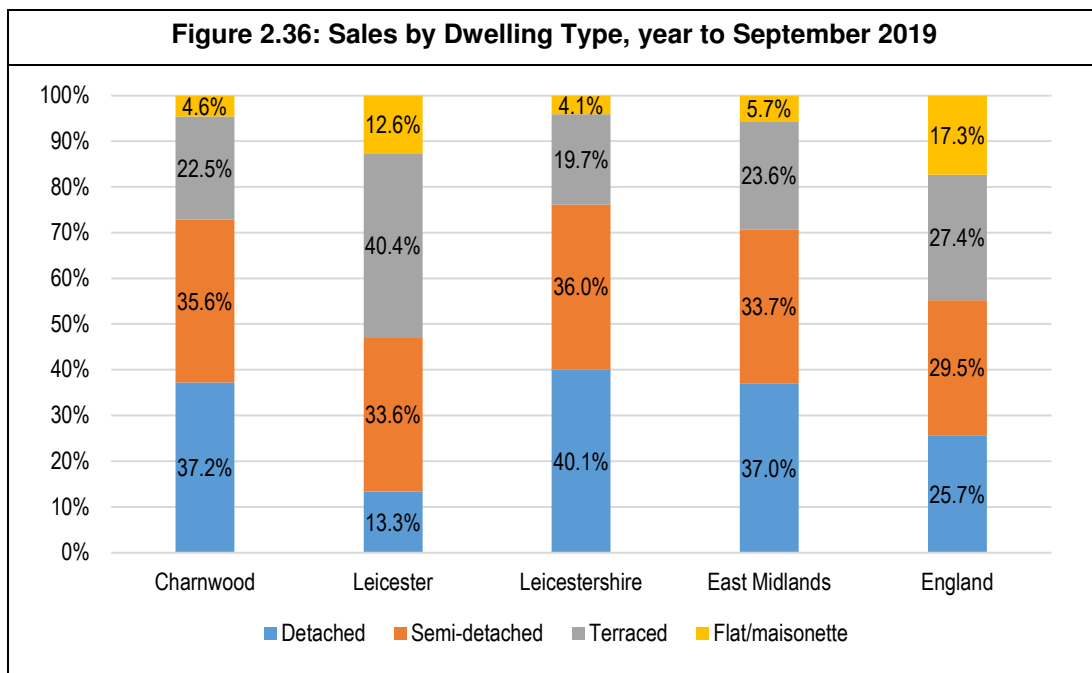
Source: ONS House price statistics for small areas, year ending September 2019

2.40 The analysis below examines sales data by type of property for year ending September 2019. The data shows across all property types that prices in Charnwood are similar to those seen across Leicestershire (excluding Leicester). Median house prices for all dwelling types and particularly flats fall notably below the national average but above the regional average.



Source: ONS House price statistics for small areas, year ending September 2019

2.41 Analysing the profile of sales across the study area, the figure below shows that the proportions of housing types sold in Charnwood varies from the national average, detached housing accounted for 37% of all sales – ultimately reflective of the profile of the dwelling stock.



Source: ONS House price statistics for small areas, year ending September 2019

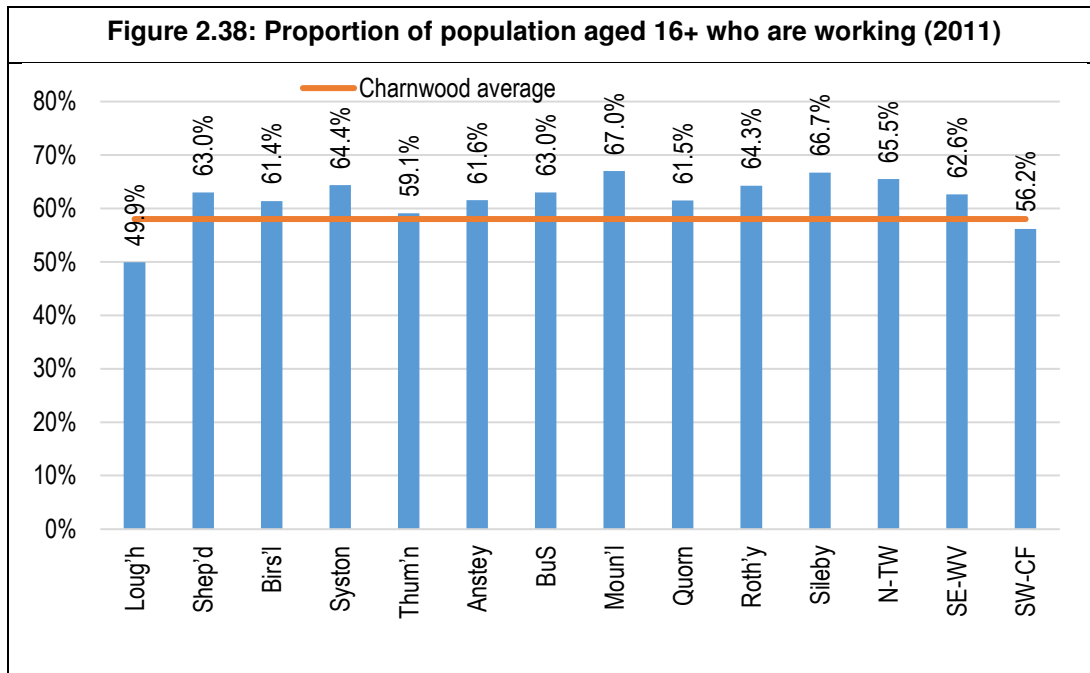
Economic Profile

2.42 The series of analysis below looks at a range of economic issues (economic activity, qualifications and occupation profiles). The table below shows in comparison with other areas that Charnwood has a similar economic profile. Small differences can be seen, and this includes a lower proportion of people who are unemployed and a higher proportion of students. Overall, some 58% of the population (aged 16 and over) are working, a similar proportion as seen across the other areas studied below.

	Charnwood		Leicester-shire	East Midlands	England
	Popul-ation	% of popul-ation	% of popul-ation	% of popul-ation	% of popul-ation
In employment (part-time)	20,934	15.2%	15.4%	15.0%	14.4%
In employment (full-time)	48,369	35.1%	35.2%	35.4%	35.4%
Self-employed	10,695	7.8%	7.9%	8.0%	9.1%
Unemployed	5,043	3.7%	4.6%	4.5%	4.7%
Retired	29,150	21.1%	20.5%	22.5%	21.2%
Student	14,298	10.4%	7.2%	5.2%	5.3%
Other	9,389	6.8%	9.2%	9.4%	10.0%
TOTAL	137,878	100.0%	100.0%	100.0%	100.0%

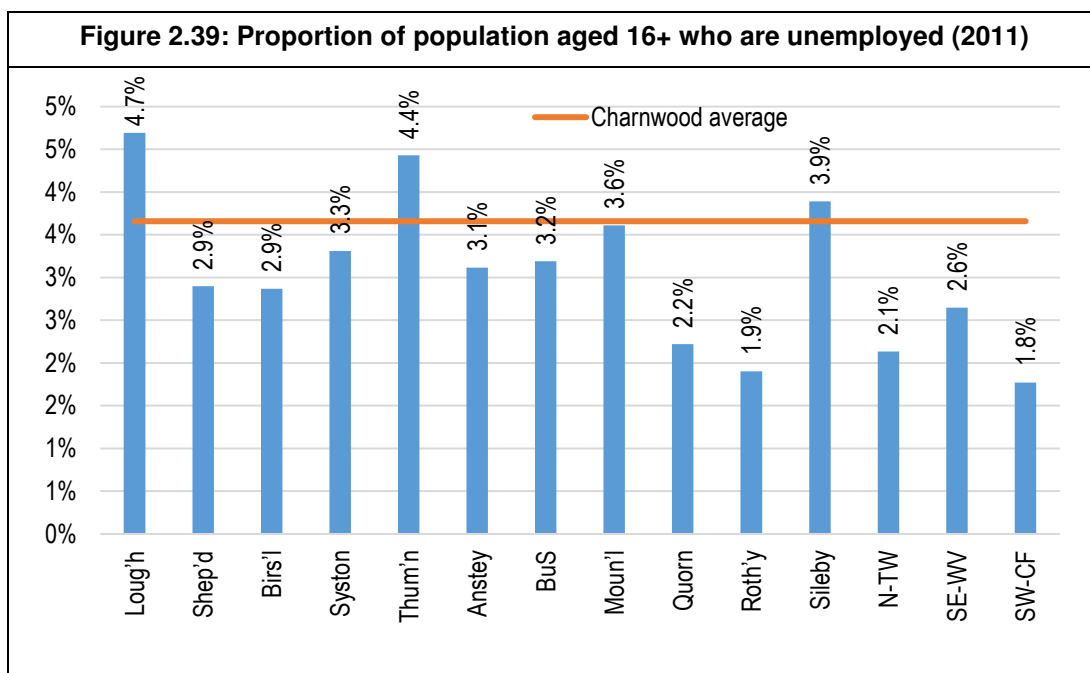
Source: 2011 Census

2.43 The figure below shows the proportion of people (aged 16+) who are working by sub-area. This shows some significant difference between areas with only 50% of the adult population of Loughborough being in work (including self-employment) and 56% in South West – Charnwood Forest. These figures compare with in excess of 65% in a number of areas. The low proportion of people working in Loughborough will be due to the large student population, although for the South West – Charnwood Forest area it is likely to be due to an older age profile.



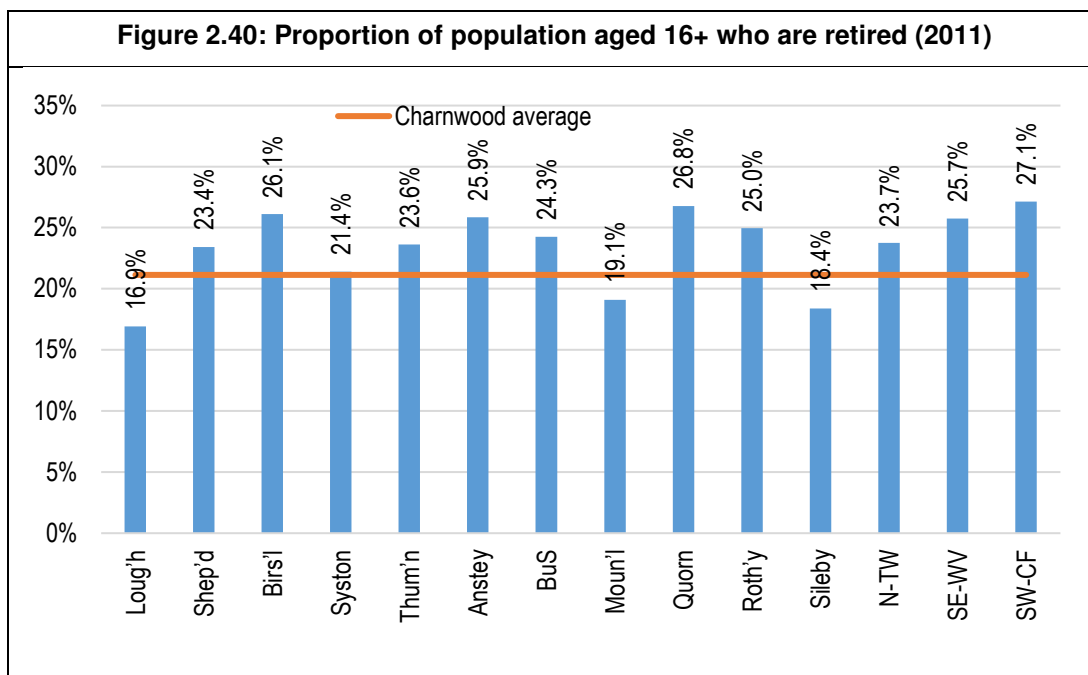
Source: 2011 Census

- 2.44 A similar analysis (below) focuses on the proportion of the population who are unemployed. In this case, the range of unemployment is from around 2% in a number of locations, up to 5% in Loughborough.



Source: 2011 Census

- 2.45 A similar analysis (below) focuses on the proportion of the population who are retired. The analysis shows that 27% of people aged 16 and over in South West – Charnwood Forest are retired, with the lowest proportion being in Loughborough (at 17%).



Source: 2011 Census

2.46 The table below shows how economic activity has changed between 2001 and 2011. The analysis is based on slightly different categories to that above (mainly in being restricted to the population aged 16-74 and with a slightly different treatment of students). However, the categories used in each of 2001 and 2011 are the same, and comparison can therefore be made.

2.47 The analysis shows a notable increase in the number of people who were economically active, increasing by around 7,800 people over the 10-year period. The main category in this increase was the change in part-time employees. The number of people who were economically inactive increased by around 3,400 over the 10-years, driven by an increase of 2,400 people who were retired and 3,500 additional students. The increase in those economically inactive was balanced by a notable reduction in people who were *Looking after family or home*.

Figure 2.41: Economic Activity (2001 and 2011) – population aged 16-74 – Charnwood			
	2001	2011	Change
Employee: Part-time	13,935	17,209	3,274
Employee: Full-time	46,753	47,592	839
Self-employed	8,770	10,435	1,665
Unemployed	2,962	3,864	902
Economically active students	4,379	5,509	1,130
<i>Total economically active</i>	<i>76,799</i>	<i>84,609</i>	<i>7,810</i>
Retired	14,736	17,092	2,356
Economically inactive students	10,734	14,278	3,544
Looking after family or home	5,555	3,930	-1,625
Long-term sick or disabled	3,614	3,437	-177
Other	2,290	1,621	-669
<i>Total economically inactive</i>	<i>36,929</i>	<i>40,358</i>	<i>3,429</i>
Total	113,728	124,967	11,239

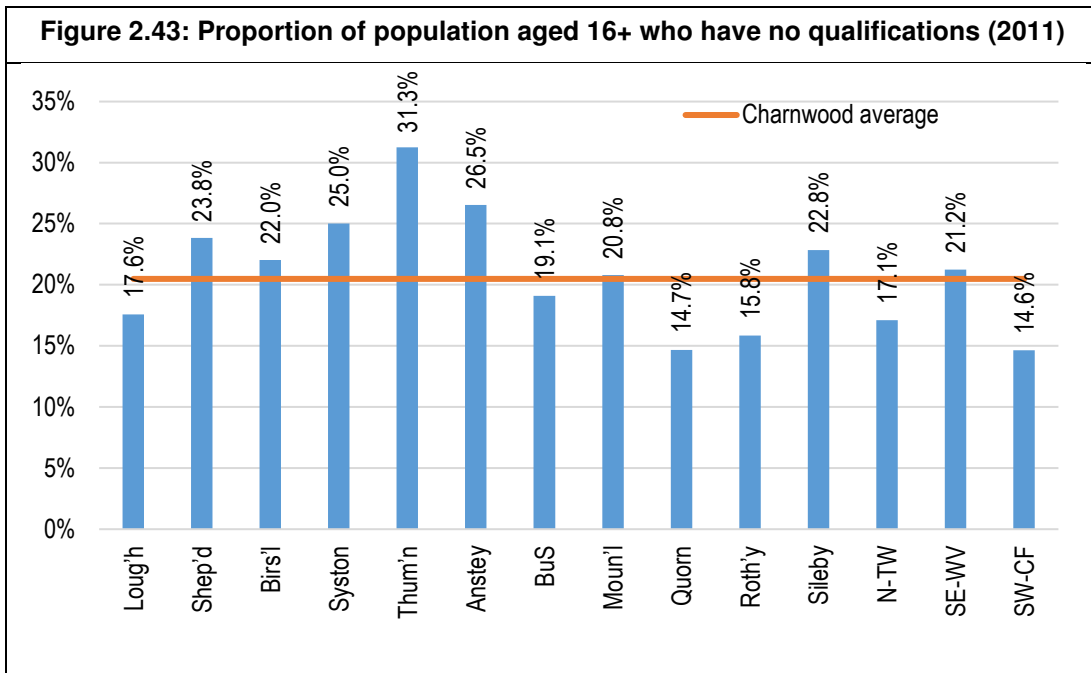
Source: 2001 and 2011 Census

- 2.48 The table below shows the level of qualifications in the population aged 16 and over. Generally, this suggests that Charnwood has a well qualified population when compared with other areas. For example, some 21% of the population of Charnwood (aged 16 and over) have no qualifications, compared with 23% nationally, whilst the proportion with qualifications at Level 4 and above (degree level) is 27% compared with 24% across the East Midlands.

Figure 2.42: Qualifications (2011) – population aged 16 and over					
	Charnwood		Leicester-shire	East Midlands	England
	Popul-ation	% of popul-ation	% of popul-ation	% of popul-ation	% of popul-ation
No qualifications	28,265	20.5%	24.2%	24.7%	22.5%
Level 1 qualifications	16,740	12.1%	13.2%	13.9%	13.3%
Level 2 qualifications	19,685	14.3%	14.5%	15.6%	15.2%
Apprenticeship	6,586	4.8%	3.9%	4.0%	3.6%
Level 3 qualifications	23,470	17.0%	13.5%	12.9%	12.4%
Level 4 qualifications and above	36,916	26.8%	24.5%	23.6%	27.4%
Other qualifications	6,216	4.5%	6.1%	5.3%	5.7%
TOTAL	137,878	100.0%	100.0%	100.0%	100.0%

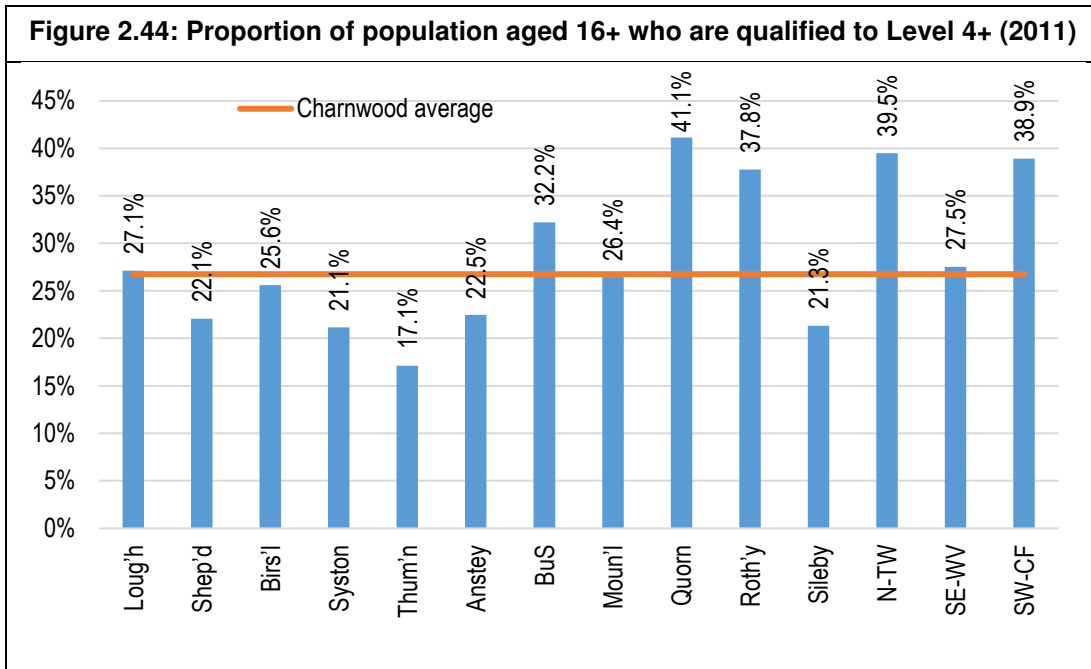
Source: 2011 Census

- 2.49 The figure below shows the proportion of people (aged 16+) who have no qualifications by sub-area. The highest proportions with no qualifications are seen in Thurmaston and the lowest in South West – Charnwood Forest. The range in the proportion of people with no qualifications is quite wide – ranging from 15% to 31%.



Source: 2011 Census

2.50 A similar analysis (below) focuses on the proportion of the population who are qualified to Level 4 and above (degree level). This again shows some notable differences between areas, with a high proportion of people living in Quorn being qualified to degree level (41%) compared with Thurmaston (17%).



Source: 2011 Census

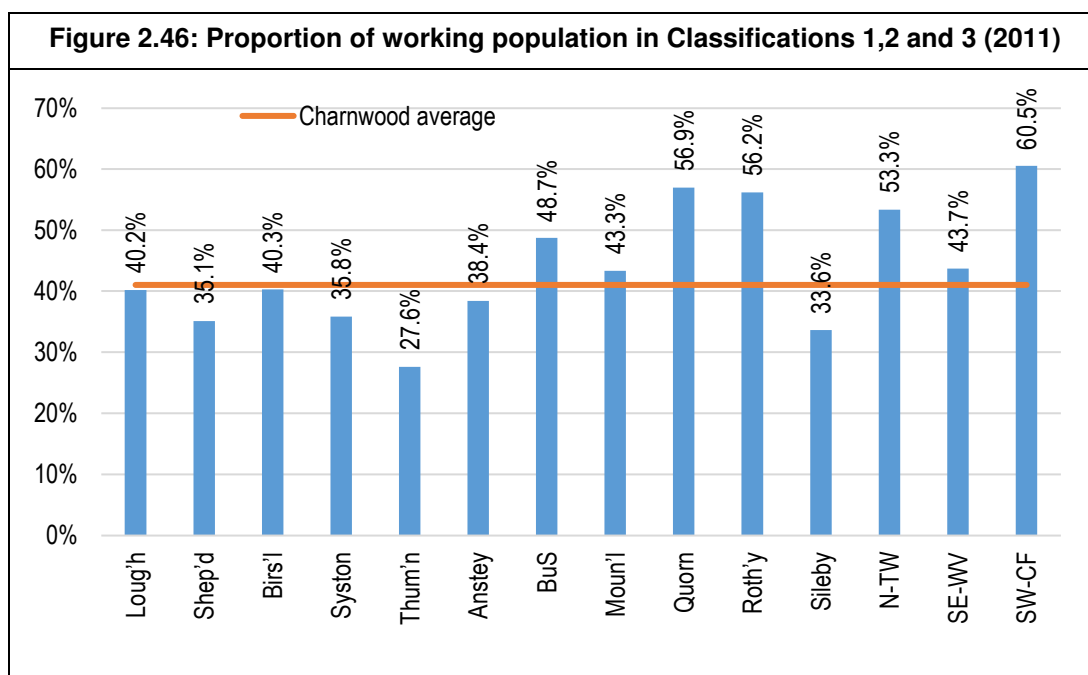
2.51 The final analysis under the economic activity heading looks at the types of occupations undertaken by people who are working – this analysis uses a slightly different base to those above in that it only uses data from people in employment (including self-employed). This analysis suggests that the occupation profile in the Borough is very similar to that seen in other areas.

Figure 2.45: Occupation group (2011) – working population aged 16 and over

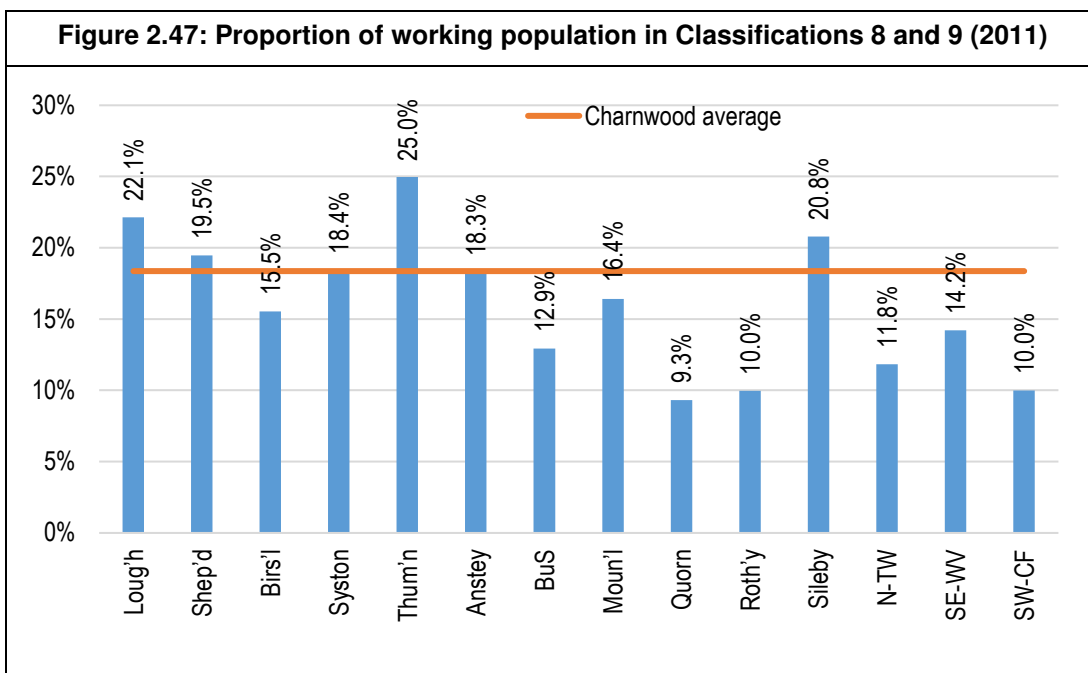
	Charnwood		Leicester-shire	East Midlands	England
	Population	% of population	% of population	% of population	% of population
1: Managers, directors and senior officials	8,750	10.9%	10.4%	10.6%	10.9%
2: Professional occupations	14,324	17.9%	15.9%	15.2%	17.5%
3: Associate professional and technical occupations	9,767	12.2%	11.4%	11.3%	12.8%
4: Administrative and secretarial occupations	9,162	11.5%	11.2%	10.9%	11.5%
5: Skilled trades occupations	9,783	12.2%	11.5%	12.2%	11.4%
6: Caring, leisure and other service occupations	7,311	9.1%	9.1%	9.5%	9.3%
7: Sales and customer service occupations	6,196	7.7%	8.5%	8.4%	8.4%
8: Process, plant and machine operatives	6,224	7.8%	9.4%	9.3%	7.2%
9: Elementary occupations	8,481	10.6%	12.5%	12.7%	11.1%
TOTAL	79,998	100.0%	100.0%	100.0%	100.0%

Source: 2011 Census

2.52 The figure below shows the proportion of workers (aged 16+) who are in the three highest classification bands by sub-area. The analysis shows that 61% of people who live in South West – Charnwood Forest are classified as working in bands 1 to 3, compared with 28% in Thurmaston.



2.53 A similar analysis (below) focuses on the proportion of the working population who are in the two lowest classifications (8 and 9). This typically shows the opposite pattern to that found above with higher proportions being seen in Thurmaston for example. The proportion of working people in classifications 8 and 9 varies from 9% in Quorn, up to 25% in Thurmaston.



Source: 2011 Census

Charnwood Borough Profile: Key Messages

- A range of variables have been considered to look at the profile of the population and housing in the Borough (and for fourteen sub-areas). Key variables have looked at population, household characteristics, housing profile, house prices and the economic profile of residents.
- The analysis identifies similar age structure to that seen in other areas, although there is a clear 'spike' in people in their late teens and early 20s due to the student population. Overall, some 18% of the population are aged 65 and over (a similar proportion to other locations) with variations from 14% in Loughborough up to 26% in South West – Wreake Villages. There has also been a notable population increase during the 2011 to 2018 period, including the number of people aged 65 and over increasing by 20% in the 7-years to 2018. Due to the population profile, household types are in similar proportions to that seen in other locations although the Borough sees a relatively low proportion of single, younger person households and also lone parents.
- The tenure profile of the Borough sees a relatively large proportion of owner-occupiers and a small social and private rented sector. Between 2001 and 2011, the number of owners with a mortgage declined by 10%, whilst the private rented sector increased by 87%; this may reflect the difficulties faced by younger households in accessing market housing to buy.
- The dwelling stock in the Borough is predominantly of larger homes, with a greater average number of bedrooms and a high proportion of detached homes. There are however notable differences across areas, with only 20% of the stock in Sileby being detached, compared with a Borough-wide average of 30% (and up to 58% in South West – Charnwood Forest).
- Overcrowding in the Borough is fairly low although a higher level of overcrowded households in Thurmaston (and to a lesser extent Loughborough) is notable. There is a significant level of under-occupation (40% of all households have at least two spare bedrooms).
- House prices in a regional context are relatively high, with an average (median) price of £220,000 paid in the year to September 2019 (£192,000 across the East Midlands). Prices have risen markedly over the past decade, with data drawn for Land Registry suggesting an increase of 54% in the 2009-19 period – this level of price rise is slightly above that seen in many other locations.
- The economic profile of the Borough looks to be fairly average; although unemployment is low. The data also suggests that the population is relatively well qualified (in academic terms) to that seen in many other locations and are more likely to work in skilled occupations.
- Looking across the fourteen sub-areas of the Borough, there are some notable differences between locations. For example, Loughborough shows a number of characteristics linked to the student population (e.g. having a large private rented sector) whilst Thurmaston shows a number of characteristics suggesting this area may be slightly more deprived than other locations (e.g. higher unemployment and overcrowding). More rural locations typically look to have some more affluent characteristics such as greater proportions of detached homes, low numbers of lone parent households, low overcrowding and low unemployment).
- Whilst there are clearly some locational differences when drilling down to smaller areas and also between types of settlement (e.g. urban vs. rural), the analysis does not automatically imply that there are strong reasons to suggest different policy responses in different locations.

3. Demographic Trends and Projections

Introduction

- 3.1 This section of the report considers demographic trends, in particular looking at past trends in population growth and future projections. The analysis draws on the 2018-based subnational population projections (SNPP) and the 2016-based household projections (SNHP) – both ONS data releases and the most recent projections available at the time this report was drafted. The analysis also looks at the most recent population estimates (again from ONS) which date to mid-2018 and alternative data about trends in past population growth (specifically looking at Patient Register data in this instance).
- 3.2 Consideration is also given to the 2014-based SNHP, as these projections are used by the Ministry of Housing, Communities and Local Government (MHCLG) as part of the Standard Method for assessing housing need. This section initially sets out the housing need using the Standard Method and then develops projections that can be used for subsequent analysis in the report. In looking at projections this report covers a 17-year period from 2020 to 2037 – this is slightly different time period to the emerging Local Plan as it is understood that the Council are likely to extend the end date to give some more flexibility in ensuring that there is a plan period of at least 15 years.

Housing Need and the Standard Method

- 3.3 Planning Practice Guidance (PPG) on Housing Need Assessment sets out a standard method to be used in calculating a housing need. The PPG then sets out a three-step process.
- 3.4 The first step is to establish a demographic baseline of household growth; this is to be taken directly from published household projections and should be the annual average household growth over a 10-year period. In this report, the 10-year period is taken to be 2020 to 2030 as this report is being drafted in 2020.
- 3.5 The second step of the proposed methodology seeks to adjust the demographic baseline on the basis of market signals. The adjustment increases the housing need where house prices are high relative to workplace incomes. This uses the published median affordability ratios from ONS based on workplace-based median house price to median earnings ratio for the most recent year for which data is available (2018 at the time of writing).
- 3.6 Specifically, the PPG says that *'for each 1% increase in the ratio of house prices to earnings, where the ratio is above 4, the average household growth should be increased by a quarter of a per cent'*. The equation to work out the adjustment factor is as follows:

$$\text{Adjustment factor} = \left(\frac{\text{Local affordability ratio} - 4}{4} \right) \times 0.25$$

- 3.7 As an example, if the workplace affordability ratio in an area was 8.00; i.e. median house prices were eight times the median earnings of those working in the area, then the adjustment would be 0.25 or 25%. This is calculated as follows: $(8 - 4) / 4 \times 0.25$.

- 3.8 The final step in the proposed standard method is to possibly cap the market signals uplift. There are two situations where a cap is applied. The first is where an authority has reviewed their plan (including developing an assessment of housing need) or adopted a plan within the last five years. In this instance the need may be capped at 40% above the requirement figure set out in the plan. The second situation is where plans and evidence is more than five years old. In such circumstances a cap may be applied at 40% of the higher of the projected household growth or the housing requirement in the most recent plan (where this exists).
- 3.9 In October 2018, MHCLG published a technical consultation on updates to national planning policy and guidance – the main part of this document was around the Standard Method for assessing housing need. Essentially, whilst Planning Practice Guidance had previously recommended using the latest evidence where possible, the consultation document suggested setting aside the latest (2016-based) household projections in preference for the previous (2014-based) set.
- 3.10 The reason for this is that (at least at a national level) the 2016-based SNHP show a much lower level of household growth (and hence housing need). The Government has decided *'it is not right to change its aspirations'* for housing supply to take account of the lower figures and has therefore proposed to continue using data from the older projections to inform housing need. In the NPPF (and related PPG) of February/July 2019, it was confirmed that the Standard Method should be linked to the older (2014-based) SNHP.
- 3.11 The table below therefore sets out a calculation of the need under the Standard Method. The analysis shows a need for 1,105 dwellings per annum using the 2014-based SNHP. The table also shows (for information) what the figure would be if the 2016-based projections were used and this comes out somewhat lower at 933 dwellings per annum.

Figure 3.1: MHCLG Standard Method Housing Need Calculations		
	2014-based	2016-based
Households 2020	75,358	73,639
Households 2030	84,366	81,249
Change in households	9,008	7,610
Per annum change	901	761
Affordability ratio (2019)	7.62	7.62
Uplift to household growth	23%	23%
Total need (per annum)	1,105	933

Source: Derived from ONS data

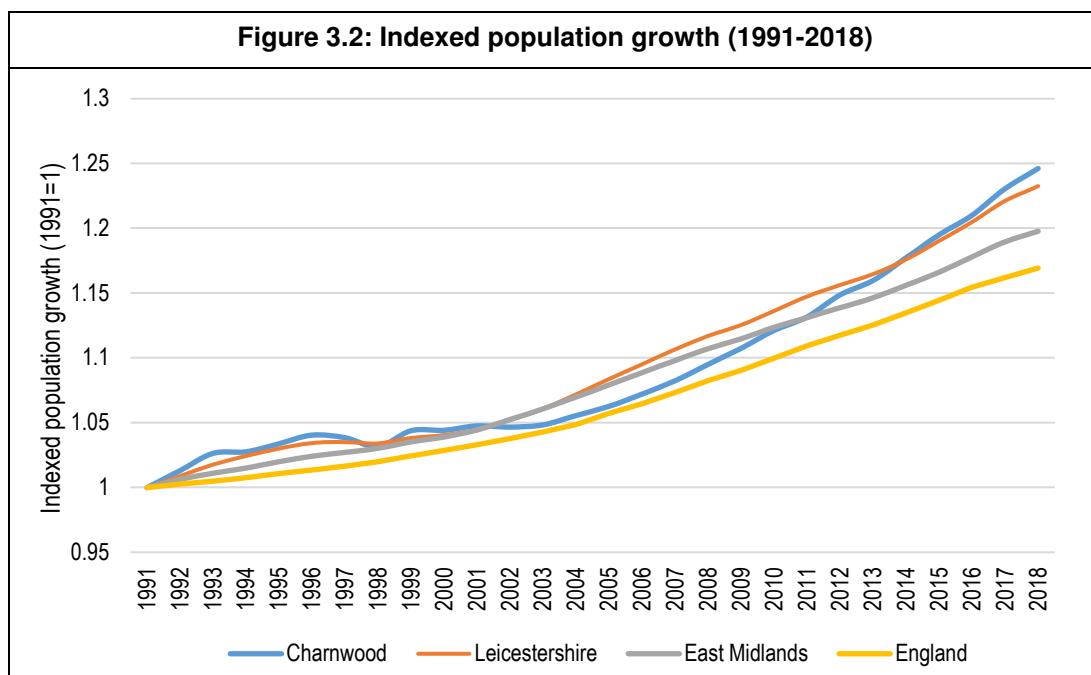
- 3.12 The calculated figure of 1,105 dwellings per annum is slightly higher than the equivalent figure calculated by the Council for inclusion in the Draft Charnwood Local Plan (a figure of 1,082 dwellings per annum – see para 4.8). The difference is partly due to the figures above using a different time period (i.e. 2020-30) and largely due to the figures above using a more up-to-date affordability ratio. The difference between the two figures is not considered to be significant, particularly in light of the fact that the Council is seeking to over-provide housing when set against these numbers; Draft Policy LP1 makes provision for at least 19,716 dwellings over the plan period, which at an average of 1,160 per annum is well in excess of any of the calculated housing need figures.

Demographic Trends

- 3.13 The analysis below looks at some key statistics about demographic trends in Charnwood; particularly focussing on past population growth and the reasons for changes (components of change). This information is provided to help give some context for analysis to follow.

Past Population Growth

- 3.14 The figure below considers population growth in the period from 1991 to 2018. The analysis shows over this period that the population of Charnwood has risen substantially, with particularly strong growth in the period from about 2006. In 2018, it was estimated that the population of the Borough had risen by 25% from 1991 levels, this is in contrast with a 23% increase across the County, a 20% rise across the region and a 17% increase nationally.



Source: ONS (mid-year population estimates)

Components of Population Change

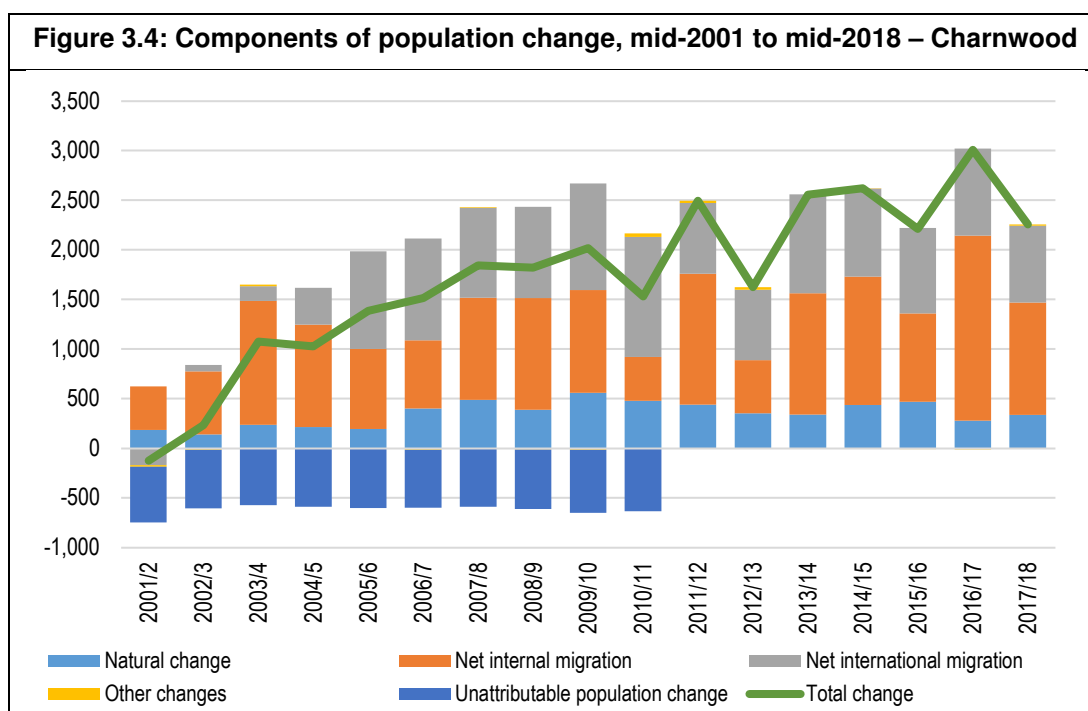
- 3.15 The table and figure below consider the drivers of population change 2001 to 2018. The main components of change are natural change (births minus deaths), net migration (internal/domestic and international) and other changes. There is also an Unattributable Population Change (UPC) which is a correction made by ONS upon publication of Census data if population has been under- or over-estimated.

- 3.16 The data shows a positive level of natural change throughout the period (i.e. more births than deaths), with natural change peaking in 2009/10. Internal migration has been quite variable – but positive in all years; the last five years for which data is available shows an average of 1,280 people (net) moving to the Borough from other parts of the United Kingdom. International migration is also variable, although the data does suggest a positive net level for each year back to 2002. For most years internal/domestic net migration is a higher component of change than international migration. Over the past five years international migration has averaged 880 people per annum (net).
- 3.17 The data also shows a relatively large negative level of UPC, suggesting that between 2001 and 2011, ONS may have overestimated population growth within population estimates (and this was corrected once Census data had been published). If this overestimation of population growth is a systematic problem with ONS data, then it could be the case that population estimates to 2018 are also over-estimated.

Figure 3.3: Components of population change, mid-2001 to mid-2018 – Charnwood

	Natural change	Net internal migration	Net international migration	Other changes	Other (unattributable)	Total change
2001/2	184	439	-169	-16	-561	-123
2002/3	138	636	65	-16	-590	233
2003/4	237	1,246	150	17	-574	1,076
2004/5	213	1,033	371	-5	-584	1,028
2005/6	195	805	986	-6	-595	1,385
2006/7	400	689	1,025	-14	-586	1,514
2007/8	488	1,028	907	7	-588	1,842
2008/9	387	1,127	920	-13	-600	1,821
2009/10	560	1,035	1,073	-15	-637	2,016
2010/11	479	442	1,209	35	-635	1,530
2011/12	441	1,317	715	21	0	2,494
2012/13	354	535	707	27	0	1,623
2013/14	340	1,223	997	-5	0	2,555
2014/15	436	1,293	889	1	0	2,619
2015/16	470	890	861	-10	0	2,211
2016/17	278	1,863	879	-11	0	3,009
2017/18	337	1,132	773	14	0	2,256

Source: ONS



Other measures of past population growth

- 3.18 The analysis above has focussed on data from the ONS mid-year population estimates (MYE). It is possible to contrast estimates of population growth in this source with other measures – the main one being the Patient Register (PR). The table below shows estimated population growth in both the MYE and the PR – data is shown for Charnwood, the East Midlands and England.
- 3.19 For Charnwood the PR source is particularly interesting as it suggests a notably lower level of population growth than the MYE (7.5% compared with 10.1%). This finding is at odds with equivalent regional and national data where the PR suggests notably higher levels of population growth.
- 3.20 Whilst this information is mainly included for reference purposes, it is the case that if anything population growth in the Borough is likely to have been over-estimated in the past 7-years. This would then feed into future projections (which are trend based) and potentially show future levels of population growth that are higher than true trends would suggest.

Comparing ONS mid-year population estimates with estimates of population from the Patient Register					
		2011	2018	Change	% change
Charnwood	MYE	165,900	182,670	16,770	10.1%
	Patient Register	173,980	187,080	13,100	7.5%
East Midlands	MYE	4,537,450	4,804,170	266,720	5.9%
	Patient Register	4,690,790	5,024,160	333,370	7.1%
England	MYE	53,107,200	55,977,180	2,869,980	5.4%
	Patient Register	55,312,750	59,456,460	4,143,710	7.5%

Source: ONS

2018-based Subnational Population Projections (SNPP)

- 3.21 The latest (2018-based) set of subnational population projections (SNPP) were published by ONS in March 2020 (replacing a 2016-based release). The projections provide estimates of the future population of local authorities, assuming a continuation of recent local trends in fertility, mortality and migration which are constrained to the assumptions made for the 2018-based national population projections.
- 3.22 The 2018-based SNPP contain a number of assumptions that have been changed from the 2016-based version, these assumptions essentially filtering down from changes made at a national level. The key differences are:
- ONS' long-term international migration assumptions have been revised upwards to 190,000 per annum compared to 165,000 in the 2016-based projections. This is based on a 25-year average;
 - The latest projections assume that women will have fewer children, with the average number of children per woman expected to be 1.78 compared to 1.84 in the 2016-based projections; and
 - Life expectancy increases are less than in the 2016-based projections as a consequence of the continued limited growth in life expectancy over the last two years.
- 3.23 As well as providing a principal projection, ONS has developed a number of variants. In all cases the projections use the same fertility and mortality rates with differences being applied in relation to migration. The key variants in terms of this assessment can be described as:
- Principal projection
 - an alternative internal migration variant
 - a 10-year migration variant
- 3.24 In the principal projection, data about internal (domestic) migration uses data for the past 2-years and data about international migration from the past 5-years. The use of 2-years data for internal migration has been driven by ONS changing their methodology for recording internal moves, with this data being available from 2016 only.
- 3.25 The alternative internal migration variant uses data about migration from the last 5-years (2013-18), as well as also using 5-years of data for international migration. This variant is closest to replicating the methodology used in the 2016-based SNPP although it does mean for internal migration that data used is collected on a slightly different basis.
- 3.26 The 10-year migration variant (as the name implies) uses data about trends in migration over the past decade (2008-18). This time period is used for both internal and international migration.
- 3.27 The table below shows the outputs from each of these three variant scenarios along with comparisons from the 2016- and 2014-based SNPP. This shows that the 2018-based principal projection shows projected population growth of 16.1%, with the alternative internal migration scenario being slightly lower than this (15.3%) – both of these are higher than any of the other scenarios, including from the 2014-based SNPP (which is an important projection as it underpins the 2014-based SNHP which is used in the Standard Method).

Figure 3.5: Projected population growth (2020-37) – Charnwood – range of SNPP releases				
	Population 2020	Population 2037	Change in population	% change
2018 (principal)	187,556	217,754	30,198	16.1%
2018 (alternative internal)	187,259	215,962	28,703	15.3%
2018 (10-year trend)	186,164	208,656	22,492	12.1%
2016-based	184,724	210,176	25,452	13.8%
2014-based	185,578	213,636	28,058	15.1%

Source: ONS

- 3.28 Although this project is not particularly tasked with challenging the Standard Method, it is worth briefly reviewing the evidence to see if there is anything in the demographic data that would potentially point to the need to move away from the Standard Method. In looking at the latest SNPP it is arguable that the Standard Method is slightly too low – although not modelled here, the higher levels of population growth would potentially lead to higher household growth (which would lead to higher need if a consistent affordability adjustment were applied).
- 3.29 However, as noted previously, data from the Patient Register would suggest that past population growth in the Borough may have been over-estimated; if this is the case then one knock-on effect would be to inflate future projections (and indeed the latest projections are relatively high in terms of projected population growth). Therefore, on balance, it is not considered that there is any firm evidence one way or the other to suggest that the Council could or should move away from the Standard Method for providing an indication of the Local Housing Need.
- 3.30 As noted, the 2018-based SNPP has three main scenarios and rather than provide data from all three, the analysis below looks at a preferred scenario. In this case it is considered that the alternative internal migration variant is likely to be the most robust in a local context. This has been chosen as it is considered that the principal SNPP has too short a data period when looking at internal migration whilst the 10-year alternative is not thought likely to reflect recent changes seen in Charnwood (such as an uplift in housing completions).
- 3.31 With the overall change in the population will also come changes to the age profile. The table below summarises findings for key (5 year) age groups. The largest growth will be in people aged 65 and over. In 2037 it is projected that there will be 46,800 people aged 65 and over. This is an increase of 12,600 from 2020, representing growth of 37%. The population aged 85 and over is projected to increase by an even greater proportion, 69%. Looking at the other end of the age spectrum the data shows that there is projected to be a modest increase in the number of children (those aged Under 15), with increases shown for most other age groups.

Figure 3.6: Population change 2020-37 by five-year age bands – Charnwood (2018-based SNPP – alternative internal migration assumptions)

	Population 2020	Population 2037	Change in population	% change from 2020
Under 5	9,602	10,663	1,061	11.0%
5-9	10,332	10,760	428	4.1%
10-14	9,952	10,876	924	9.3%
15-19	12,853	14,975	2,122	16.5%
20-24	18,256	21,815	3,560	19.5%
25-29	13,590	13,930	340	2.5%
30-34	11,098	12,363	1,266	11.4%
35-39	11,505	12,400	895	7.8%
40-44	10,201	13,293	3,092	30.3%
45-49	11,350	13,368	2,019	17.8%
50-54	12,214	12,337	123	1.0%
55-59	11,938	11,639	-299	-2.5%
60-64	10,203	10,730	528	5.2%
65-69	9,291	11,908	2,617	28.2%
70-74	9,189	11,250	2,061	22.4%
75-79	6,632	9,292	2,660	40.1%
80-84	4,583	6,785	2,202	48.0%
85+	4,471	7,576	3,105	69.4%
Total	187,259	215,962	28,703	15.3%

Source: ONS

- 3.32 The analysis below summarises the above information by assigning population to three broad age groups (which can generally be described as a) children, b) working-age and c) pensionable age). This analysis emphasises the projected increase on the population aged 65 and over, of the total projected population increase of 28,700 people, around 44% is projected to be in the 65+ age group.

Figure 3.7: Population change 2020-37 by broad age bands – Charnwood (2018-based SNPP – alternative internal migration assumptions)

	Population 2020	Population 2037	Change in population	% change from 2020
Under 16	31,804	34,494	2,690	8.5%
16-64	121,289	134,656	13,367	11.0%
65 and over	34,166	46,811	12,645	37.0%
Total	187,259	215,962	28,703	15.3%

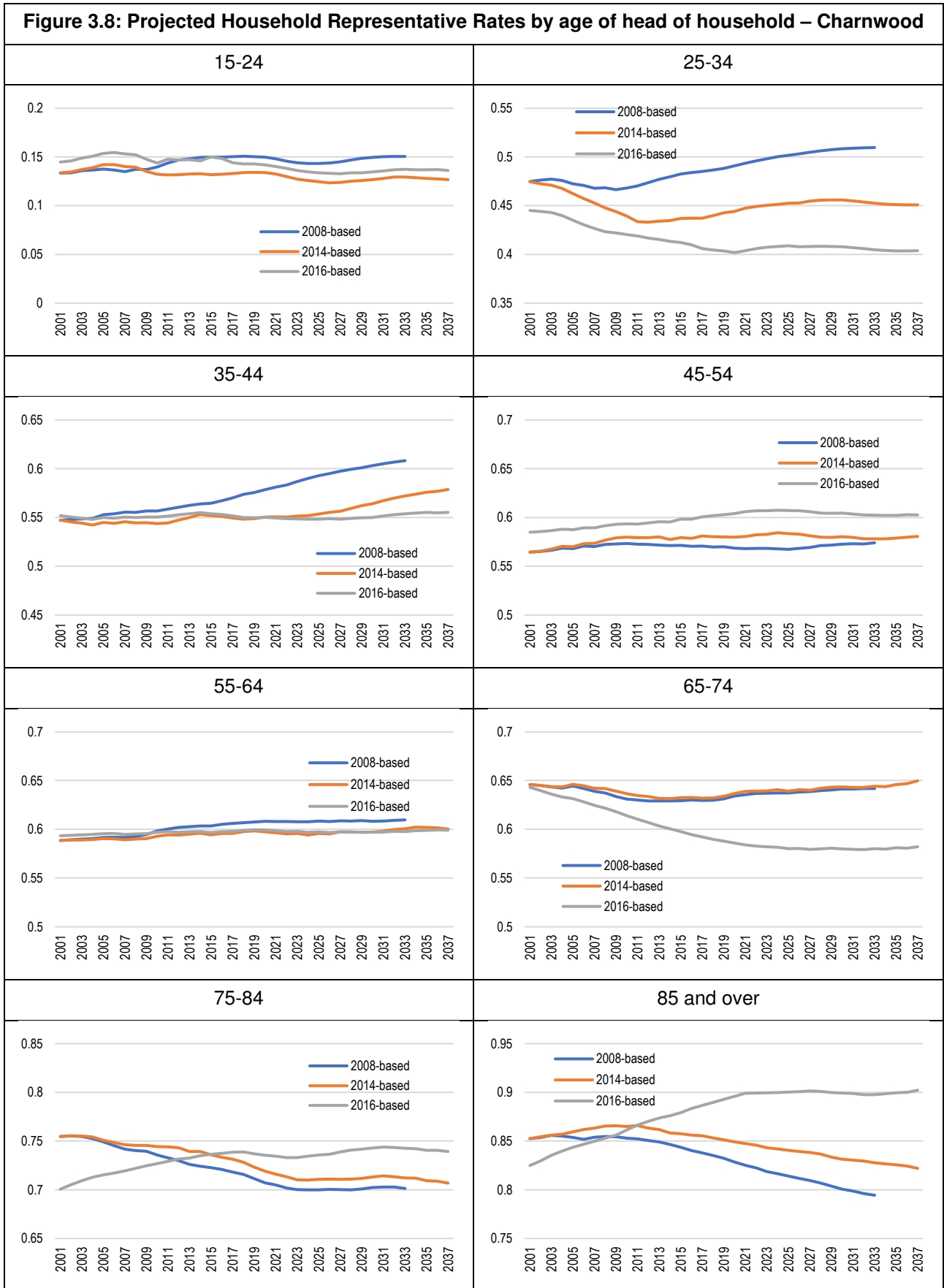
Source: ONS

- 3.33 As noted previously, the Government decided to amend the Standard Method so that the most recent (2016-based at the time of writing) SNHP are disregarded in favour of using the 2014-based version as a start point. There is some good logic for this as the 2016-based projections do seem to potentially be building in additional suppression of household formation (discussed below), however, it is considered that the 2018-based SNPP (i.e. the population data) should not be so readily disregarded – this is particularly because of the changes made to fertility and mortality rates which reflect recently observed trends.
- 3.34 Therefore, in moving the analysis forward, it is suggested that the most suitable approach is to maintain the 2018-based SNPP as a baseline projection (the alternative internal migration assumptions) and amend migration estimates so that the level of need matches that previously suggested (for 1,105 dwellings per annum across the Borough area). Further adjustments are made to household formation to ensure a consistent projection with the housing need.

Household Representative Rates (Household Formation)

- 3.35 Having studied the population size, the next step in the process is to convert this information into estimates of the number of households in the area. To do this the concept of household representative rates (HRR) is used. HRRs can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)).
- 3.36 The latest HRRs are as contained in the ONS 2016-based subnational household projections (SNHP) – these were published in September 2018. It would be fair to say that the 2016-based SNHP have come under some criticism, this is largely because they are based only on data in the 2001-11 Census period which would suggest that it builds in the suppression of household formation experienced in that time. The previous (2014-based) projections used a longer time-series (all Census points back to 1971) and therefore do cover a wider housing market cycle.
- 3.37 Because of the criticisms of the 2016-based SNHP, and the fact that these have driven the Government decision to not use the 2016 based figures in the Standard Method (which is directly linked to official household projections) it is considered prudent in this report to look at both the 2016- and 2014-based figures.
- 3.38 The figure below compares HRRs in the 2014- and 2016-based SNHP – the figures are essentially the proportion of a particular age group that is considered to be the 'head of household' (HRP as described above). Overall, the analysis would suggest that the 2016-based figures are building in more suppression than the 2014-based figures – this can be seen by the 2016-based figures (for younger age groups and notably those aged 25-34) typically having lower HRRs than is seen in other projection releases.
- 3.39 Looking at some of the older age groups, it can be seen that the 2016-based SNHP are projecting for there to be some increases in HRRs (particularly the 85 and over group). Whilst an increase is possible (and does appear to be the trend) it is thought that overall HRRs for older groups are actually more likely to fall over time. This is due to slightly improving mortality rates and therefore the likelihood that households will remain as couples for longer. The 2014-based figures do show a decrease in the HRRs for older age groups and are arguably therefore more realistic.

- 3.40 Overall, whilst the 2016-based figures do not appear to be building in substantially more suppression than the 2014-based data, it is considered when looking more widely across all age groups that the 2014-based data may be more realistic. The 2014-based data has therefore been taken forward into the modelling, using this data does also have the advantage of being able to be used to develop alternative scenarios – these are discussed later.
- 3.41 The figure below also shows the same information from the 2008-based SNHP. Generally, for younger age groups these older projections show a more positive level of household formation and whilst they are quite dated, they are a source that is regularly used to develop scenarios with a more positive view about household formation of younger people.



Source: Derived from ONS and CLG data

- 3.42 As well as looking at the 2014-based SNHP, a sensitivity test has been developed to look at an alternative approach to HRRs. In this sensitivity, a ‘part-return-to-trend’ analysis has been developed, where the rate of household formation sits somewhere between figures in the 2014-based projections and those in an older 2008-based version. This approach was widely used prior to the 2016-based SNHP being published and was an approach previously suggested by the Local Plans Expert Group (LPEG). Therefore, three HRR scenarios have been used as described below:
- Linking directly to 2016-based SNHP – 2016-SNHP HRRs;
 - Linking directly to 2014-based SNHP – 2014-SNHP HRRs; and
 - Linking to the 2014-based SNHP but with a part-return to previous trends for the 25-34 and 35-44 age groups – 2014-PRT
- 3.43 To be clear, in looking at these three scenarios it is considered that the 2016-SNHP are not a robust set of rates to use – this conclusion is reached mainly on the basis of potential suppressed formation in younger age groups and consideration of the projected rates in older age groups. It is also noted that these figures have been rejected by MHCLG as part of the Standard Method; they are however the most recent published data. The 2014-SNHP data are considered to be reasonably robust but may include some small degree of suppression of household formation in younger age groups (although this is not clear cut).
- 3.44 The part-return to trend (2014-PRT) is also considered to be a reasonably robust set of figures, in particular where housing delivery is expected to be above trend-based growth and therefore some increase in the formation rates of younger households might be expected. The 2014-PRT scenario draws on the more reliable data from the 2014 projections as well as including some adjustment for potential suppression of younger households forming.

Household Growth

- 3.45 The table below shows estimates of household growth with each of the three HRR scenarios, the table also shows an estimate of the number of additional dwellings this might equate to. All of the figures link to population growth in the 2018-based SNPP.
- 3.46 To convert households into dwellings the analysis includes an uplift to take account of vacant homes. For the purposes of analysis, it has been assumed that the number of vacant homes in new stock would be 3% higher than the number of occupied homes (which is taken as a proxy for households) and hence household growth figures are uplifted by 3% to provide an estimate of housing need. This figure is a fairly standard assumption when looking at vacancy rates in new stock and will allow for movement within the housing stock.
- 3.47 The analysis below shows the housing need outputs when linked to the 2018-based SNPP (alternative internal migration scenario for illustrative purposes). This shows an overall housing need for 836 dwellings per annum (dpa) across the Borough when using the 2016-based SNHP as the underlying household projection. This figure increases to 895 dpa with the 2014 SNHP, and increases further again (to 983 dpa) using a part-return to trend methodology.

Figure 3.9: Projected housing need – range of household representative rate assumptions – Charnwood (linked to 2018-based SNPP)					
	Households 2020	Households 2037	Change in households	Per annum	Dwellings (per annum)
2016-SNHP HRRs	74,532	88,332	13,800	812	836
2014-SNHP HRRs	75,511	90,288	14,776	869	895
Part-return to trend	75,511	91,730	16,219	954	983

Source: Demographic projections

- 3.48 Given the criticisms that have been made of the 2016-based SNHP it is considered that drawing conclusions about the level of housing need linked to official population projections are more robustly based on looking at the previous set of SNHP. These earlier projections looked at longer term trends in household formation and are therefore less likely to build in any of the suppression/constraints faced by households since the early 1990s. However, including a further adjustment to take a more positive view about household formation is considered prudent and therefore it is concluded that the most robust approach to household representative rates is a scenario using 2014-based figures with a part-return to 2008-based figures.

Developing a Projection linking to 1,105 dwellings per annum

- 3.49 Earlier in this report it has been noted that there is a requirement to provide 1,105 additional homes per annum using the Standard Method. It can be seen from the analysis above, that even by taking a fairly positive approach to HRRs there would not be the level of household growth required to fill this number of homes. Therefore, a final scenario has been developed which increases migration to the Borough (as well as building in some improvement to household formation) such that there is sufficient population for 1,105 additional homes each year.
- 3.50 In summary, an approach has therefore been developed that both improves household formation and increases migration to project how population and household structures might change with average delivery of 1,105 homes each year (2020-37). This approach is consistent with that set out in the PPG (2a-006).

- 3.51 Within the modelling, migration assumptions have been changed so that across the Borough the increase in households matches the housing need (including the 3% vacancy allowance). The changes to migration have been applied on a proportionate basis; the methodology assumes that the age/sex profile of both in- and out-migrants is the same as underpins the 2018-based SNPP with adjustments being consistently applied to both internal (domestic) and international migration. Adjustments are made to both in- and out-migration (e.g. if in-migration is increased by 1% then out-migration is reduced by 1%). In summary the method includes the following assumptions:
- Base population in 2018 from the latest mid-year population estimates;
 - Population rolled forward to 2019 by estimating likely population growth set against dwelling completions (1,117 in 2018/19);
 - Population rolled forward to 2020 using the same assumptions as in the 2018-based SNPP (alternative internal migration);
 - Household representative rates from the 2014-based SNHP with an adjustment for a part-return to 2008-based trends; and
 - The migration profile (by age and sex) in the same proportions as the 2018-based SNPP
- 3.52 In developing this projection, a higher level of population growth is derived (33,700 additional people compared with 28,700 in the SNPP as published). The age structure of the two projections is also slightly different, with the projection linked to 1,105 dpa showing stronger growth in what might be considered as ‘working-age’ groups. This arises due to the fact that ONS data shows that migrants are heavily concentrated in those age groups (along with their associated children).
- 3.53 The different level of population growth in the 2018-based SNPP and when linking to 1,105 dpa is created by assuming there would be an increase (from a trend-based position) in the number of net in-migrants to the Borough. Were this migration to not materialise, then arguably this would mean some additional homes being vacant (alternatively the formation of households could reach unprecedented levels).
- 3.54 In reality, the analysis of past trends in migration suggests that the Borough could support relatively high levels of net migration. In any case, were the migration to not materialise, it is more likely that the development industry would stop or slow down the rate of building, rather than building homes to remain empty. Regardless, planning on the basis of an increase in net migration is something that should be monitored, particularly along with neighbouring authorities, who may in some cases also be developing housing targets that would assume an increase in migration levels.

Figure 3.10: Population change 2020-37 by five-year age bands – Charnwood (linked to delivery of 1,105 dwellings per annum)				
	Population 2020	Population 2037	Change in population	% change from 2020
Under 5	9,608	11,142	1,534	16.0%
5-9	10,335	11,095	759	7.3%
10-14	9,955	11,071	1,115	11.2%
15-19	12,859	15,136	2,277	17.7%
20-24	18,306	22,370	4,064	22.2%
25-29	13,611	14,726	1,115	8.2%
30-34	11,108	13,163	2,055	18.5%
35-39	11,512	13,022	1,510	13.1%
40-44	10,206	13,631	3,425	33.6%
45-49	11,353	13,589	2,236	19.7%
50-54	12,217	12,486	269	2.2%
55-59	11,940	11,751	-190	-1.6%
60-64	10,205	10,818	614	6.0%
65-69	9,293	11,993	2,700	29.1%
70-74	9,190	11,320	2,130	23.2%
75-79	6,633	9,342	2,709	40.8%
80-84	4,584	6,818	2,235	48.7%
85+	4,473	7,620	3,148	70.4%
Total	187,388	221,094	33,706	18.0%

Source: Demographic projections

- 3.55 The table below summarises this information into three broad age bands. This confirms that increases in the older person population are projected to be the most significant, but does also show that increases in the population aged 16-64 are greater than is projected by the official projections. The 2018-based SNPP suggest an increase of 13,400 people aged 16-64 (2020-37), whereas the projection linking to 1,105 dpa increases this to 17,100 people).

Figure 3.11: Population change 2020-37 by broad age bands – Charnwood (linked to delivery of 1,105 dwellings per annum)				
	Population 2020	Population 2037	Change in population	% change from 2020
Under 16	31,817	35,529	3,713	11.7%
16-64	121,400	138,471	17,071	14.1%
65 and over	34,172	47,094	12,922	37.8%
Total	187,388	221,094	33,706	18.0%

Source: Demographic Projections

- 3.56 In the remainder of this report, some of the analysis makes reference to this projection – i.e. linking to 1,105 dwellings per annum.

The Link Between Housing and Economic Growth

3.57 Before the Standard Method, and under the previous PPG, it was conventional for assessments such as this to consider the link between housing and economic growth. This generally took the form of establishing likely future job growth and then testing what level of population growth (and hence household growth/housing need) would be required for the two to be aligned. Whilst this step is not necessary for the purposes of HNA, it is of interest to estimate what level of job growth the projections might support.

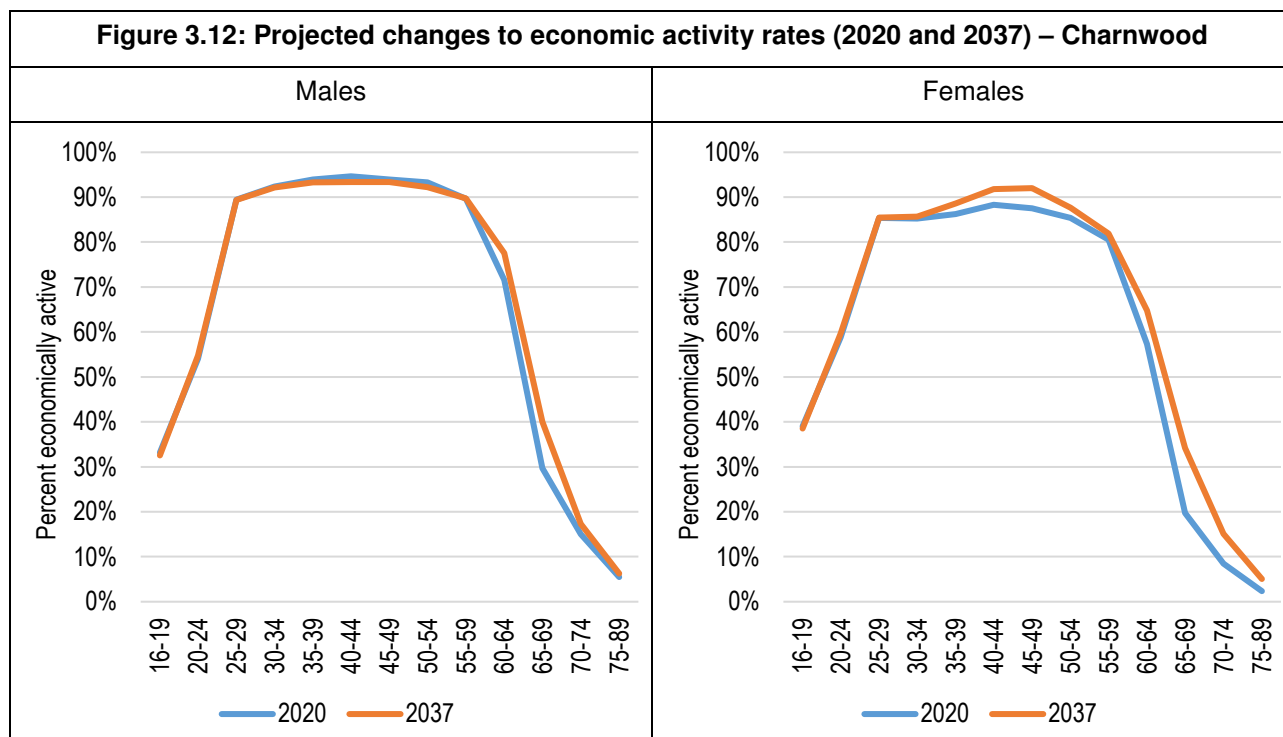
3.58 To look at estimates of the job growth to be supported, a series of stages are undertaken. These can be summarised as:

- Estimate changes to the economically active population (this provides an estimate of the change in labour-supply)
- Overlay information about commuting patterns, double jobbing (i.e. the fact that some people have more than one job) and potential changes to unemployment.
- Bringing together this information will provide an estimate of the potential job growth supported by the population projections

Growth in Resident Labour-Supply

3.59 The approach taken in this report is to derive a series of age and sex specific economic activity rates and use these to estimate how many people in the population will be economically active as projections develop. This is a fairly typical approach with data being drawn in this instance from the Office for Budget Responsibility (OBR) – July 2018 (Fiscal Sustainability Report).

3.60 The figure and table below show the assumptions made. The analysis shows that the main changes to economic activity rates are projected to be in the 60-69 age groups – this will to a considerable degree link to changes to pensionable age, as well as general trends in the number of older people working for longer (which in itself is linked to general reductions in pension provision).



Source: Based on OBR and Census (2011) data

Figure 3.13: Projected changes to economic activity rates (2020 and 2037) – Charnwood

	Males			Females		
	2020	2037	Change	2020	2037	Change
16-19	33.2%	32.5%	-0.6%	39.0%	38.5%	-0.5%
20-24	54.0%	54.8%	0.7%	58.8%	59.6%	0.8%
25-29	89.4%	89.4%	0.0%	85.4%	85.4%	0.0%
30-34	92.4%	92.2%	-0.2%	85.2%	85.6%	0.4%
35-39	93.9%	93.3%	-0.6%	86.2%	88.5%	2.3%
40-44	94.7%	93.4%	-1.3%	88.3%	91.8%	3.4%
45-49	93.9%	93.4%	-0.6%	87.5%	92.0%	4.5%
50-54	93.2%	92.2%	-1.0%	85.4%	87.6%	2.3%
55-59	89.6%	89.7%	0.1%	80.5%	81.9%	1.3%
60-64	71.5%	77.6%	6.0%	57.3%	64.8%	7.5%
65-69	29.7%	40.0%	10.4%	19.7%	34.2%	14.4%
70-74	15.0%	17.3%	2.3%	8.5%	15.1%	6.6%
75-89	5.5%	6.3%	0.8%	2.4%	5.1%	2.7%

Source: Based on OBR and Census (2011) data

3.61 Working through an analysis of age and sex specific economic activity rates it is possible to estimate the overall change in the number of economically active people in the Borough – this is set out in the table below. The analysis shows that there would be a notable increase in the economically active population for both of the main demographic scenarios; linking to the Standard Method (1,105 dwellings per annum) the analysis shows a particularly strong positive change (increasing by 17,900 people – 18%).

Figure 3.14: Estimated change to the economically active population (2020-37) – Charnwood			
	Economically active (2020)	Economically active (2037)	Total change in economically active
2018-based SNPP	97,370	112,174	14,804
Linked to 1,105 dpa	97,449	115,376	17,927

Source: Derived from demographic projections

Linking Changes to Resident Labour Supply and Job Growth

3.62 The analysis above has set out potential scenarios for the change in the number of people who are economically active. However, it is arguably more useful to convert this information into an estimate of the number of jobs this would support. The number of jobs and resident workers required to support these jobs will differ depending on three main factors:

- Commuting patterns – where an area sees more people out-commute for work than in-commute it may be the case that a higher level of increase in the economically active population would be required to provide a sufficient workforce for a given number of jobs (and vice versa where there is net in-commuting);
- Double jobbing – some people hold down more than one job and therefore the number of workers required will be slightly lower than the number of jobs; and
- Unemployment – if unemployment were to fall then the growth in the economically active population would not need to be as large as the growth in jobs (and vice versa).

Commuting Patterns

3.63 The table below shows summary data about commuting to and from Charnwood from the 2011 Census. Overall, the data shows that the Borough sees a notable level of out-commuting for work with the number of people resident in the area who are working being about 17% higher than the total number who work in the area. This number is shown as the commuting ratio in the final row of the table and is calculated as the number of people living in an area (and working) divided by the number of people working in the area (regardless of where they live).

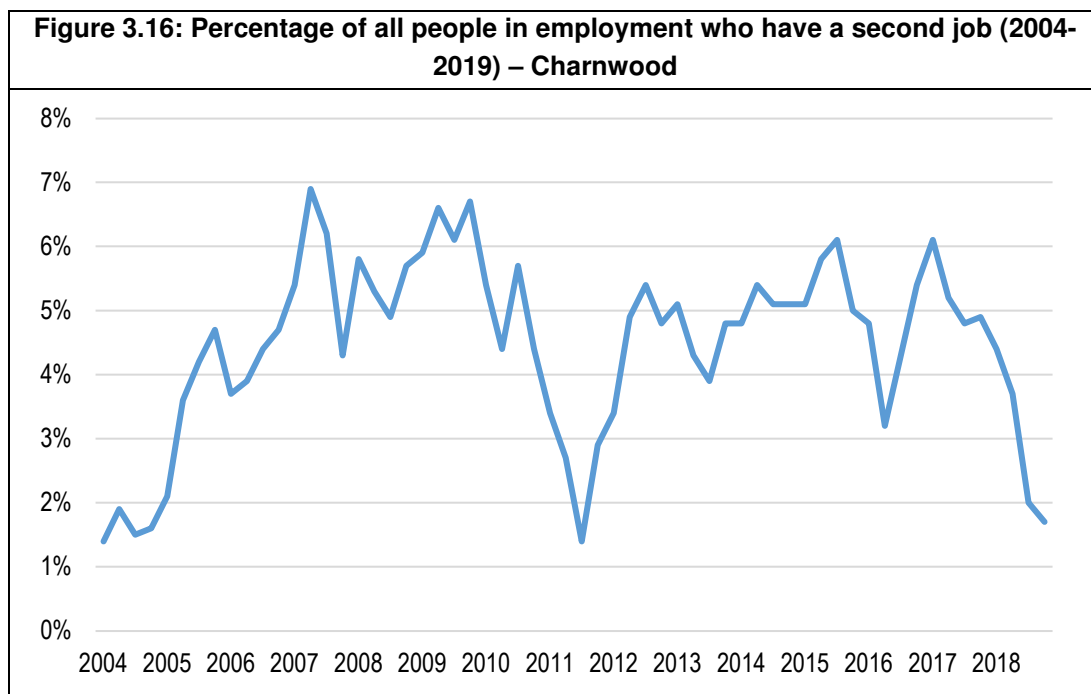
Figure 3.15: Commuting patterns in Charnwood	
	Number of people
Live and work in Local Authority (LA)	32,037
Home workers	8,061
No fixed workplace	5,105
In-commute	23,056
Out-commute	34,795
Total working in LA	68,259
Total living in LA (and working)	79,998
Commuting ratio	1.172

Source: 2011 Census

- 3.64 In translating the commuting pattern data into growth in the labour-force, a core assumption is that the commuting ratio remains at the same level as shown by the 2011 Census. It is arguable that some changes to the commuting ratio could be modelled and indeed the previous HEDNA did build in changes to commuting based on analysis from Oxford Economics. However, keeping the ratio constant is considered to be a reasonably balanced approach to use, but this does mean that estimates of potential job growth should be treated with some degree of caution.

Double Jobbing

- 3.65 The analysis also considers that a number of people may have more than one job (double jobbing). This can be calculated as the number of people working in the local authority divided by the number of jobs. Data from the Annual Population Survey (available on the NOMIS website) suggests across the Borough that typically between about 4.5% of workers have a second job – levels of double jobbing have been variable over time (mainly due to the accuracy of data at a local level).

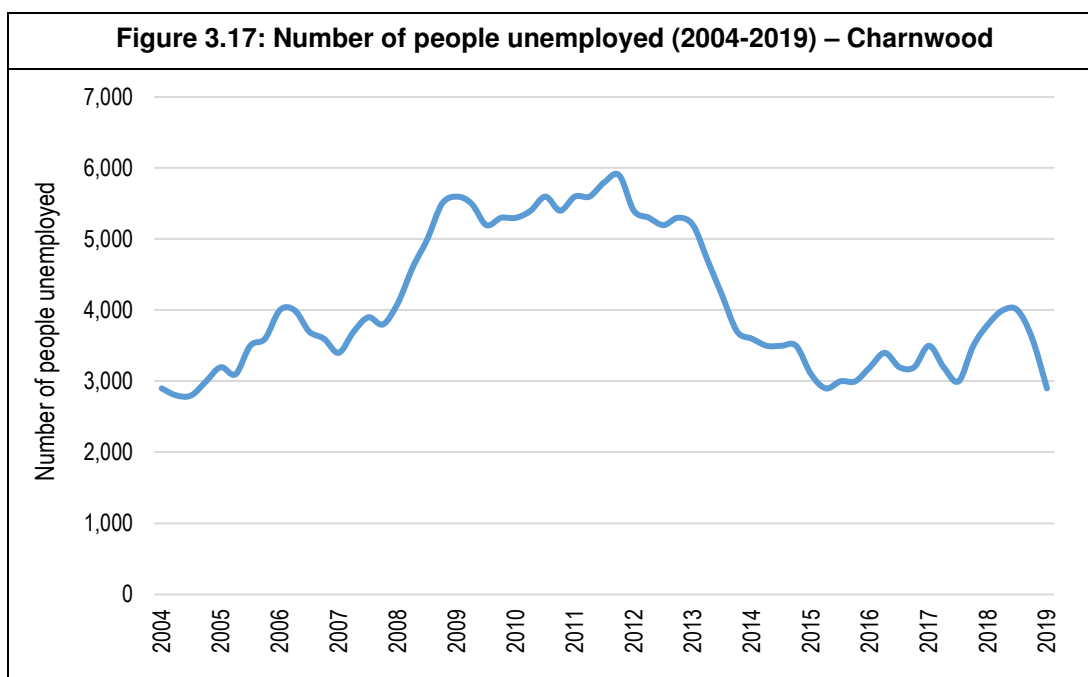


Source: Annual Population Survey (from NOMIS)

- 3.66 For the purposes of this assessment it has been assumed that around 4.5% of people will have more than one job moving forward. A double jobbing figure of 4.5% gives rise to a ratio of 0.955 (i.e. the number of jobs supported by the workforce will be around 4.5% higher than workforce growth). It has been assumed in the analysis that the level of double jobbing will remain constant over time, although the apparent upward trend should be noted.

Unemployment

3.67 The last analysis when looking at the link between jobs and resident labour supply is a consideration of unemployment. Essentially, this is considering if there is any latent labour force that could move back into employment to take up new jobs. The figure below shows the number of people who are unemployed and how this has changed back to 2004. The analysis shows a clear increase in unemployment until about 2012 and that since 2012, the number of people unemployed has dropped notably – by 2015, the number of unemployed people was roughly at the level observed in 2004, and has broadly remained at this lower level since. This would indicate that there may be limited scope for further improvements and for the purposes of analysis in this report it has been assumed that there are no changes to the number of people who are unemployed moving forward from 2020 to 2037.



Source: Annual Population Survey (modelled unemployment data)

Jobs Supported by Growth in the Resident Labour Force

3.68 The table below shows how many additional jobs might be supported by population growth under each of the demographic scenarios. For both of the scenarios the number of jobs supported would be strongly positive. Looking at linking to an LHN of 1,105 dwellings per annum, it is concluded that around 16,000 additional jobs could be supported.

	Total change in economically active	Allowance for net out-commuting	Allowance for double jobbing (= jobs supported)
2018-based SNPP	14,804	12,632	13,221
Linked to 1,105 dpa	17,927	15,296	16,009

Source: Derived from a range of sources as described

- 3.69 Attempts to link housing delivery with estimates of the number of jobs supported should be treated with some caution, not least because there are a number of assumptions made which do have alternatives (e.g. the choice of economic activity rate data and possible changes to commuting dynamics). Additionally, it should be noted that the Standard Method projection is partly arrived at by improving household formation, alternatively it could be assumed that additional housing delivery will drive a higher level of in-migration; this in turn would see estimates of labour-supply growth increase.
- 3.70 The overall conclusion from this analysis should be that the projected levels of population growth would support a notable increase in jobs. However, caution should be exercised when looking at the precise figures due to the number of assumptions being made. The analysis is essentially a 'business as usual' scenario (particularly with regard to holding commuting patterns constant at 2011 levels) and does not take account of any significant changes that might happen in the future.
- 3.71 The estimated number of jobs likely to be supported by the Local Housing Need figure (of 16,000) is significant and would suggest that there is no reason to consider a higher housing target/requirement in order to meet economic growth. Such a conclusion would be consistent with the 2017 HEDNA which found that the demographic need exceeded the housing need arising from economic growth – this is likely to continue to be the case.

Demographic Trends and Projections: Key Messages

- Over the past five or more years, assessing the level of housing need has been for individual local authorities (or groups of local authorities) to prepare by following advice in Planning Practice Guidance (PPG). However, the new National Planning Policy Framework (NPPF) of February 2019 has introduced a Standard Method, based on looking at projected household growth and adjustments based on the level of affordability in an area.
- The methodology links to 2014-based subnational household projections (SNHP); this suggests household growth of about 901 per annum, plus an uplift of around 23% for market signals (affordability). Therefore, at present the local housing need (LHN) for the Borough as a whole is for 1,105 dwellings per annum. A brief review of recent demographic data, including up-to-date projections and a range of data about past trends does not suggest that there is a strong case for the Council to move away from the Standard Method figure (in either an upward or downward direction).
- Although a figure for LHN is essentially given to the Council, it is of use to understand some of the demographic trends underpinning future population and household growth and a range of analysis has been undertaken.
- ONS population data shows that the population of the Borough has been increasing over time, increasing by 25% from 1991 to 2018; this level of growth is higher than seen across other areas, including nationally (17%). Population growth is mainly driven by net in-migration, both from other parts of the United Kingdom and abroad, although there is also a positive level of natural change (births minus deaths).
- The latest (2018-based) subnational population projections (SNPP) project that the population of the Borough will increase by about 28,700 people (15%) in the period from 2020 to 2037 – population growth is expected to be focussed in older age groups (the population aged 65 and over). These figures are based on the alternative internal migration variant which is considered to be the most robust in a local context.
- In converting population growth into household growth (and hence housing need) data from both the 2014- and 2016-based SNHP has been utilised. The older (2014-based) data has been accessed as there are some doubts about the robustness of 2016-based figures; these later figures are based on short-term trends and it has been argued that they build in a degree of suppression/constraint in the formation of younger households.
- Focussing only on the 2014-based SNHP with an adjustment for suppressed household formation, it is estimated that the housing need in Charnwood would be for around 983 dwellings per annum. On this basis, it is clear that if 1,105 dwellings per annum are provided moving forward from 2020, then some increase in net in-migration could be expected. A scenario has been modelled where population growth is sufficient to fill 1,105 additional homes, this sees an additional 33,700 people in the Borough (2020-37).
- Analysis was undertaken to estimate the number of jobs that would be supported by projected population growth. Including a number of assumptions around economic participation, commuting, double jobbing and unemployment, it was concluded that housing delivery in-line with the Standard Method would be likely to support around 16,000 additional jobs (2020-37) although some caution should be applied to the exact figure due to the assumptions made (e.g. the modelling did not make any assumptions about possible changes to commuting dynamics).

4. Affordable Housing Need

Introduction

- 4.1 This section provides an assessment of the need for affordable housing in Charnwood and the fourteen sub-areas. The analysis follows the PPG (Sections 2a-018 to 2a-024) to provide an assessment of the annual need for affordable housing. The section provides two main outputs, linked to Annex 2 of the NPPF – this is firstly an assessment of the need for social/affordable rented housing and secondly to consider the need for affordable home ownership products.
- 4.2 Because the analysis is looking at small areas, it has been necessary to draw on 2011 Census data for some information. Where this has been used, data has been updated on the basis of trends observed nationally – such an approach is consistent with the relevant PPG (see paragraph 2a-020 for example).

Methodology Overview

- 4.3 The method for studying the need for affordable housing has been enshrined in Government practice 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 methodology considers the following:
- **Current affordable housing need:** an estimate of the number of households who have a need now, at the point of the assessment, based on a range of data modelled from local information – this figure is then annualised so as to meet the current need over a period of time;
 - **Projected newly forming households in need:** using demographic projections to establish gross household formation, and then applying an affordability test to estimate numbers of such households unable to afford market housing;
 - **Existing households falling into need:** based on studying past trends in the types of households who have accessed social/affordable rented housing; and
 - **Supply of affordable housing:** an estimate of the likely number of lettings that will become available from the existing social/affordable housing stock.
- 4.4 The first three bullet points above are added together to identify a gross need, from which the supply of relets of existing properties is subtracted to identify a net annual need for additional affordable housing. For the purposes of this assessment, this analysis is used to identify the overall (net) need for social/affordable rented housing.
- 4.5 This approach has traditionally been used to consider the needs of households who have not been able to afford market housing (either to buy or to rent). As the income necessary to afford to rent homes without financial support is typically lower than that needed to buy, the ability of households to afford private rents has influenced whether or not they are in need of affordable housing.

- 4.6 The NPPF and associated guidance has expanded the definition of those in affordable housing need to include households who might be able to rent without financial support but who aspire to own a home, and require support to do so. Such households are now considered to have an affordable housing need. The PPG includes households that “*cannot afford their own homes, either to rent, or to own, where that is their aspiration*” as having an affordable housing need.
- 4.7 This expanded definition has been introduced by national Government to support increased access to home ownership, given evidence of declining home ownership and growth in private renting over the last 10-15 years. PPG does not however provide specific guidance on how the needs of such households should be assessed and so this study adopts a broadly consistent methodology to that identified in the PPG, and consider a current need; a newly-arising need on an annual basis; existing households falling into need; and an annual estimate of supply.
- 4.8 For some of the analysis in this section it has been necessary to draw on other sources of data (applied to local information) to make estimates of the need. The approach is consistent with the PPG (Housing and economic needs assessment – see 2a-020 for example) and includes linking local Census data to national changes (as evidenced in national surveys such as the English Housing Survey).
- 4.9 Additionally, information drawn from local surveys previously undertaken by JGC across the country have been used to look at potential prevalence rates for some elements of need where comprehensive local data is lacking. This includes considering what proportion of households in the private rented sector might have a need due to potential loss of accommodation (e.g. tenancies ending) although again such rates are applied to local information about the size of the sector.
- 4.10 This approach is considered to provide a reasonable view about likely local needs and is an approach that has been accepted through a range of Local Plan Examinations over the past five or more years. Our analysis of affordable housing need is therefore structured to consider the need for rented affordable housing, and separately the need for affordable home ownership. The overall need is expressed as an annual figure, which can then be compared with likely future delivery (as required by 2a-024).
- 4.11 Whilst the need for social/affordable rented housing and affordable home ownership are analysed separately, there are a number of pieces of information that are common to both assessments. In particular, this includes an understanding of local housing costs, incomes and affordability. The sections below therefore look at these factors.

Local Prices and Rents

- 4.12 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).

- 4.13 The 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 recognising that the very cheapest properties may be of sub-standard quality.
- 4.14 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 Borough by dwelling type. The data shows that entry-level costs to buy are estimated to start from about £94,000 for a flat and rising to £260,000 for a detached home. Looking at the lower quartile price across all dwelling types the analysis shows a lower quartile 'average' price of £175,000.
- 4.15 The analysis is also split between newly-built and existing dwelling which shows higher prices for new homes. For the purposes of analysis in this section, the main focus is on the pricing of existing homes within the Borough.

Figure 4.1: Lower quartile cost of housing to buy – year to September 2019 – Charnwood			
	Existing dwellings	Newly-built dwellings	All dwellings
Flat/maisonette	£94,000	-	£94,000
Terraced	£138,000	£180,000	£140,000
Semi-detached	£175,000	£200,000	£178,000
Detached	£245,000	£280,000	£260,000
All dwellings	£165,000	£235,000	£175,000

Source: Land Registry

- 4.16 It is also useful to provide estimates of property prices by the number of bedrooms in a home. Analysis for this draws together Land Registry data with an internet search of prices of homes for sale (using sites such as Rightmove). To some extent the prices should be seen as indicative, in particular the supply of 1-bedroom homes to buy was quite small.

Figure 4.2: Lower Quartile House Prices by Size – existing dwellings (year to September 2019) – Charnwood	
	Lower quartile price
1-bedroom	£86,000
2-bedrooms	£125,000
3-bedrooms	£192,000
4-bedrooms	£288,000
All Dwellings	£165,000

Source: Land Registry and Internet Price Search

4.17 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, information about dwelling sizes is provided (rather than types); the analysis shows an average lower quartile cost (across all dwelling sizes) of £386 per month. However, given that the assessment is largely looking at self-contained accommodation a further lower quartile price has been calculated which excludes the room only costs – this suggests a higher lower quartile cost of £530 per month.

Figure 4.3: Lower Quartile Market Rents, year to September 2019 – Charnwood

	Lower Quartile rent, pcm
Room only	£342
Studio	£380
1-bedroom	£412
2-bedrooms	£550
3-bedrooms	£650
4-bedrooms	£800
All properties	£386
Excluding rooms	£530

Source: ONS

4.18 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 (excluding room only rents). 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).

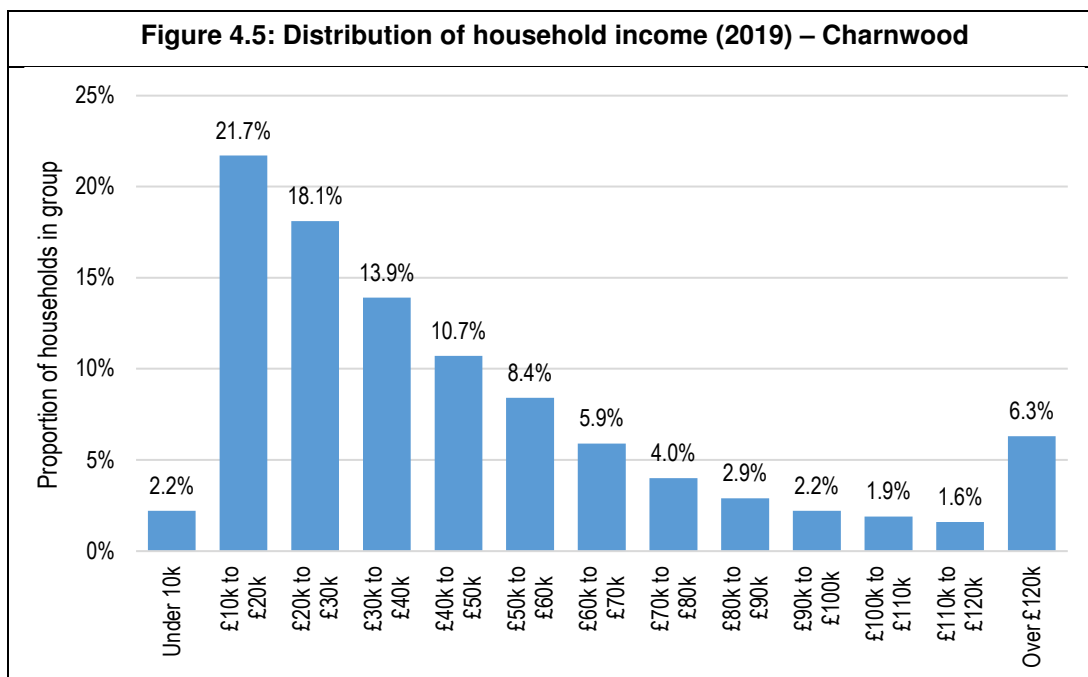
4.19 The analysis shows a wide variation in prices and rents, although it should be confirmed that in smaller areas a best estimate has been provided. Focussing on the main settlement of Loughborough, it can be seen that the ‘average’ lower quartile rent is estimated to be around £515 per month, slightly lower than the overall Borough-wide figure. House prices in Loughborough are also lower than the Borough 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.

Figure 4.4: Lower Quartile Prices and Market Rents, by sub-area		
	Lower quartile price	Lower Quartile rent, pcm
Loughborough	£140,000	£515
Shepshed	£135,000	£430
Birstall	£199,000	£605
Syston	£152,000	£470
Thurmaston	£155,000	£515
Anstey	£166,000	£505
Barrow upon Soar	£198,000	£560
Mountsorrel	£174,000	£535
Quorn	£223,000	£585
Rothley	£216,000	£580
Sileby	£155,000	£495
North – The Wolds	£197,000	£590
South East – Wreake Villages	£217,000	£665
South West – Charnwood Forest	£280,000	£750
All properties	£165,000	£530

Source: Internet private rental cost search and Land Registry

Household Incomes

- 4.20 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.
- 4.21 Drawing all of this data together an income distribution for the whole Council 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 £46,800, with a median income of £35,300; the lower quartile income of all households is estimated to be £20,500.



Source: Derived from a range of data as discussed

4.22 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. There is quite a wide range in the estimated incomes by area, ranging from £30,400 in Thurmaston, up to £46,700 in South West – Charnwood Forest.

Figure 4.6: Estimated average (median) household income by sub-area (mid-2019 estimate)

	Median income	As a % of the Borough average
Loughborough	£32,400	92%
Shepshed	£34,600	98%
Birstall	£36,600	104%
System	£33,900	96%
Thurmaston	£30,400	86%
Anstey	£34,200	97%
Barrow upon Soar	£40,700	115%
Mountsorrel	£38,400	109%
Quorn	£42,000	119%
Rothley	£41,500	118%
Sileby	£35,100	100%
North – The Wolds	£44,100	125%
South East – Wreake Villages	£40,600	115%
South West – Charnwood Forest	£46,700	132%
All households	£35,300	-

Source: Derived from a range of data as discussed

Affordability Thresholds

- 4.23 To assess affordability two different measures are used; firstly to consider what income levels are likely to be needed to access private rented housing (this establishes those households in need of social/affordable rented housing) and secondly to consider what income level is needed to access owner occupation (this, along with the first test helps to identify households in the 'gap' between renting and buying). This analysis therefore brings together the data on household incomes with the estimated incomes required to access private sector housing. Additionally, 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).
- 4.24 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 – the PPG does not provide any guidance on this issue. CLG SHMA guidance prepared in 2007 suggested that 25% of income is a reasonable start point, it also noted 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).
- 4.25 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?*' The choice of an appropriate threshold is therefore judgement based. The key consideration to understand 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. It is important to consider what residual income is left, after households have paid for housing.
- 4.26 At £530 per calendar month, lower quartile rent levels in Charnwood are low to average in comparison to those seen nationally (lower quartile rent of £550 for England in the year to September 2019). This would suggest that a proportion of income to be spent on housing could be towards the bottom end of the range (the range being from 25% to 40%). Across England the lowest lower quartile rents are around £400 per month (areas with rents at or below this level include Hull and Liverpool and there were a total of 20 local authorities with lower quartile rents not exceeding £400 per month). If these areas are considered to be at the bottom end of the range (i.e. 25% of income to be spent on housing) then this would leave a residual income of £1,200 per month. With the same residual income applied to Charnwood, the gross household income required to afford a £530 PCM lower quartile rent would be £1,730 and so the percentage spent on housing would be 31%.
- 4.27 However, it needs to be considered that the cost of living in different areas will vary, and it is likely that areas where rents are higher will also generally have higher living costs. Therefore, a pragmatic approach to determining a reasonable proportion of income has been to take a midpoint between the bottom (25%) and the equivalent residual income figure (31% if looking at Charnwood). In this example a threshold of 28% would therefore be considered as reasonable.

- 4.28 In reality, many households may well spend a higher proportion of their income on housing and therefore would have less money for other living costs – for the purposes of this assessment these households would essentially be assumed as ideally having some form of subsidised rent so as to ensure a sufficient level of residual income.
- 4.29 Generally, the income required to access owner-occupied housing is higher than that required to rent and so the analysis of the need for social/affordable rented housing is based on the ability to afford to access private rented housing. However, local house prices (and affordability) are important when looking at the need for affordable home ownership.
- 4.30 For the purposes of this assessment, the income thresholds for owner-occupation assume a household has a 10% deposit and can secure a mortgage for four and a half times their salary. These assumptions are considered to be broadly in line with typical lending practices although it is recognised that there will be differences on a case by case basis.
- 4.31 The table below shows the estimated incomes required to both buy and rent (privately) in each sub-area. This shows a notable ‘gap’ in South West – Charnwood Forest and a much narrower spread of incomes required for Loughborough – the figures reflect the varying housing costs in different locations.

Figure 4.7: Estimated Household Income Required to Buy and Privately Rent by sub-area			
	To buy	To rent (privately)	Income gap
Loughborough	£28,000	£22,500	£5,500
Shepshed	£27,000	£20,100	£6,900
Birstall	£39,800	£24,800	£15,000
Syston	£30,400	£21,200	£9,200
Thurmaston	£31,000	£22,500	£8,500
Anstey	£33,200	£22,200	£11,000
Barrow upon Soar	£39,600	£23,700	£15,900
Mountsorrel	£34,800	£23,000	£11,800
Quorn	£44,600	£24,300	£20,300
Rothley	£43,200	£24,200	£19,000
Sileby	£31,000	£21,900	£9,100
North – The Wolds	£39,400	£24,400	£15,000
South East – Wreake Villages	£43,400	£26,300	£17,100
South West – Charnwood Forest	£56,000	£28,400	£27,600
All households	£33,000	£22,900	£10,100

Source: Based on Housing Market Cost Analysis

Need for Social/Affordable Rented Housing

- 4.32 The sections below work through the various stages of analysis to estimate the need for social/affordable housing in each sub-area. Final figures are provided as an annual need (including an allowance to deal with current need). As per 2a-024 of the PPG, this figure can then be compared with likely delivery of affordable housing.

Current Need

- 4.33 In line with PPG paragraph 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 bring their aspiration – this category is considered separately in this report (under the title of the need for affordable home ownership).

Figure 4.8: Main sources for assessing the current unmet need for affordable housing		
	Source	Notes
Homeless households (and those in temporary accommodation)	MHCLG Statutory Homelessness data (September 2019)	Household in temporary accommodation at end of quarter.
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
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]

- 4.34 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 (although this is likely to be small). 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.
- 4.35 The table below shows the initial estimate of the number of households within the study area with a current housing need. These figures are before any 'affordability test' has been applied to assess the ability of households to meet their own housing needs; and has been termed 'the number of households in unsuitable housing'. Overall, the analysis estimates that there are currently some 4,400 households living in unsuitable housing (or without housing) – approaching half of these households are estimated to be living in the Loughborough sub-area.

Figure 4.9: Estimated Number of Households Living in Unsuitable Housing

	Homeless/ concealed household	Households in over- crowded housing	Existing affordable housing tenants in need	Households from other tenures in need	Total
Loughborough	272	971	94	621	1,958
Shepshed	47	140	14	119	320
Birstall	74	115	6	92	287
Syston	70	123	12	121	327
Thurmaston	87	175	9	83	354
Anstey	33	63	8	56	160
Barrow upon Soar	15	48	5	52	120
Mountsorrel	22	81	10	73	186
Quorn	10	24	3	48	85
Rothley	6	19	3	33	61
Sileby	24	84	7	74	189
North – The Wolds	25	27	2	50	105
South East – Wreake Villages	41	41	3	72	157
South West – Charnwood Forest	14	25	3	51	92
All households	740	1,936	177	1,548	4,400

Source: MHCLG Live Tables, Census 2011 and Data Modelling

- 4.36 In taking this estimate forward, the data modelling next 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). 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.
- 4.37 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 allocated affordable housing (student needs are essentially assumed to be transient). Once these households are removed from the analysis, the remainder are taken forward for affordability testing.
- 4.38 The table below shows it is estimated that there were 2,200 households living in unsuitable housing (excluding current social tenants and the majority of owner-occupiers).

Figure 4.10: Unsuitable Housing by Tenure and Number to Take Forward into Affordability Modelling (Charnwood)		
	In Unsuitable Housing	Number to Take Forward for Affordability Testing
Owner-occupied	1,395	140
Affordable housing	717	0
Private rented	1,548	1,338
No housing (homeless/concealed)	740	740
Total	4,400	2,217

Source: MHCLG Live Tables, Census 2011 and Data Modelling

- 4.39 Having established this figure, it needs to be considered that a number of these households might be able to afford market housing without the need for subsidy. To consider this, the income data has been used, with the distribution adjusted to reflect a lower average income amongst households living in unsuitable housing – for the purposes of the modelling an income distribution that reduces the average household 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 (for households currently living in housing). A lower figure of 42% has been used to apply an affordability test for the concealed/homeless households who do not currently occupy housing.
- 4.40 These two percentage figures have been based on a consideration of typical income levels of households who are in unsuitable housing (based mainly on estimates in the private rented sector) along with typical income levels of households accessing social rented housing (for those without accommodation).
- 4.41 The figures have been based on analysis of the English Housing Survey (mainly looking at relative incomes of households in each of the private and social rented sectors) as well as consideration of similar information collected through household surveys across the country by JGC. These modelling assumptions are considered reasonable and have not been challenged through the Local Plan process in other locations (where the same assumptions have been used).
- 4.42 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 of 1,069 households in the study area. The table below also shows how this is estimated to vary by sub-area.

Figure 4.11: Estimated Current Affordable Housing Need (for social/affordable rented housing)			
	In unsuitable housing (taken forward for affordability test)	% Unable to Afford Market Housing (without subsidy)	Revised Gross Need (including Affordability)
Loughborough	928	49.2%	457
Shepshed	163	40.8%	67
Birstall	155	54.7%	85
Syston	183	47.6%	87
Thurmaston	190	57.9%	110
Anstey	83	49.9%	41
Barrow upon Soar	61	39.6%	24
Mountsorrel	83	41.5%	35
Quorn	41	39.1%	16
Rothley	27	38.7%	11
Sileby	92	43.2%	40
North – The Wolds	62	42.8%	26
South East – Wreake Villages	95	51.0%	48
South West – Charnwood Forest	54	42.1%	23
All households	2,217	48.2%	1,069

Source: CLG Live Tables, Census 2011 and Data Modelling

- 4.43 The estimated figure shown above (1,069) represents the number of households with a need currently. For the purposes of analysis, it is assumed that the local authorities would seek to meet this need over a period of time. Given that this report typically looks at needs in the 2020-37 period, the need is annualised by dividing by 17 (to give an annual need for 63 dwellings across all areas). This does not mean that some households would be expected to wait 17-years for housing as the need is likely to be dynamic, with households leaving the current need as they are housed but with other households developing a need over time.

Newly Forming Households

- 4.44 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.
- 4.45 The number of newly-forming households is 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.

- 4.46 The number of newly forming households has been estimated through demographic modelling (linked to 2018-based SNPP and 2014-based SNHP). This is considered to provide the best view about trend-based household formation, but without building in any additional constraints to household formation.
- 4.47 In assessing the ability of newly forming households to afford market housing, data has been drawn from previous surveys undertaken nationally by JGC. 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).
- 4.48 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. For the purposes of the need for social/affordable rented housing this will relate to households unable to afford to buy OR rent in the market.
- 4.49 The assessment suggests that overall around a third of newly forming households will be unable to afford market housing (to rent privately) and this equates a total of 621 newly forming households will have a need per annum on average. The table below provides a breakdown by sub-area.

Figure 4.12: Estimated Need for Social/Affordable Rented Housing from Newly Forming Households (per annum)			
	Number of new households	% unable to afford	Annual newly forming households unable to afford to rent
Loughborough	601	40.9%	245
Shepshed	134	32.9%	44
Birstall	112	39.8%	45
Syston	134	36.2%	48
Thurmaston	84	43.7%	37
Anstey	59	37.9%	22
Barrow upon Soar	69	33.2%	23
Mountsorrel	81	34.3%	28
Quorn	58	32.8%	19
Rothley	52	33.2%	17
Sileby	96	36.1%	35
North – The Wolds	48	30.9%	15
South East – Wreake Villages	76	37.8%	29
South West – Charnwood Forest	41	35.0%	14
All households	1,645	37.8%	621

Source: Projection Modelling/Affordability Analysis

Existing Households Falling into Affordable Housing Need

- 4.50 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 needs housing over the past three years – this group will represent the flow of households onto the Housing Register over this period. 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. An affordability test has also been applied.
- 4.51 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)’.
- 4.52 Following the analysis through suggests a need arising from 197 existing households each year. The table below breaks this down by sub-area.

Figure 4.13: Estimated Need for Social/Affordable Rented Housing from Existing Households Falling into Need (per annum)

	Total Additional Need	% of Total
Loughborough	108	54.7%
Shepshed	15	7.4%
Birstall	6	3.3%
Syston	13	6.6%
Thurmaston	10	5.2%
Anstey	8	4.3%
Barrow upon Soar	5	2.4%
Mountsorrel	10	5.1%
Quorn	3	1.6%
Rothley	3	1.6%
Sileby	7	3.7%
North – The Wolds	2	1.1%
South East – Wreake Villages	3	1.5%
South West – Charnwood Forest	3	1.4%
All households	197	100.0%

Source: Derived from a range of sources as described in text

Supply of Social/Affordable Rented Housing Through Relets

- 4.53 The future supply of affordable housing through relets 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.

- 4.54 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.
- 4.55 On the basis of past trend data it has been estimated that 405 units of social/affordable rented housing are likely to become available each year moving forward for occupation by newly forming households and existing households falling into need from other tenures.

Figure 4.14: Analysis of Past Social/Affordable Rented Housing Supply, 2016/17 – 2018/19 (per annum)					
	Total Lettings	% as Non-New Build	Lettings in Existing Stock	% Non-Transfers	Lettings to New Tenants
Charnwood	711	86.4%	615	65.9%	405

Source: CoRe/LAHS

- 4.56 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 4.15: Estimated supply of affordable housing from relets of existing stock by sub-area (per annum)		
	Annual supply	% of supply
Loughborough	214	52.8%
Shepshed	33	8.1%
Birstall	13	3.2%
Syston	28	6.8%
Thurmaston	20	4.9%
Anstey	18	4.4%
Barrow upon Soar	11	2.7%
Mountsorrel	22	5.4%
Quorn	7	1.8%
Rothley	7	1.7%
Sileby	16	3.9%
North – The Wolds	5	1.3%
South East – Wreake Villages	6	1.6%
South West – Charnwood Forest	6	1.5%
All households	405	100.0%

Source: CoRe/LAHS/Census (2011)

4.57 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). 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.

Net Need for Social/Affordable Rented Housing

4.58 The table below shows the overall calculation of affordable housing need. The analysis shows that there is a need for 476 dwellings per annum to be provided with an affordable need being seen in all sub-areas within the Borough. The net need is calculated as follows:

$$\text{Net Need} = \text{Current Need (allowance for)} + \text{Need from Newly-Forming Households} + \text{Existing Households falling into Need} - \text{Supply of Affordable Housing}$$

Figure 4.16: Estimated Need for Social/Affordable Rented Housing by sub-area (per annum)

	Current need	Newly forming households	Existing households falling into need	Total Gross Need	Relet Supply	Net Need
Loughborough	27	245	108	380	214	166
Shepshed	4	44	15	63	33	30
Birstall	5	45	6	56	13	43
Syston	5	48	13	67	28	39
Thurmaston	6	37	10	54	20	34
Anstey	2	22	8	33	18	16
Barrow upon Soar	1	23	5	29	11	18
Mountsorrel	2	28	10	40	22	18
Quorn	1	19	3	23	7	16
Rothley	1	17	3	21	7	14
Sileby	2	35	7	44	16	28
North – The Wolds	2	15	2	19	5	14
South East – Wreake Villages	3	29	3	35	6	28
South West – Charnwood Forest	1	14	3	18	6	12
Charnwood	63	621	197	881	405	476

Source: Range of sources as discussed

4.59 Given the different sizes of sub-areas, it is also useful to look at a standardised measure. The table below does this by comparing the estimated annual level of affordable need with the population in 2018 (with figures expressed as a per 1,000 population figure). This shows the highest need to be in Thurmaston (standardised as 3.28 dwellings per 1,000 people), with the lowest being South West – Charnwood Forest (2.12 per 1,000). Regardless of any differences, the analysis clearly shows a need to provide additional affordable housing in all locations.

Figure 4.17: Annual need for Social/Affordable Rented Housing standardised by population in 2018			
	Net affordable need (per annum)	Population (2018)	Affordable need per 1,000 population
Loughborough	166	67,013	2.48
Shepshed	30	13,863	2.15
Birstall	43	13,760	3.13
Syston	39	14,046	2.77
Thurmaston	34	10,300	3.28
Anstey	16	7,153	2.17
Barrow upon Soar	18	6,654	2.76
Mountsorrel	18	8,541	2.10
Quorn	16	5,942	2.68
Rothley	14	5,056	2.77
Sileby	28	8,849	3.21
North – The Wolds	14	5,982	2.27
South East – Wreake Villages	28	9,701	2.92
South West – Charnwood Forest	12	5,783	2.12
Charnwood	476	182,643	2.61

Source: Range of sources as discussed

Comparison with Previous Assessment

- 4.60 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 increased slightly over time although looking at the individual components of the model it can be seen that gross need has only increased slightly, whilst the increase in net need is mainly due to an estimated reduction in potential supply from relets.
- 4.61 The reduction in the estimated supply from relets is not considered to be substantial and does follow a national trend of decreasing relets (which is likely to be due to households keeping hold of tenancies for longer and therefore not releasing homes for the use of other households).
- 4.62 Overall, the estimated net need changing from 392 dwellings per annum to 476 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 Charnwood where opportunities arise.

Figure 4.18: Estimated Need for Affordable Housing – Charnwood – comparing this study with 2017 HEDNA		
	This study	2017 HEDNA
Current need	63	41
Newly forming households	621	576
Existing households falling into need	197	240
Total Gross Need	881	857
Re-let Supply	405	464
Net Need	476	392

Source: This study and 2017 HEDNA (Table 39)

Split Between Social and Affordable Rented Housing

- 4.63 The analysis above has studied the overall need for social and affordable rented housing with a focus on households who cannot afford to rent in the market. These households will therefore have a need for some form of rented housing at a cost below typical market rates. Typically, there are two main types of rented affordable accommodation (social and affordable rented) with the analysis below initially considering what a reasonable split might be between these two tenures.
- 4.64 An analysis has been undertaken to compare the income distribution of households with the cost of different products. For affordable rented housing it has been assumed that this would be available at a cost which is 80% of the established lower quartile costs set out earlier in this section. Any household able to afford a rent between 80% of the market and the full market cost is assumed able to afford an affordable rent, with other households only able to afford a social rent; which would therefore be households paying less than 80% of the lower quartile market rent.
- 4.65 The analysis identifies that 21% of the group of households unable to afford market housing to rent would fall in the gap between the market and 80% of the market. The table below also shows the rent levels assumed; it is quite possible that (for example) 80% of market rent would be higher than the figures modelled below and if that were the case then a lower proportion of households would be able to afford.

Figure 4.19: Estimated need for affordable rented housing at 80% of market rents and the assumed relevant rent levels (per month)					
	% of need for affordable rented	Indicative cost of affordable rented housing assumed in analysis			
		1-bedroom	2-bedrooms	3-bedrooms	4-bedrooms
Loughborough	19%	£320	£430	£505	£620
Shepshed	25%	£265	£355	£420	£520
Birstall	19%	£375	£500	£595	£730
Syston	21%	£290	£390	£460	£570
Thurmaston	17%	£320	£430	£505	£620
Anstey	21%	£315	£420	£495	£610
Barrow upon Soar	25%	£350	£465	£550	£675
Mountsorrel	23%	£335	£445	£525	£645
Quorn	24%	£365	£485	£575	£705
Rothley	24%	£360	£480	£570	£700
Sileby	22%	£310	£410	£485	£600
North – The Wolds	26%	£365	£490	£580	£710
South East – Wreake Villages	21%	£415	£550	£650	£805
South West – Charnwood Forest	23%	£465	£625	£735	£905
Charnwood	21%	£330	£440	£520	£640

Source: Affordability analysis

- 4.66 The finding that 21% of households can afford an affordable rent does not automatically lead to a policy conclusion on the split between the two types of housing. For example, many households who will need to access rented accommodation will be benefit dependent and as such could technically afford an affordable rent (as long as the full rent is covered by Housing Benefit) – hence a higher proportion of affordable rented housing might be appropriate. On the flip side, providing more social rents might enable households to return to work more easily, as a lower income would potentially be needed to afford the lower social (rather than affordable) rent.
- 4.67 There will be a series of other considerations both at a strategic level and for specific schemes. For example, there may be funding streams that are only available for a particular type of housing, and this may exist independently to any local assessment of need. For example, it is understood for Charnwood that Homes England do not currently support social rents in the Borough. Additionally, there will be the consideration of the balance between the cost of housing and the amount that can be viably provided, for example, it is likely that affordable rented housing is more viable, and therefore a greater number of units could be provided. Finally, in considering a split between social and affordable rented housing it needs to be considered that having different tenures on the same site (at least at initial occupation) may be difficult – essentially if tenants of the same home are paying a different rent for the same property and services.
- 4.68 On this basis, it is not recommended that the Council has a rigid policy for the split between social and affordable rented housing, although the analysis is clear that both tenures of homes are likely to be required in all areas.

- 4.69 For information, the table below shows average social and affordable rents (taken from the Regulator of Social Housing (RSH)) and compares these with lower quartile and median market rents. This analysis shows that social rents are slightly lower than recent affordable rents; the analysis also shows that affordable rents are generally less than 80% of a median market rent, but a higher proportion if compared with lower quartile figures – albeit close to 80% in many cases.
- 4.70 Overall, the difference in cost between social and affordable rents is not substantial, and would suggest that affordable rents are fairly affordable in a local context. This may in part be due to Charnwood adopting an approach whereby S106 agreements seek to cap rents at Local Housing allowance – such an approach is consistent with Government policy for rent setting which says (paragraph 3.7) *‘providers should have regard to the local market context, including the relevant Local Housing Allowance for the Broad Rental Market Area in which the property is located, when setting affordable rents’*.²

Figure 4.20: Comparison of rent levels for different products – Charnwood

	Social rent	Affordable rent (AR)	Lower quartile (LQ) market rent	Median market rent	AR as % of LQ	AR as % of median
1-bedroom	£364	£393	£412	£460	95%	85%
2-bedrooms	£413	£458	£550	£585	83%	78%
3-bedrooms	£453	£512	£650	£700	79%	73%
4-bedrooms	£522	£565	£800	£950	71%	59%

Source: RSH and ONS

Establishing a Need for Affordable Home Ownership

- 4.71 The Planning Practice Guidance 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.
- 4.72 The methodology used in this report therefore draws on the current methodology, 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.

Gross Need for Affordable Home Ownership

- 4.73 The first part of the analysis seeks to understand what the gap between renting and buying actually means in the study area – in particular establishing the typical incomes that might be required. The information about incomes required to both buy and rent in different locations has already been provided earlier in this section and so the discussion below is a broad example.

² https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/781746/Policy_Statement.pdf

- 4.74 Using the income distributions developed (as set out earlier in this section) along with data about price and rents, it has been estimated that of all households living in the private rented sector, around 47% already have sufficient income to buy a lower quartile home, with 17% falling in the rent/buy 'gap'. The final 36% are estimated to have an income below which they cannot afford to rent privately (i.e. would need to spend more than the calculated threshold of their income on housing costs) although in reality it should be noted that many households will spend a higher proportion of their income on housing. 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).
- 4.75 The finding that a significant proportion of households 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)). However, some households will choose to privately rent, for example as it is a more flexible option that may be more suitable for a particular household's life stage (e.g. if moving locations with employment).
- 4.76 To study current need, an estimate of the number of household living in the Private Rented Sector (PRS) has been established, with the same (rent/buy gap) affordability test (as described above) then applied. The start point is the number of households living in private rented accommodation; as of the 2011 Census there were some 9,400 households living in the sector across the Borough. Data from the English Housing Survey (EHS) suggests that since 2011, the number of households in the PRS has risen by about 22% - if the same proportion is relevant to the Borough then the number of households in the sector would now be around 11,500.
- 4.77 Additional data from the EHS suggests that 60% of all PRS households expect to become an owner at some point (6,900 households if applied to the study area) and of these some 25% (1,700 households) would expect this to happen in the next 2-years. The figure of 1,700 is therefore taken as the number of households potentially with a current need for affordable home ownership before any affordability testing.
- 4.78 As noted above, on the basis of income it is estimated that around 17% of the private rented sector sit in the gap between renting and buying (depending on location). Applying this proportion to the 1,700 figure would suggest a current need for around 262 affordable home ownership units (15 per annum if annualised over a 17-year period).
- 4.79 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 322 dwellings (276 from newly forming households and 46 from existing households in the private rented sector).

- 4.80 Bringing together the above analysis suggests that there is a need for around 338 affordable home ownership homes (priced for households able to afford to rent but not buy) per annum. This is before any assessment of the potential supply of housing is considered.

Figure 4.21: Estimated Gross Need for Affordable Home Ownership by sub-area (per annum)				
	Current need	Newly forming households	Existing households falling into need	Total Gross Need
Loughborough	5	64	15	84
Shepshed	1	18	3	21
Birstall	1	26	3	29
Syston	1	23	4	28
Thurmaston	1	13	2	16
Anstey	1	11	2	14
Barrow upon Soar	1	17	2	20
Mountsorrel	1	16	2	19
Quorn	1	17	2	20
Rothley	0	14	1	16
Sileby	1	16	2	19
North – The Wolds	1	11	2	13
South East – Wreake Villages	1	18	3	22
South West – Charnwood Forest	1	13	3	16
Charnwood	15	276	46	338

Source: Range of sources as discussed

Potential Supply of Housing to Meet the Affordable Home Ownership Need

- 4.81 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.
- 4.82 By definition, a quarter of all homes sold will be priced at or below a lower quartile level. According to the Land Registry, there were a total of 2,716 resales (i.e. excluding newly-built homes) in the last year (year to September 2019) and therefore around 679 would be priced below the lower quartile. This is 679 homes that would potentially be affordable to the target group for affordable home ownership products and is a potential supply that is well in excess of the level of need calculated.
- 4.83 However, it is the case that market housing is not allocated in the same way as social/affordable rented homes (i.e. anyone is able to buy a home as long as they can afford it and it is possible that a number of lower quartile homes would be sold to households able to afford more, or potentially to investment buyers). In the absence of any guidance about how to deal with the supply of affordable home ownership, a broad further assumption has been used that around half of the lower quartile homes would be available to meet the needs of households with an income in the gap between buying and renting – this amounts to around 340 dwellings per annum.

- 4.84 In addition, data from CoRe about resales of affordable housing (likely to mainly be shared ownership) shows an average of around 5 resales per annum (based on data for the 2015-18 period). These properties would also potentially be available for these households and can be included within the potential supply. Therefore, a total supply of 345 dwellings per annum is estimated.
- 4.85 The table below therefore brings together an estimate of the need for affordable home ownership, across the study area and for the sub-areas. This shows no real need for affordable home ownership products per annum across the study area (a net deficit of 7 units per annum). Most areas show a negative or fairly insignificant level of need.

Figure 4.22: Estimated Need for Affordable Home Ownership by sub-area (per annum)

	Total Gross Need	Resale Supply (half of LQ)	LCHO supply	Total supply	Net Need
Loughborough	84	94	2	95	-11
Shepshed	21	30	0	31	-9
Birstall	29	30	0	30	-1
Syston	28	33	0	34	-6
Thurmaston	16	19	1	20	-3
Anstey	14	16	0	16	-2
Barrow upon Soar	20	17	0	17	3
Mountsorrel	19	19	0	19	0
Quorn	20	11	0	11	9
Rothley	16	12	0	12	4
Sileby	19	23	0	23	-4
North – The Wolds	13	13	0	13	0
South East – Wreake Villages	22	14	0	15	7
South West – Charnwood Forest	16	9	0	9	7
Charnwood	338	340	5	345	-7

Source: Range of sources as discussed

Implications of the Analysis

- 4.86 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 household 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.

- 4.87 However, it does seem that there are many households in Charnwood 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 87% 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 by 10%. That said, some households will choose to privately rent, for example as it is a more flexible option that may be more suitable for a particular household's life stage (e.g. if moving locations with employment).
- 4.88 On this basis, and as previously noted, it seems likely in Charnwood 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.
- 4.89 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 study area. 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 Charnwood, 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.
- 4.90 Given the analysis above, it would be reasonable to conclude, on the basis of the evidence, that in general terms there is no substantive need to provide housing under the new definition of 'affordable home ownership.' Overall whilst there are clearly some households in the gap between renting and buying, they in many cases will be able to afford homes below lower quartile housing costs. That said, it is important to recognise that some households will have insufficient savings to be able to afford to buy a home on the open market (in terms of the ability to afford both a deposit and stamp duty) and low cost home ownership homes – and shared ownership homes in particular – will therefore continue to play a role in supporting some households in this respect.
- 4.91 The evidence points to a clear and acute need for rented affordable housing from lower income households, and it is important that a supply of rented affordable housing is maintained to meet the needs of this group including those to which the authorities have a statutory housing duty. Such housing is notably 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). Notably, social rents also enable access to employment for lower income families.
- 4.92 The Council will also need to consider the best approach to providing affordable housing in blocks of flats where it is understood that there is often limited interest from Registered Providers. Where an affordable contribution would be expected from such development but no RP is in place the Council could either seek an appropriate financial contribution (paragraph 62 of NPPF) or alternatively seek to provide forms of housing that would not require RP involvement (such as a discounted market sale product). If seeking some form of sale housing, it will be important to ensure that such housing is affordable in a local context and that any discount from Open Market Value is held in perpetuity.

- 4.93 When considering affordable home ownership, it should be noted that any 'need' would not have an impact on the overall need for housing. As is clear from both the NPPF and 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?

- 4.94 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 may need to consider some additional homes on larger sites as some form of home ownership.
- 4.95 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. The analysis below considers the potential costs (in a Charnwood context) of Discounted Market Sales Housing and Shared Ownership – it is considered that these are the two products most likely to be offered or made available.

Discounted Market Sales Housing

- 4.96 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.
- 4.97 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 current lower quartile prices and also consideration of 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 and a half 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 Borough is £550 per month;
 - On the basis of a household spending no more than 28% of their income on housing, a household would need an income of around £1,975 per month to afford ($550/0.28$) or £23,700 per annum (rounded);
 - With an income of £23,700, it is estimated that a household could afford to buy a home for around £118,600. This is based on assuming a 10% deposit and a four and a half times mortgage multiple – calculated as $23,700 \times 4.5/0.9$; and
 - The lower quartile price to buy a 2-bedroom home is estimated to be £125,000 and the midpoint of the two figures (£118,600 and £125,000) is £121,800;

- £121,800 is a suggested purchase price to make discounted home ownership affordable for around half of the group of households in the rent/buy gap
- To estimate what level of discount this might represent, it has been assumed that the Open Market Value (OMV) of a home would be 15% above the overall lower quartile price (15% is a typical national newbuild 'premium')
- In this instance the price of £121,800 would be around 85% of an estimated newbuild OMV (£143,800, calculated as £125,000*1.15) and therefore a 20% discount would be appropriate.

4.98 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 £121,800. This sale price will meet the needs of around half of 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.

4.99 The table below therefore sets out a suggested purchase price for affordable home ownership in the Borough. The table also shows an estimated OMV and the level of discount likely to be required to achieve affordability. For 1- and 2-bedroom homes the discount is actually less than 20% (and so 20% would be appropriate). For 1-bedroom homes in particular it should be noted that current cost estimates are based on a very small number of properties and therefore caution should be exercised when interpreting the data.

Figure 4.23: Affordable home ownership prices – data for year to September 2019

	Affordable Price	Estimated newbuild OMV	Discount required
1-bedroom	£87,400	£98,900	12%
2-bedrooms	£121,800	£143,800	15%
3-bedrooms	£166,100	£220,800	25%
4+-bedrooms	£230,300	£331,200	30%

Source: Derived from a range of sources as described

Shared Ownership

4.100 For shared ownership, a buyer will buy a share in a property (typically between 25% and 75%) and then pay rent on the remaining share. One advantage in affordability terms is that a lower deposit is likely to be required than for full or discounted purchase, whilst the rental part of the cost will typically be subsidised by a Registered Provider. For shared ownership to be affordable, it is considered that total outgoings should not exceed that needed to rent privately.

4.101 Because shared ownership is based on buying part of a property, it is the case that the sale will need to be at open market value. Where there is a large gap between the typical incomes required to buy or rent, it may be the case that lower equity shares are needed for homes to be affordable (at the level of renting privately). The analysis below therefore seeks to estimate the typical equity share that might be affordable for different sizes of property. The key assumptions used in the analysis are:

- OMV at LQ price plus 15% (reflecting likelihood that newbuild homes will have a premium attached and that they may well be priced above a LQ level)
- 10% deposit on the equity share
- Rent at 2.75% pa on unsold equity
- Repayment mortgage over 25-years at 4%
- Service charge of £100 per month for flatted development (assumed to be 1- and 2-bedroom homes)
- It is also assumed that shared ownership would be priced for households sitting towards the bottom end of the rent/buy gap and so the calculations assume that total outgoings should be no higher than the equivalent private rent (lower quartile) cost for that size of property.

4.102 The table below shows that to make shared ownership affordable, equity shares of around 35% could work for 1- and 2-bedroom homes but that much lower shares are likely to be required for larger homes (particularly with 4+-bedrooms). The analysis does suggest that it may be quite difficult to make shared ownership 'work' for homes with 4+-bedrooms.

4.103 It should also be noted that the analysis below is predicated on a particular set of assumptions (notably about likely OMV). In reality costs do vary across the Borough and will vary from site to site. Therefore, this analysis should be seen as indicative with specific schemes being tested individually to determine if the product being offered is genuinely (or reasonably) affordable.

	1-Bedroom	2-Bedrooms	3-Bedrooms	4+-Bedrooms
OMV	£98,900	£143,750	£220,800	£331,200
Share	35%	34%	26%	5%
Equity Bought	£34,615	£49,163	£58,402	£16,560
Mortgage Needed	£31,154	£44,246	£52,561	£14,904
Monthly Cost of Mortgage	£164	£234	£278	£79
Retained Equity	£64,285	£94,588	£162,398	£314,640
Monthly Rent on Retained Equity	£147	£217	£372	£721
Service Charge per month	£100	£100	£0	£0
Total Cost per month	£412	£550	£650	£800

Source: Data based on Housing Market Cost Analysis

4.104 If the Council do seek for some additional housing to be in the affordable home ownership sector (whether Discounted Market Sale or Shared Ownership), 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.

Linking the Need for Affordable Housing to the Overall Need for Housing

4.105 It has been noted above that the need for affordable home ownership should not be seen as implying any additional need for housing in the Borough. It is however the case that the PPG does encourage local authorities to consider increasing planned housing numbers where this can help to meet the identified need (and this report has identified a need for social/affordable rented housing). Specifically, the wording of the PPG (paragraph 2a-024) states:

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

4.106 Previous research (e.g. the 2017 HEDNA) provided some considerable detail explaining the difficulty in making a direct link between affordable need and OAN (now local housing need (LHN)), with the key point being that many of those households picked up as having a need will already be living in housing and so providing an affordable option does not lead to an overall net increase in the need for housing (as they would vacate a home to be used by someone else).

4.107 It is however possible to investigate this in some more detail by re-running the model and excluding those already living in accommodation. This is shown in the table below which identifies that meeting these needs would lead to an affordable need for some 247 homes per annum. This figure is theoretical and should not be seen to be minimising the need (which is clearly acute). It does however serve to show that there is a substantial difference in the figures when looking at overall housing shortages. A need for 247 affordable homes would notionally represent 22% of the LHN and does not point to any need to increase provision over that suggested by the Standard Method.

4.108 The analysis is arguably even more complex than this – it can be observed that the main group of households in need are newly forming households. These households are already included within demographic projections and so the demonstrating of a need for this group again should not be seen as over and above any need derived through the normal process of looking at OAN. Indeed, only the 31 per annum shown below is in addition to demographic projections and this scale of uplift will already have been included in figures when moving from a start point demographic need to an OAN.

Figure 4.25: Estimated Need for Affordable Housing (social/affordable rented) excluding households already in accommodation – Charnwood		
	Excluding existing households	Including existing households
Current need	31	63
Newly forming households	621	621
Existing households falling into need	0	197
Total Gross Need	652	881
Re-let Supply	405	405
Net Need	247	476

Source: Range of data sources as described

- 4.109 One further consideration is that the supply of affordable housing is based on relets of existing social/affordable rented housing. It is however the case that some supply of private rented accommodation will be affordable to those failing to meet the income thresholds set out in this report. This is simply because the threshold is set at a lower quartile rent, and therefore by definition a quarter of all rents must be below this level.
- 4.110 It is difficult to be precise about how many lettings this will equate to, however using the estimate of the size of the PRS currently (about 11,500 households) and applying a typical turnover it is possible to estimate this. The 2016-17 English Housing Survey (EHS) identifies that of all households living in the PRS, some 7% were new entrants to the sector in the past year (i.e. excluding those moving within the sector). If applied to Charnwood, this would suggest around 800 new lettings per annum, of which around 200 would be below the threshold lower quartile level.
- 4.111 If these lettings are included in the supply, then the core estimate of need drops from 476 per annum to 276 per annum. Again, this should not be seen to be minimising the need but does emphasize the difficulty in matching an estimate of affordable need to an overall need for housing. It should also be noted, as with owner-occupied housing there is no way of allocating the PRS so that cheaper homes are only available to those with lower incomes and so identifying this supply should be treated as indicative.
- 4.112 It is also the case that even at the very bottom end of the PRS (i.e. the very cheapest properties) there will likely be a number of households who still fall below any reasonable income threshold. It is also the case that at the bottom end of the PRS there may be some issues with the quality/condition of homes.
- 4.113 Finally, it is worth noting the PPG recognises when looking at needs of specific groups (including the need for affordable housing) that high numbers may be derived in comparison to the LHN. Specifically, in the PPG (Housing needs of different groups) it is stated (paragraph 67-001):
- 'The standard method for assessing local housing need identifies an overall minimum average annual housing need figure but does not break this down into the housing need of individual groups. This guidance sets out advice on how plan-making authorities should identify and plan for the housing needs of particular groups of people.'*
- 'This need may well exceed, or be proportionally high in relation to, the overall housing need figure calculated using the standard method. This is because the needs of particular groups will often be calculated having consideration to the whole population of an area as a baseline as opposed to the projected new households which form the baseline for the standard method.'*** [emphasis added]
- 4.114 Overall, for Charnwood, it is considered that the range of evidence does not point towards any need for the Council to consider a housing requirement above that shown by the Standard Method to increase the delivery of affordable housing.

Comments on Draft Policy LP4

- 4.115 Draft Policy LP4 of the emerging Local Plan sets out a requirement to provide 30% affordable housing on new housing developments. This is supported by a viability assessment and on that basis this report agrees that this is a reasonable level to seek.
- 4.116 Within the supporting text it is noted that the most recent evidence at the time pointed to a need for 77% of affordable housing to be social/affordable rents and 23% to be intermediate affordable housing. The supporting text also notes the NPPF in stating that 10% of homes on larger sites should be available for affordable home ownership (AHO). Despite noting this point, it is unclear if the plan is seeking to provide 10% of homes as AHO.
- 4.117 The analysis in this report does not suggest that there needs to be any changes to the Affordable Housing Policy, but it is suggested that the wording of the supporting text is firmed up so be clear what is expected. In particular, the evidence in this report potentially suggests that the NPPF target for 10% of homes to be AHO may be too high, it also points towards shared ownership as being the most appropriate form of AHO. It may also be appropriate (in general terms) to set out the sort of level of purchase price that would make AHO genuinely affordable to local people.

Affordable Housing Need: Key Messages

- Analysis has been undertaken to estimate the need for affordable housing in the 2020-37 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 476 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 Borough.
- The analysis suggests that the majority of the rented need is for social rented housing, although it is recognised that there is also a role for affordable rents – particularly for households who are close to being able to afford to rent privately and also for some households who claim full Housing Benefit (as long as the rent is fully covered). On this basis, it is not recommended that the Council has a rigid policy for the split between social and affordable rented housing, although the analysis is clear that both tenures of homes are likely to be required in all areas.
- 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 Charnwood who are being excluded from the owner-occupied sector. The analysis would therefore suggest that a key issue in the Borough 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 (the default figure suggested in the NPPF), 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 midpoint between the levels needed to access private rented housing and to access equivalent housing to buy. This would ensure that many 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 and indeed does provide evidence that the 10% figure could be challenged if the Council wished to do so.
- 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 Borough. 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.
- The analysis in this report does not point towards any need to revise Draft Policy LP4 (Affordable Housing). It is however suggested that some of the supporting text is amended, in particularly to be clear about the Council's approach to the provision of affordable home ownership products.

5. Family Households and the Appropriate Mix of Housing

Introduction

5.1 This section draws together analysis in the preceding main sections to consider the appropriate mix of housing across the study area having due regard to opportunities for larger and more aspirational housing, family housing and smaller units to diversify the market. This section 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 considers the mix of housing across the whole of Charnwood (covering all household groups and tenures); before providing some commentary about how this might vary across different sub-areas.

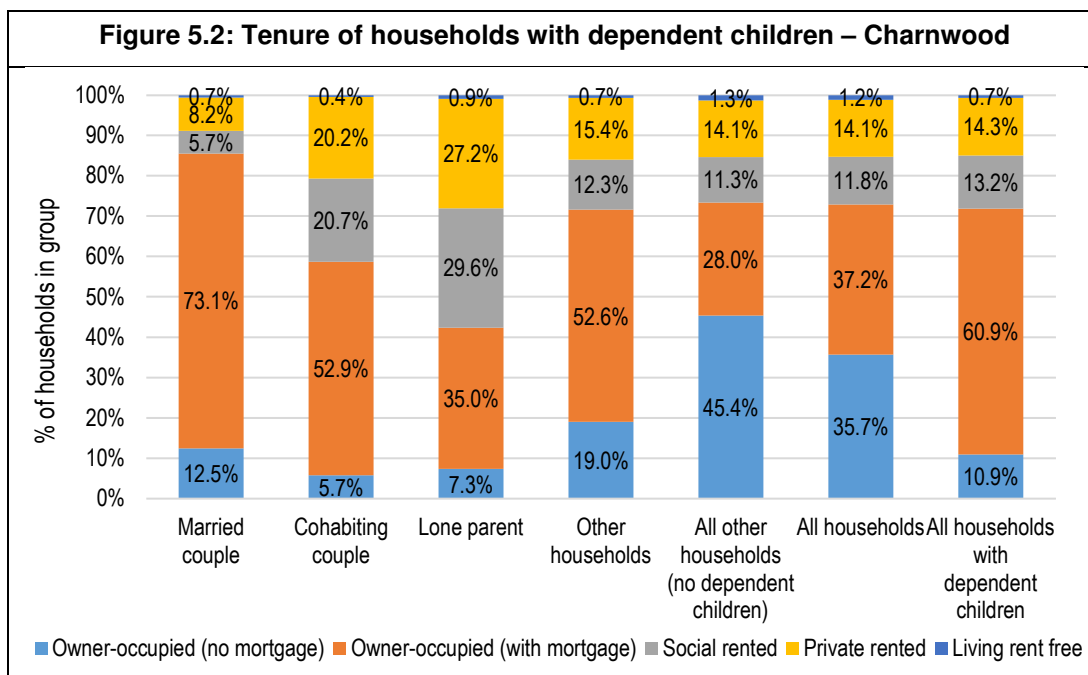
Background data

5.2 The number of families in the Borough (defined for the purpose of this assessment as any household which contains at least one dependent child) totalled 18,700 as of the 2011 Census, accounting for 28% of households. This proportion is slightly lower than that seen across the County and also very slightly lower than observed regionally and nationally.

		Married couple	Cohabiting couple	Lone parent	Other households	All other households	Total	Total with dependent children
Charnwood	No.	10,842	2,715	3,812	1,346	47,801	66,516	18,715
	%	16.3%	4.1%	5.7%	2.0%	71.9%	100.0%	28.1%
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)

5.3 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 42% of lone parent households are owner-occupiers compared with 86% of married couples with children.



Source: Census (2011)

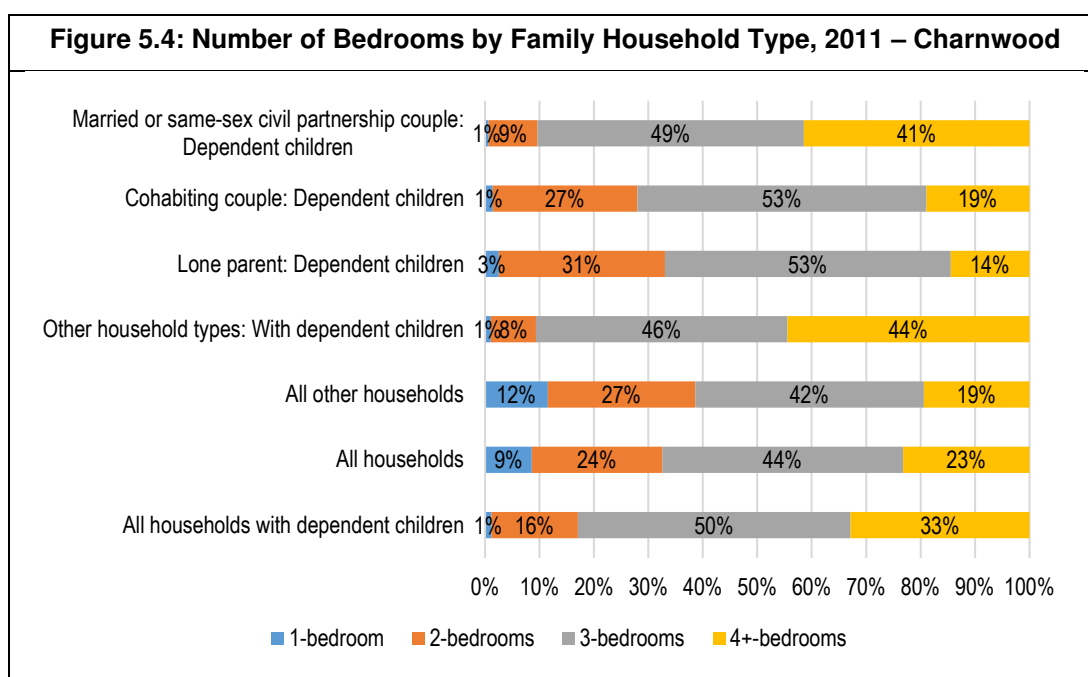
5.4 Household projections have been developed, linked to the Standard Method to estimate growth in family households over the period to 2037. The detailed profile of these is set out in the table below; and shows growth of 27% equal to around 5,600 family households. The projected increase in family households is above the overall level of household growth projected. The majority of the increase in family households is projected to be smaller households (with one dependent child).

	2020	2037	Change in households	% change
Households with one dependent child	9,951	13,673	3,722	37.4%
Households with two dependent children	7,865	9,262	1,398	17.8%
Households with three dependent children	2,924	3,441	517	17.7%
All other households	54,814	67,415	12,601	23.0%
Total Households	75,553	93,791	18,238	24.1%
Total households with dependent children	20,739	26,376	5,637	27.2%

Source: Demographic Projections

5.5 The level of growth in family households does not automatically translate into an equivalent need for family-sized accommodation, not least as many older households will continue to live in family-sized properties that offer space for friends and relatives to come and stay.

- 5.6 The figure below shows the number of bedrooms for family households at the point of the 2011 Census. The analysis shows the differences between married, cohabiting and lone parent families. Across the Borough, the tendency is for family households (irrespective of household composition) to occupy 3-bedroom housing with varying degrees of 2-bedroom and 4+-bedroom properties depending on the household composition. The data also, unsurprisingly, highlights the small level of 1-bed stock occupied by families across the board. As a result, we could expect continued demand for 3-bedroom properties; although, given the affordable housing need profile, a greater balance of homes of medium sized properties should also be factored into the recommendations.



Source: 2011 Census

- 5.7 Delivery of family sized housing remains a requirement in both urban and rural locations of the Borough. This includes providing family housing in the widest possible choice and mix of housing locations including town centres, and through the sustainable expansion of rural and smaller settlements (particularly helping to support economic and social vitality).
- 5.8 It is important to deliver a range of housing sizes and to actively promote this through appropriate planning policies and consideration of the operation of the market. There may still be limitations as to the affordability of larger properties in the context of continued growth in sales prices evident across the Borough in recent years.
- 5.9 In more rural areas, the opportunity to broaden and secure a choice and mix of family sized accommodation alongside smaller accommodation should be explored in order to diversify the market and provide for local housing demand. Whilst in towns, subject to the availability of land, the provision of family-sized accommodation should be supported.

The Mix of Housing

- 5.10 A model has been developed that starts with the current profile of housing in terms of size (bedrooms) and tenure. Within the data, information is available about the age of households and the typical sizes of homes they occupy. By using demographic projections linked to the local housing need calculated through the standard method, it is possible to see which age groups are expected to change in number, and by how much.
- 5.11 On the assumption that occupancy patterns for each age group (within each tenure) remain the same, it is therefore possible to assess the profile of housing needed over the assessment period to 2037 (from 2020).
- 5.12 An important starting point is to understand the current balance of housing in the area. The table below profiles the sizes of homes in different tenure groups. This shows that the profile of housing in the owner-occupied sectors looks to be fairly balanced in comparison with other areas (i.e. there is no obvious over- or under-supply of particular sizes of homes relative to other locations).
- 5.13 In the private rented sector, there is a relatively high proportion of larger (4+-bedroom) homes although this is linked to the student population of Loughborough. There is also a low proportion of 1-bedroom units in this sector compared with England, although it should be noted that this is to some degree influenced by the stock profile of London.
- 5.14 In the social rented sector, the analysis does highlight a relatively high proportion of 1-bedroom homes, and fewer homes with 2-bedrooms. Observations about the current mix feed into conclusions about future mix later in this section.

Figure 5.5: Number of Bedrooms by Tenure, 2011

		Charnwood	Leicestershire	East Midlands	England
Owner-occupied	1-bedroom	2%	2%	2%	4%
	2-bedrooms	21%	20%	22%	23%
	3-bedrooms	49%	51%	51%	48%
	4+-bedrooms	27%	27%	26%	25%
	Total	100%	100%	100%	100%
Social rented	1-bedroom	39%	32%	29%	31%
	2-bedrooms	24%	30%	34%	34%
	3-bedrooms	33%	33%	34%	31%
	4+-bedrooms	4%	4%	3%	4%
	Total	100%	100%	100%	100%
Private rented	1-bedroom	15%	19%	15%	23%
	2-bedrooms	36%	36%	39%	39%
	3-bedrooms	31%	33%	35%	28%
	4+-bedrooms	18%	12%	11%	10%
	Total	100%	100%	100%	100%

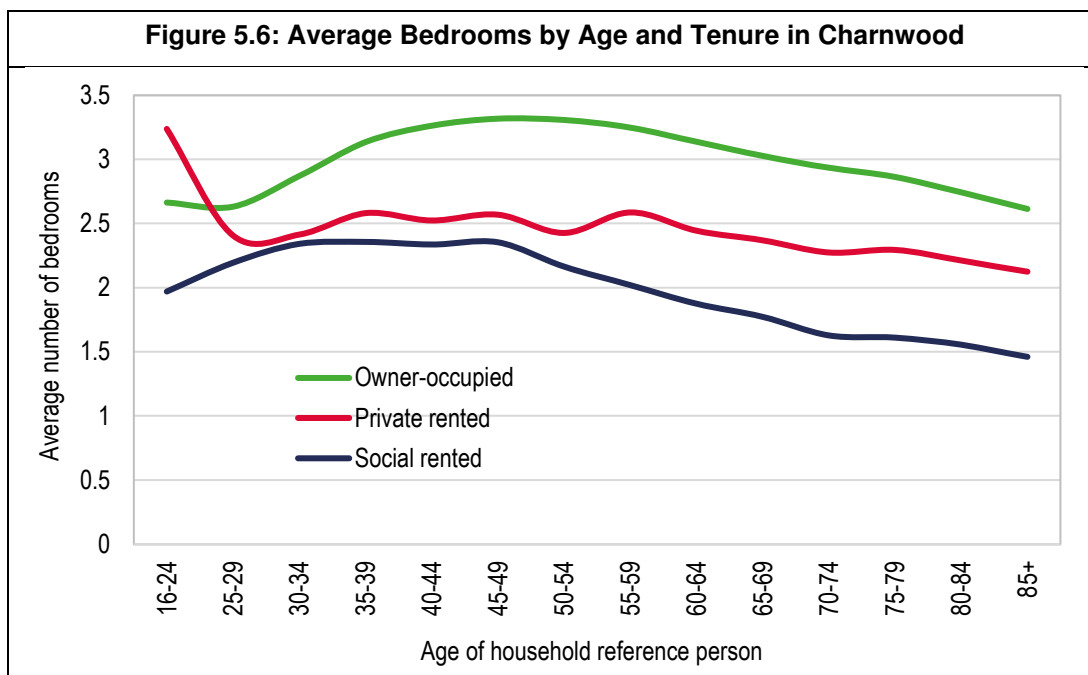
Source: 2011 Census

Overview of Methodology

- 5.15 The method to consider future housing mix looks at the ages of the Household Reference Persons and how these are projected to change over time. The sub-sections to follow describe some of the key analysis.

Understanding how Households Occupy Homes

- 5.16 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.
- 5.17 The size of housing which households occupy relates more to their wealth and age than 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.
- 5.18 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.
- 5.19 The issue of choice is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) where households are allocated properties which reflect the size of the household, 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').
- 5.20 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).
- 5.21 The figure below shows an estimate of how the average number of bedrooms varies by different ages of HRP and broad tenure group for Charnwood. In the owner-occupied sector the average size of accommodation rises over time to typically reach a peak around the age of 45-50; a similar pattern (but with smaller dwelling sizes and arguably an earlier peak) is seen in the social rented sector, whilst for the private rented sector dwelling sizes by age show less variation and include a particular spike in the 16-24 age group related to the student population. After peaking, the average dwelling size decreases – as typically some households downsize as they get older.



Source: Derived from ONS Commissioned Table CT0621

5.22 Replicating the existing occupancy patterns at a local level would however result in the conclusions being skewed by the existing housing profile. This is particularly the case in the social rented sector. On this basis a further model has been developed that applies regional occupancy assumptions for the East Midlands region. Assumptions are applied to the projected changes in Household Reference Person by age discussed below.

5.23 The analysis has been used to derive outputs for 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
- **rented affordable housing** – which is taken to follow the occupancy profile in the social rented sector. The affordable sector in the analysis to follow would include social and affordable rented housing.

Changes to Households by Age

5.24 The table below presents the projected change in households by age of household reference person, this clearly shows particularly strong growth as being expected in older age groups (and to some extent some younger age groups e.g. 30-44). Households headed by someone aged 55-59 are projected to see a small decrease in household numbers.

	2020	2037	Change in Households	% Change
16-24	3,338	4,203	866	25.9%
25-29	5,331	6,195	864	16.2%
30-34	5,415	7,232	1,817	33.6%
35-39	5,940	7,823	1,882	31.7%
40-44	5,929	8,224	2,294	38.7%
45-49	6,543	7,831	1,288	19.7%
50-54	7,099	7,203	104	1.5%
55-59	7,063	6,934	-129	-1.8%
60-64	6,133	6,612	479	7.8%
65-69	5,678	7,499	1,821	32.1%
70-74	5,970	7,548	1,578	26.4%
75-79	4,391	6,087	1,696	38.6%
80-84	3,431	4,922	1,491	43.5%
85 & over	3,293	5,480	2,187	66.4%
Total	75,553	93,791	18,238	24.1%

Source: Demographic Projections

Modelled Outputs

- 5.25 By following the methodology set out above and drawing on the sources shown, a series of outputs have been derived to consider the likely size requirement of housing within each of the three broad tenures at a local authority level. Two tables are provided, considering both local and regional occupancy patterns. The data linking to local occupancy will to some extent reflect the role and function of the local area, whilst the regional data will help to establish any particular gaps (or relative surpluses) of different sizes/tenures of homes when considered in a wider context.
- 5.26 The analysis for rented affordable housing can also draw on data from the local authority Housing Register with regards to the profile of need. The data has been taken from the Local Authority Housing Statistics ("LAHS") and shows a pattern of need which is focussed on 1- and 2-bedroom homes but also showing approaching a fifth of those registered as requiring 3+- bedroom homes (including 6% in the 4+-bedroom category – analysis of current stock suggested only 4% of socially rented homes in the Borough have 4- or more bedrooms).

	Number of households	% of households
1-bedroom	1,385	49.2%
2-bedrooms	944	33.5%
3-bedrooms	320	11.4%
4+-bedrooms	167	5.9%
Total	2,816	100.0%

Source: Local Authority Housing Statistics, 2019

5.27 The tables below show that for most tenures the modelled outputs of need are similar regardless of the choice of modelling assumptions. The key difference looks to be for affordable housing (rented) where using local occupancy shows a much higher need for 1-bedroom homes (and lower needs for 2-bedroom homes). This data is used, along with additional analysis below to draw conclusions about a suitable mix of housing for the Borough.

Figure 5.9: Modelled Mix of Housing by Size and Tenure in Charnwood (linked to local occupancy patterns)				
	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	3%	26%	49%	22%
Affordable home ownership	15%	36%	33%	16%
Affordable housing (rented)	42%	23%	31%	3%

Sources: Housing Market Model

Figure 5.10: Modelled Mix of Housing by Size and Tenure in Charnwood (linked to regional occupancy patterns)				
	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	2%	26%	51%	21%
Affordable home ownership	16%	39%	35%	11%
Affordable housing (rented)	31%	35%	31%	3%

Sources: Housing Market Model

Indicative Targets for Different Sizes of Properties by Tenure across Charnwood

Social/Affordable Rented Housing

5.28 Bringing together the above, a number of factors are recognised. This includes recognising that it is unlikely that all affordable housing needs will be met and that it is likely that households with a need for larger homes will have greater priority (as they are more likely to contain children). That said, there is also a recognition that the Borough currently has a relatively high level of 1-bedroom social housing.

5.29 Furthermore, the Housing Register data is based on a strict determination of need based on a bedroom standard and there will be some households able to afford a slightly larger home or who can claim benefits for a larger home than they strictly need (i.e. are not caught by the ‘bedroom tax’ – this will include older person households).

5.30 In taking account of the modelled outputs, the Housing Register and the discussion above, it is suggested that the following mix of social/affordable rented housing would be appropriate:

- 1-bedroom: 25-35%
- 2-bedrooms: 35-45%
- 3-bedrooms: 20-30%
- 4+-bedrooms: Up to 10%

- 5.31 Although the analysis does not consider the built-form of dwellings, this may be a further consideration for the Council. In particular, it can be observed that the 2-bedroom stock contains very few houses (the Council currently owns 211 × 2-bedroom houses as opposed to 1,911 × 3-bedroom houses). It may therefore be that a higher proportion of 2-bedroom homes should be built as houses; alternatively (in terms of the mix suggested above) a portion of the 3-bedroom mix could be sought as 2-bedroom houses.

Affordable Home Ownership

- 5.32 In the affordable home ownership and market sectors a profile of housing that more closely matches the outputs of the modelling is suggested – although there is recognition that the student population will have had some impact on the modelled outputs. It is considered that the provision of affordable home ownership should be more explicitly focused on delivering smaller family housing for younger households. Based on this analysis, it is suggested that the following mix of affordable home ownership would be appropriate:

- 1-bedroom: 10-20%
- 2-bedrooms: 35-45%
- 3-bedrooms: 30-40%
- 4+-bedrooms: 5-15%

- 5.33 Whilst the need for affordable home ownership properties is focused towards younger households, the conclusions also recognise the particular affordability challenges for family housing.

Market Housing

- 5.34 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 (as well as observations about the current mix when compared with other locations). This sees a slightly larger recommended profile compared with other tenure groups. The following mix of market housing is suggested:

- 1-bedroom: Up to 10%
- 2-bedrooms: 20-30%
- 3-bedrooms: 45-55%
- 4+-bedrooms: 15-25%

- 5.35 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.

5.36 Whilst this report does not suggest that prescriptive figures necessarily need to be included within Local Plans, 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. The recommendations can also be used as a set of guidelines to consider the appropriate mix on larger development sites, and the Council should expect justification for a housing mix on such sites which significantly differs from that modelled herein. Site location and area character are also however relevant considerations the appropriate mix of market housing on individual development sites.

Smaller-area Housing Mix

5.37 The analysis above has focussed on overall Borough-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 fourteen sub-areas (figures have been summarised into smaller (1- and 2-bedroom) and larger (3+-bedroom) homes).

Figure 5.11: Number of bedrooms by tenure and sub-areas (2011) – Charnwood

	Owner-occupied		Social rented		Private rented	
	1- and 2-bedroom	3+-bedroom	1- and 2-bedroom	3+-bedroom	1- and 2-bedroom	3+-bedroom
Loughborough	22%	78%	65%	35%	43%	57%
Shepshed	31%	69%	68%	32%	65%	35%
Birstall	15%	85%	58%	42%	42%	58%
Syston	30%	70%	74%	26%	69%	31%
Thurmaston	36%	64%	62%	38%	62%	38%
Anstey	24%	76%	62%	38%	64%	36%
Barrow upon Soar	24%	76%	61%	39%	61%	39%
Mountsorrel	26%	74%	52%	48%	58%	42%
Quorn	20%	80%	77%	23%	62%	38%
Rothley	16%	84%	48%	52%	55%	45%
Sileby	30%	70%	53%	47%	67%	33%
North – The Wolds	20%	80%	52%	48%	47%	53%
South East – Wreake Villages	17%	83%	45%	55%	41%	59%
South West – Charnwood Forest	18%	82%	46%	54%	47%	53%
All households	24%	76%	63%	37%	51%	49%

Source: Census 2011

5.38 Focussing on the owner-occupied sector, the analysis shows a range of 15% of homes being 1- or 2-bedroom (in Birstall) up to 36% in Thurmaston. Arguably this might suggest that areas with fewer smaller homes have a greater need for that size of accommodation to help balance the stock. However, it should also be noted the current mix is likely to some extent reflect the role and function of different areas (e.g. areas with higher proportions of larger (3+-bedroom) homes may traditionally be areas more highly sought by family households and/or slightly wealthier households).

- 5.39 On this basis, whilst there are clear differences in the current stock, and indeed the profile of the population (see data in Section 2 of this report) it is not considered that these are sufficient to suggest a different mix of housing at a sub-area level. If developments were provided in-line with the suggested mix in this report, then over time there would be some degree of balancing the stock across areas, whilst still recognising the general role and function of different locations.
- 5.40 In the social rented sector, the differences between areas is arguably more stark, although this may in part be due to low levels of stock in some locations. For this tenure, the range of 1- and 2-bedroom homes is from 45% in South East – Wreake Villages, up to 77% in Quorn. As with the owner-occupied sector, it is the case that the current profile may to some extent reflect the role of different areas and the extent to which certain household groups might seek housing in different types of location (e.g. young single people without access to a car might be most suited to living in the main towns, but these areas typically already have the highest proportion of smaller homes). Therefore, as with market housing, it is not suggested that the finding of a different profile of housing should necessarily lead to suggestions of a different local housing mix.
- 5.41 Finally, the table did consider the profile of private rented accommodation for the purposes of completeness. Again, there are some difference between areas but it is not considered that this leads to a need to consider the future mix of housing in this tenure (this report does not recommend any 'targets' for increasing the size of this sector in the future).
- 5.42 Overall, the analysis does not suggest that a different mix should be proposed for smaller areas although there may be a case on a site-by-site basis, or at a specific point in time for some minor adjustments. This is summarised below:
- a) Whilst there are differences in the stock profile in different locations this should not necessarily be seen as indicating particular surpluses or shortfalls of particular types and sizes of homes;
 - b) As well as looking at the stock, an understanding of the role and function of areas is important. For example, higher priced rural areas are typically sought by wealthier families and therefore such areas would be expected to provide a greater proportion of larger homes;
 - c) That said, some of these areas will have very little small/cheaper stock and so consideration needs to be given to diversifying the stock;
 - d) The location/quality of sites will also have an impact on the mix of housing. For example, brownfield sites in the centre of towns may be more suited to flatted development (as well as recognising the point above about role and function) whereas a rural site on the edge of an existing village may be more appropriate for family housing. Other considerations (such as proximity to public transport) may impact on a reasonable mix at a local level;
 - e) Overall, it is suggested that Council should broadly seek the same mix of housing in all locations, but would be flexible to a different mix where specific local characteristics suggest. The Council should also monitor what is being built to ensure that a reasonable mix is provided in a settlement overall. For example, if a recent housing site has provided nothing but 4+-bedroom 'executive' homes, then it could be expected that the next site to come along might provide a mix which includes more homes for younger/smaller family households and childless couples;

- f) Additionally, in the affordable sector it may be the case that Housing Register data for a smaller area identifies a shortage of housing of a particular size/type which could lead to the mix of housing being altered from the overall suggested requirement.

Need/demand for Bungalows

- 5.43 A final issue is a discussion of the need/demand for bungalows. The sources used for analysis in this report make it difficult to quantify a need/demand for bungalows in the Borough 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.
- 5.44 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.
- 5.45 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.
- 5.46 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 the Appropriate Mix of Housing: Key Messages

- The proportion of households with dependent children is similar to the regional and national average. Projecting forward, there is expected to be an increase in the number of households with dependent children – increasing by 27% over the 2020-37 period when linking to a housing need of 1,105 dwellings per annum – the majority of this increase is projected to be within smaller family households (with just one dependent child).
- 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 (17-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 10%	20-30%	45-55%	15-25%
Affordable home ownership	10-20%	35-45%	30-40%	5-15%
Affordable housing (rented)	25-35%	35-45%	20-30%	Up to 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 Borough (by tenure) which recognises that Charnwood currently has a high stock of 1-bedroom social rented homes.
- 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 the population profile and the current mix of housing at a smaller-area level. Whilst there were some differences between areas, 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.

6. The Needs of Older People and People with Disabilities

Introduction

- 6.1 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).

Understanding the Implications of Demographic Changes

- 6.2 The population of older persons is increasing, driven by demographic changes including increasing life expectancy. This is a key driver of the need for housing which is capable of meeting the needs of older persons.

Current Population of Older People

- 6.3 The tables below provide baseline population data about older persons in the Borough and compares this with other areas. The population data has been taken from the published 2018 ONS mid-year population estimates (MYE). The first table shows that Charnwood has a fairly average age structure in terms of older people (for the purposes of this report generally considered to be people aged 65 and over), with 18% of the population being aged 65 and over in 2018. This compares with 19% regionally and 18% nationally.

	Charnwood	Leicestershire	East Midlands	England
Under 65	81.9%	82.5%	80.7%	81.8%
65-74	10.1%	9.8%	10.8%	9.9%
75-84	5.6%	5.5%	6.1%	5.8%
85+	2.4%	2.3%	2.4%	2.4%
Total	100.0%	100.0%	100.0%	100.0%
Total 65+	18.1%	17.5%	19.3%	18.2%
Total 75+	8.0%	7.8%	8.5%	8.3%

Source: ONS 2018 Mid-Year Population Estimates

- 6.4 The table below shows the same information for sub-areas, this shows some considerable variation in the proportion of people aged 65 and over, ranging from 14% in Loughborough, up to 26% in South West – Charnwood Forest.

Figure 6.2: Older Persons Population, 2018 – sub-areas

	Under 65	65-74	75-84	85+	Total	Total 65+	Total 75+
Loughborough	86.2%	7.7%	4.3%	1.8%	100.0%	13.8%	6.1%
Shepshed	78.2%	12.6%	6.5%	2.8%	100.0%	21.8%	9.3%
Birstall	79.2%	10.5%	7.2%	3.1%	100.0%	20.8%	10.3%
Syston	81.2%	10.8%	5.5%	2.5%	100.0%	18.8%	8.0%
Thurmaston	80.3%	10.1%	6.9%	2.7%	100.0%	19.7%	9.6%
Anstey	78.1%	12.1%	7.0%	2.7%	100.0%	21.9%	9.8%
Barrow upon Soar	78.4%	12.5%	7.0%	2.1%	100.0%	21.6%	9.1%
Mountsorrel	82.4%	9.4%	5.5%	2.7%	100.0%	17.6%	8.2%
Quorn	77.3%	12.8%	6.1%	3.8%	100.0%	22.7%	9.9%
Rothley	81.2%	10.6%	5.8%	2.5%	100.0%	18.8%	8.3%
Sileby	84.4%	9.3%	4.5%	1.8%	100.0%	15.6%	6.4%
North – The Wolds	78.3%	12.8%	6.6%	2.2%	100.0%	21.7%	8.8%
South East – Wreake Villages	77.1%	13.1%	7.2%	2.6%	100.0%	22.9%	9.8%
South West – Charnwood Forest	73.7%	14.3%	8.3%	3.7%	100.0%	26.3%	12.0%
Charnwood total	81.9%	10.1%	5.6%	2.4%	100.0%	18.1%	8.0%

Source: ONS 2018 Mid-Year Population Estimates

Projected Future Change in the Population of Older People

- 6.5 Population projections can next be used to provide an indication of how the numbers of older persons might change in the future compared with other areas.
- 6.6 Charnwood 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 38% over the 17-years to 2037. This compares with overall population growth of 18% and a more modest increase in the Under 65 population of 14%.
- 6.7 In total population terms, the projections show an increase in the population aged 65 and over of 12,900 people. This is against a backdrop of an overall increase of 33,700 – population growth of people aged 65 and over therefore accounts for 38% of the total projected population change.

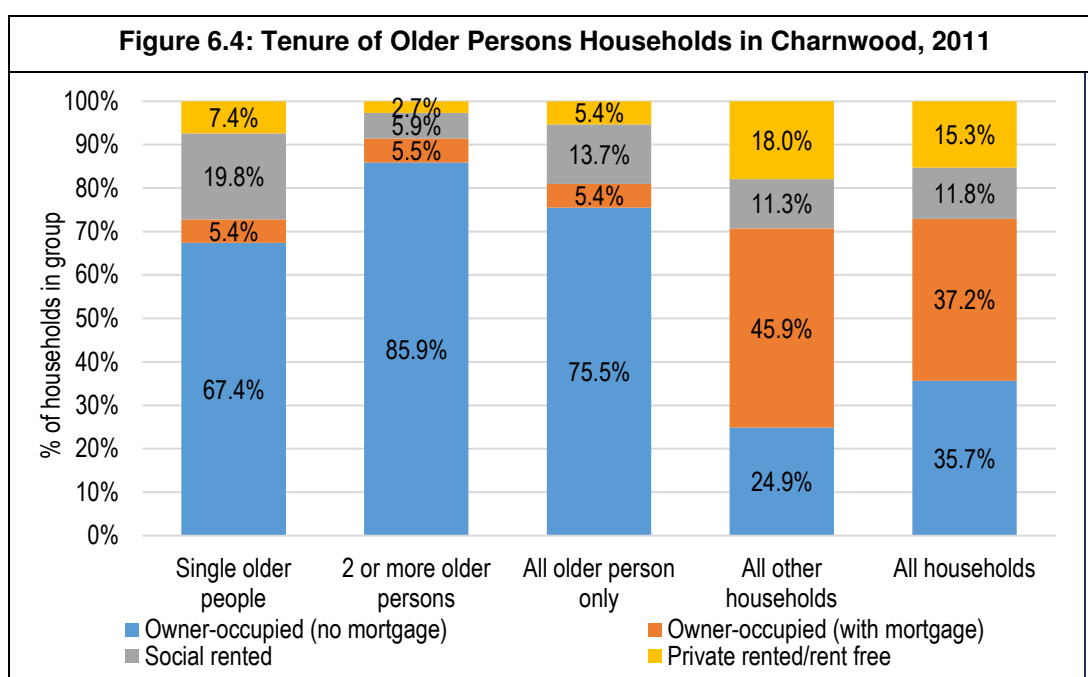
Figure 6.3: Projected Change in Population of Older Persons, 2020-37 – Charnwood (based on delivery of 1,105 dwellings per annum)

	2020	2037	Change in population	% change
Under 65	153,217	174,000	20,784	13.6%
65-74	18,483	23,314	4,831	26.1%
75-84	11,216	16,160	4,944	44.1%
85+	4,473	7,620	3,148	70.4%
Total	187,388	221,094	33,706	18.0%
Total 65+	34,172	47,094	12,922	37.8%
Total 75+	15,689	23,780	8,091	51.6%

Source: Demographic Projections

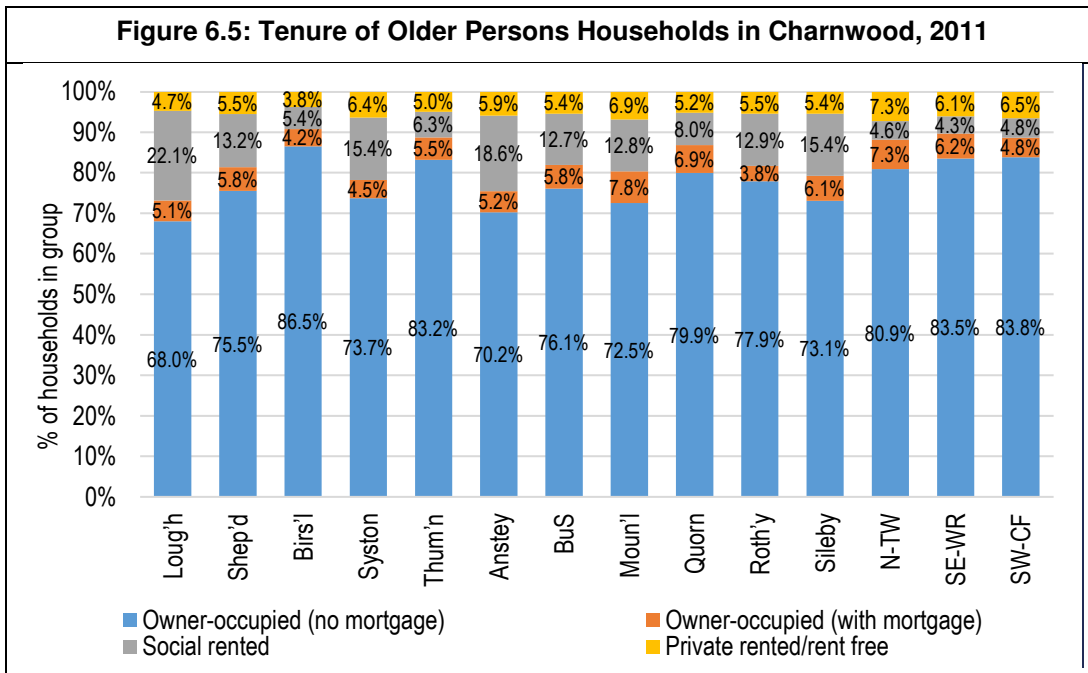
Characteristics of Older Person Households

- 6.8 The tenures in which older persons currently live provides a useful indication of the potential tenure profile of demand for new-build development.
- 6.9 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 the majority of older persons households (81%) are owner occupiers, and indeed 75% are owner occupiers with no mortgage and thus have significant equity which can be put towards the purchase of a new home. Some 14% of older persons households across the study area live in the social rented sector. The proportion of older person households living in the private rented sector is relatively low (about 5%).
- 6.10 There are also notable differences for different types of older person households with single older people having a lower level of owner-occupation than larger older person households – this group also has a much higher proportion living in the social rented sector.



Source: 2011 Census

- 6.11 The figure below shows the same information for sub-areas – the data is provided for all older person households. The data shows that the tenure profile of older person households is similar across much of the study area; the main notable difference is the lower level of owner-occupation amongst older people in Loughborough – this area also has the highest proportion of older people living in social rented accommodation.



Source: 2011 Census

Prevalence of Disabilities

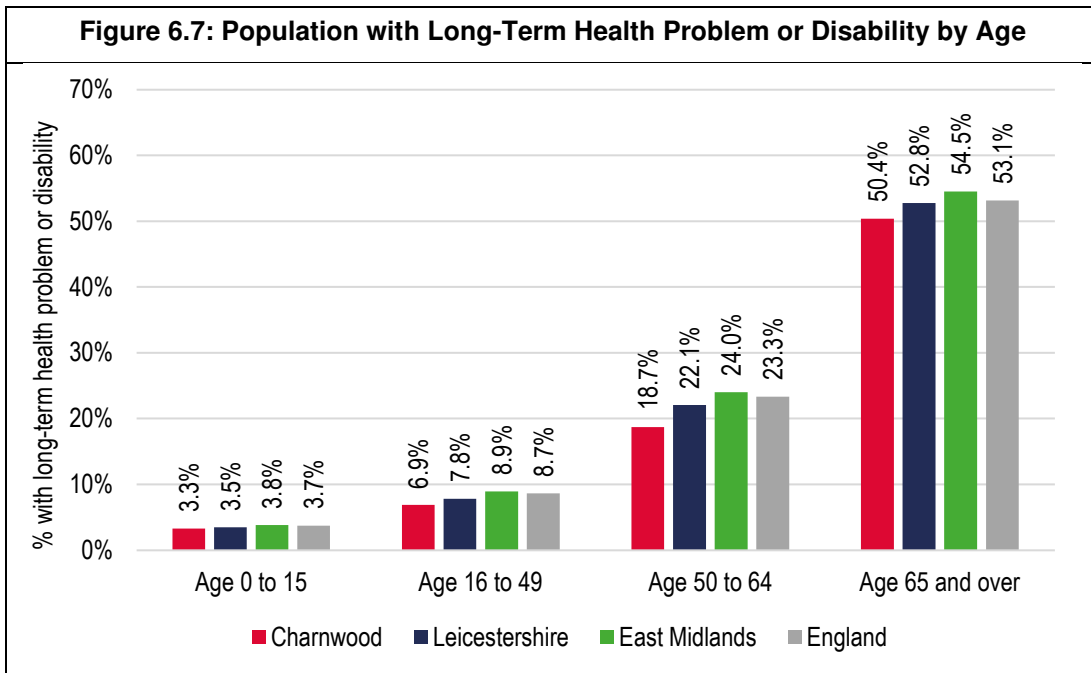
- 6.12 The table below shows the proportion of people with a long-term health problem or disability (LTHPD) drawn from 2011 Census data, and the proportion of households where at least one person has a LTHPD. The data suggests that some 30% of households contain someone with a LTHPD. This figure is slightly lower than that seen in other areas (including a 33% figure for the whole of England). The figures for the population with a LTHPD again show a similar pattern in comparison with other areas (an estimated 16% of the population of the study area having a LTHPD).
- 6.13 The analysis also shows some differences between different parts of the study area, with Thurmaston seeing a notably higher proportion of the population with a LTHPD, and lower figures being seen in North – The Wolds area in particular.

Figure 6.6: Households and People with a Long-Term Health Problem or Disability, 2011

	Households Containing Someone with a Health Problem		Population with a Health Problem	
	No.	%	No.	%
Loughborough	6,842	30.6%	8,923	14.8%
Shepshed	1,744	30.1%	2,406	17.8%
Birstall	1,561	31.7%	1,948	15.9%
Syston	1,634	30.2%	2,073	16.2%
Thurmaston	1,423	36.1%	1,904	19.7%
Anstey	866	30.8%	1,048	16.1%
Barrow upon Soar	779	30.9%	954	16.0%
Mountsorrel	901	25.6%	1,160	14.1%
Quorn	582	25.9%	755	14.6%
Rothley	417	25.5%	533	13.7%
Sileby	909	27.7%	1,202	15.3%
North – The Wolds	617	26.3%	781	14.0%
South East – Wreake Villages	981	28.5%	1,334	15.4%
South West – Charnwood Forest	665	28.8%	848	14.8%
Borough	19,921	29.9%	25,869	15.6%
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

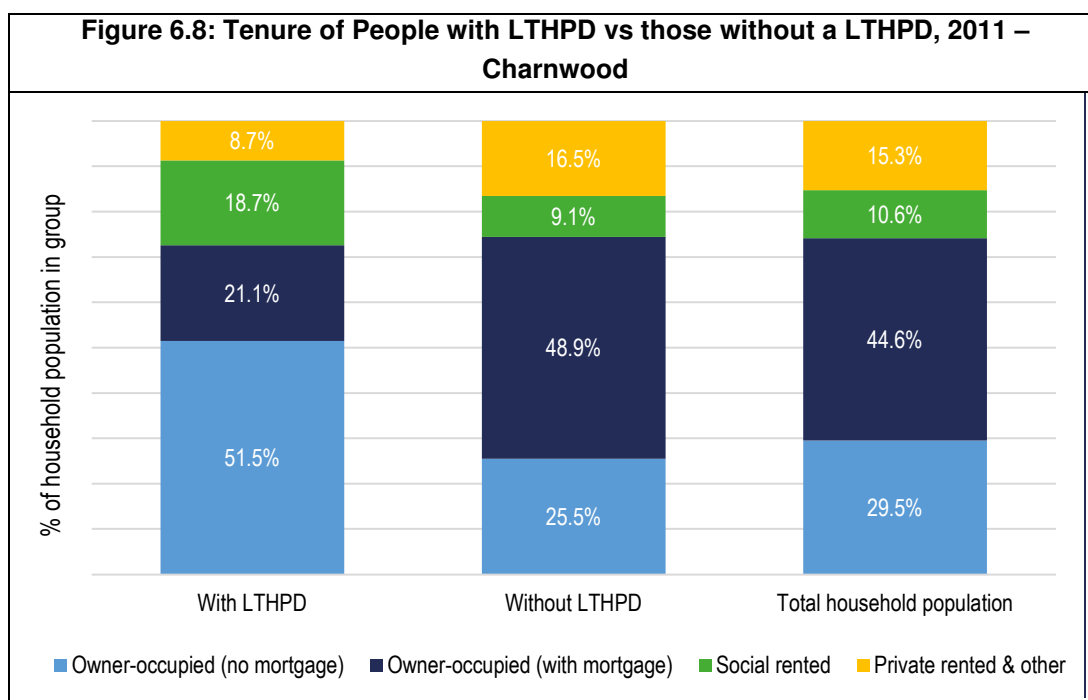
- 6.14 It is likely that the age profile will impact upon the numbers of people with a LTHPD, as older people tend to be more likely to have a LTHPD. The figure below shows the age bands of people with a LTHPD. It is clear from this analysis that those people in the oldest age bands are more likely to have a LTHPD. The analysis also shows lower levels of LTHPD in all age bands within Charnwood when compared with other areas.



Source: 2011 Census

- 6.15 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).

- 6.16 Given that typically the lowest incomes are found in the social rented sector, and to a lesser extent for outright owners (many of whom are retired), 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 in terms of income levels and therefore the ability to afford goods and services (as well as to access the housing market in many instances).



- 6.17 In addition, data taken from the same source as above suggests that 27% of all people living in the social rented sector have a LTHPD, compared with 14% of people in other tenures.

Health Related Population Projections

- 6.18 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.
- 6.19 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. In all cases the analysis links to estimates of population growth linked to the Standard Method.
- 6.20 Of particular note are the large increases in the number of older people with dementia (increasing by 51% from 2020 to 2037) and mobility problems (46% 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 2,800 people with a mobility problem represents 12% of the total projected population growth.
- 6.21 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 6.9: Projected Changes to Charnwood Population with a Range of Disabilities					
Disability	Age Range	2020	2037	Change	% Change
Dementia	65+	2,334	3,526	1,192	51.1%
Mobility problems	65+	6,194	9,029	2,835	45.8%
Autistic Spectrum Disorders	18-64	1,200	1,378	178	14.8%
	65+	321	447	125	39.0%
Learning Disabilities	15-64	3,048	3,486	439	14.4%
	65+	712	976	263	36.9%
Challenging behaviour	15-64	55	63	8	14.1%
Impaired mobility	16-64	5,904	6,428	523	8.9%

Source: POPPI/PANSI and Demographic Projections

6.22 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. It is noted that Draft Policy LP6 only seeks 5% of homes to be to M4(2) standards and it is considered that the Council should think about (as a start point) requiring all dwellings (in all tenures) to meet the M4(2) standards. The cost of meeting this standard is unlikely to have any significant impact on viability and would potentially provide a greater number of homes that will allow households to remain in the same property for longer.

Need for Specialist Accommodation for Older Persons

6.23 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 considers different types of older persons housing which are considered.

Definitions of Different Types of Older Persons' Accommodation

Age-restricted general market housing: This type of housing is generally for people aged 55 and over and the active elderly. It may include some shared amenities such as communal gardens, but does not include support or care services.

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]

- 6.24 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.
- 6.25 The analysis has drawn on some 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.

6.26 The analysis considers the Housing LIN methodology first of all, to compare it with other alternative sources; and then to makes some judgements on how these might be applied to Charnwood. Housing LIN's SHOP@ toolkit sets out a series of baseline rates which form a starting point for assessing appropriate prevalence rates to apply. The baseline rates applied in this assessment are discussed below:

- Age-restricted housing – Housing LIN does not provide rates for this type of housing and it is unclear if new provision is to be expected. For this study, the modelling takes forward overall national prevalence rates to provide some indication of what the need might be (essentially showing the position in Charnwood compared with other parts of the county). The baseline rates applied are a need for 25 units per 1,000 population aged 75 and over in the affordable sector and 5 per 1,000 in market housing. No further adjustments have been made to these prevalence rates;
- Housing with Support (retirement/sheltered housing) – Housing LIN suggests a base level of 125 units per 1,000 population aged 75 and over and it is considered that this is a reasonable starting point. Adjustments are made to this figure to reflect local levels of health in the older person population. The suggested tenure split is for 50% of homes to be market housing in more deprived areas up to 67% in less deprived locations;
- Housing with Care (enhanced sheltered and extra-care housing) – Housing LIN suggests a base level of 45 units per 1,000 population aged 75 and over. It is considered that this level of provision is a reasonable longer-term aim but that this is quite a high figure in the context of current supply (estimated nationally to be around 18 units per 1,000 population aged 75 and over. Therefore, the baseline modelling sets a need figure of 25 units per 1,000 initially, rising to 45 by the end of the projection period. Again, adjustments are made to this figure to reflect local levels of health in the older person population. The tenure split is taken to be the same as for housing with support (again adjusted depending on levels of deprivation; and
- Residential care bedspaces – Housing LIN suggests a base level of 65 units (bedspaces) per 1,000 population aged 75 and over. This figure is considered to be a reasonable start point. However, given that the analysis seeks to increase the need for extra-care housing it seems reasonable to expect that there might be some reduction in the need for residential care. Therefore, the analysis looks at reducing the need for this accommodation type down to 45 per 1,000 by the end of the projection period. Again, adjustments are made to this figure to reflect local levels of health in the older person population. Residential care bedspaces do not have an associated tenure; and
- Nursing care bedspaces – Housing LIN suggests a base level of 45 units (bedspaces) per 1,000 population aged 75 and over and this is considered reasonable as both a current need estimate and projecting forward. Again, adjustments are made to this figure to reflect local levels of health in the older person population and there is no associated tenure.

6.27 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 (applied to all groups apart from age-restricted housing). 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 Charnwood, the data shows slightly better health in the older person population and so the prevalence rates used have been decreased slightly (by an average of about 5%) – this figure is based on comparing the proportion of people aged 65 and over with a LTHPD in Charnwood (50.4%) with the equivalent figure for England (53.1%).

- 6.28 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. Using 2019 Index of Multiple Deprivation (IMD) data, the analysis suggests Charnwood is the 244th most deprived local authority in England (out of 317). This suggests a higher need for market homes for older people in Charnwood than would be assumed in an area sitting more in the middle of the deprivation index. To be clear this is market housing within the categories described above (e.g. housing with support and housing with care).
- 6.29 The table below shows estimated needs for different types of housing linked to the population projections. The analysis is separated into the various different types and tenures although it should be recognised that there could be some overlap between categories (i.e. some households might be suited to more than one type of accommodation. Below is a brief summary of the findings:
- Age-exclusive – the analysis suggests a potential shortfall of accommodation both currently and by 2037 (albeit not currently in the market sector).
 - Housing with support (sheltered/retirement housing) – the analysis suggests a shortfall in both the affordable and market sectors (although a small current surplus in the affordable sector). By 2037 a total shortfall of 1,740 units is estimated – 82% of this being in the market sector.
 - Housing with care (e.g. Extra-care housing) – a total shortfall of 977 units is estimated by 2037, of which 66% is in the market sector. It is estimated that there is a current shortfall in this category (in both tenures).
 - Residential/nursing care bedspaces – the analysis estimates a total need for an additional 1,116 bedspaces by 2037 (including a current shortfall of over 700).
 - Taking the categories of housing with support and housing with care together, the analysis suggests a need for 2,717 dwellings over the 2020-37 period (160 per annum) – this figure represents around 14% of the total housing need shown by the Standard Method.

Figure 6.10: Specialist Housing Need using adjusted SHOP@ Assumptions, 2020-37 – Charnwood

		Housing demand per 1,000 75+		Current supply	Current demand	Current shortfall/surplus (-ve)	Additional demand to 2037	Shortfall/surplus by 2037
		Start	Finish					
Age-exclusive	Market	5	5	94	78	-16	40	25
	Affordable	25	25	156	392	236	202	439
Total (age-exclusive)		30	30	250	471	221	243	463
Housing with support	Market	75	75	352	1,173	821	605	1,427
	Affordable	44	44	728	687	-41	354	313
Total (housing with support)		119	119	1,080	1,860	780	960	1,740
Housing with care	Market	15	27	0	235	235	406	640
	Affordable	9	16	38	137	99	237	337
Total (housing with care)		24	43	38	372	334	643	977
Residential care bedspaces		62	43	625	967	342	48	390
Nursing care bedspaces		43	43	289	670	381	345	726
Total bedspaces		104	85	914	1,637	723	393	1,116

Source: Derived from Demographic Projections and Housing LIN/EAC

- 6.30 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.
- 6.31 The tables 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.
- 6.32 The analysis has not attempted to break these figures down into the fourteen 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 Borough, with those areas with higher proportions potentially expected to see a higher demand for older person accommodation.

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

- 6.33 It is noted that at present Draft Policy LP4 (Affordable Housing) does not seek affordable contributions on sheltered/extra-care schemes due to viability concerns (see paragraph 5.23); this could however change in the lifetime of the plan and it is suggested that the Council considers rewording this part of the plan to allow flexibility if viability improves. Regardless, the commentary below provides an overview of issues arising from trying to secure affordable provision on sites of this nature.
- 6.34 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".*
- 6.35 There is a degree to which different terms can be used for this type of development interchangeably, 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.
- 6.36 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.

Use Classes

- 6.37 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).”
- 6.38 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.”
- 6.39 Personal care has been defined in Regulations³ 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.”
- 6.40 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.”*
- 6.41 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. This is consistent with the Use Class Order, where 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.
- 6.42 A range of appeal decisions 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 this, 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, it is considered that this should not 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.

³ Schedule 1 of the Health and Social Care Act 2008 (Regulated Activities) Regulations 2010.

NPPF Policies on Affordable Housing

- 6.43 Use Class on its own need not be determinative on whether affordable housing provision could be applied. In all cases we are dealing with 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.
- 6.44 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.
- 6.45 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.
- 6.46 The implication for Charnwood 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.
- 6.47 Within the 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. 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.

Viability

- 6.48 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 are also 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.
- 6.49 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.
- 6.50 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 wish to consider through the preparation of new Local Plans. 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

- 6.51 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.
- 6.52 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

- 6.53 Information about the need for housing for wheelchair users is difficult to obtain (particularly at a local level) National data within a research report by Habinteg Housing Association and London South Bank University (Supported by the Homes and Communities Agency) entitled *Mind the Step: An estimation of housing need among wheelchair users in England* (2010) has therefore been used. 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 herein is on national data.
- 6.54 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 (information from the CLG Guide to available disability data (taken from the English Housing Survey) puts the proportion of 'visitable' properties at a slightly higher 5.3%).
- 6.55 Overall, the report estimates that there is an unmet need for wheelchair user dwellings equivalent to 3.5 per 1,000 households⁴. Moving forward, the report estimates a wheelchair user need from around 3% of households.
- 6.56 Applying both of these figures to the demographic projections (as set out in the table below) suggests a need for around 800 wheelchair user homes in Charnwood in the period to 2037. Comparing the need for wheelchair dwellings shown to the local housing need, the need for wheelchair user dwellings equates to over 4% of the total housing need. A figure of 5% would therefore be a suitable policy benchmark for the level of provision required.

Figure 6.11: Estimated Need for Wheelchair User Homes, 2020-37

	Current Need	Projected Need (2020-37)	Total
Charnwood	264	547	812

Source: Derived from Demographic Projections and Habinteg Prevalence Rates

- 6.57 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 users, compared with 2.3% of owner-occupiers (there was insufficient data for private renting, suggesting that the number is low).
- 6.58 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.

⁴ This is described in the Habinteg report as the number of wheelchair user households with unmet housing need

The Needs of Older Persons & Those 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 in general that Charnwood has a similar age structure (in terms of older people) and slightly lower levels of disability compared with other areas. The older person population is projected to increase notably in the future and an ageing population means that the number of people with disabilities is likely to increase substantially. Key findings include:
 - A 38% increase in the population aged 65+ over 2020-2037 (potentially accounting for around two-fifths of total population growth);
 - A 51% increase in the number of people aged 65+ with dementia and a 46% increase in those aged 65+ with mobility problems (2020-37);
 - A need for around 1,700 housing units with support (sheltered/retirement housing) in both the market and affordable sectors – 2020-37;
 - A need for around 1,000 additional housing units with care (e.g. extra-care), around a third in the affordable sector (2020-37);
 - A need for additional care bedspaces (2020-37); and
 - A need for around 800 dwellings to be for wheelchair users (meeting technical standard M4(3)) – 2020-37.
- 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. It is noted that these recommendations differ from those in Draft Policy LP6 (Housing Mix).
- 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 or confirming 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. It is noted that at present Draft Policy LP4 (Affordable Housing) does not seek affordable contributions on sheltered/extra-care schemes due to viability concerns; this could however change in the lifetime of the plan and it may be prudent for the Council to consider if the wording of the plan is sufficiently flexible to allow for improved viability of such schemes.

7. Private Rented Sector

Introduction

- 7.1 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'*.
- 7.2 This section therefore looks at a range of statistics in relation to the PRS in Charnwood. 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

- 7.3 The table below shows the tenure split of housing in 2011 in Charnwood and a range of other areas. This shows a total of 9,400 households living in private rented housing in the Borough – 14.1% of all households. This proportion is slightly 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 806 (1.2% of all households) are recorded as living in 'other' PRS accommodation, this is mainly households living in housing owned by a relative or friend.

	Charnwood	Leicestershire	East Midlands	England
Owns outright	23,729	127,118	621,224	6,745,584
Owns with mortgage/loan	24,771	139,385	666,185	7,403,200
Social rented	7,851	59,287	300,423	3,903,550
Private rented	9,396	59,931	282,443	3,715,924
Living rent free	769	4,838	25,329	295,110
Total	66,516	390,559	1,895,604	22,063,368
% private rented	14.1%	15.3%	14.9%	16.8%

Source: Census (2011)

- 7.4 The table below shows the proportion of household 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 8.0% of households in Birstall, up to 20.5% in Loughborough – the figures for Loughborough are influenced by the student population and it is estimated that around a quarter of the PRS in Loughborough is occupied by student-only households. 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.

	Private landlord or letting agency	Employer of a household member	Relative or friend of household member	Other	Total in private rented sector
Loughborough	19.2%	0.1%	1.0%	0.2%	20.5%
Shepshed	10.0%	0.1%	0.8%	0.1%	10.9%
Birstall	7.2%	0.1%	0.7%	0.1%	8.0%
Syston	11.6%	0.2%	1.2%	0.1%	13.0%
Thurmaston	10.4%	0.1%	0.9%	0.1%	11.4%
Anstey	9.1%	0.1%	0.8%	0.1%	10.2%
Barrow upon Soar	9.5%	0.2%	0.8%	0.2%	10.6%
Mountsorrel	10.3%	0.0%	1.0%	0.1%	11.4%
Quorn	10.2%	0.1%	0.9%	0.1%	11.3%
Rothley	8.4%	0.4%	0.6%	0.2%	9.6%
Sileby	12.1%	0.2%	0.9%	0.2%	13.3%
North – The Wolds	9.4%	0.3%	0.8%	0.2%	10.6%
South East – Wreake Villages	8.8%	0.1%	0.6%	0.1%	9.6%
South West – Charnwood Forest	8.6%	0.9%	0.5%	0.6%	10.5%
Charnwood total	12.9%	0.2%	0.9%	0.2%	14.1%

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

- 7.5 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 increase in the number of households in social rented accommodation.

	2001 households	2011 households	Change	% change
Owens outright	19,504	23,729	4,225	21.7%
Owens with mortgage/loan	27,536	24,771	-2,765	-10.0%
Social rented	7,282	7,851	569	7.8%
Private rented	5,026	9,396	4,370	86.9%
Other	1,124	769	-355	-31.6%
Total	60,472	66,516	6,044	10.0%

Source: 2001 and 2011 Census

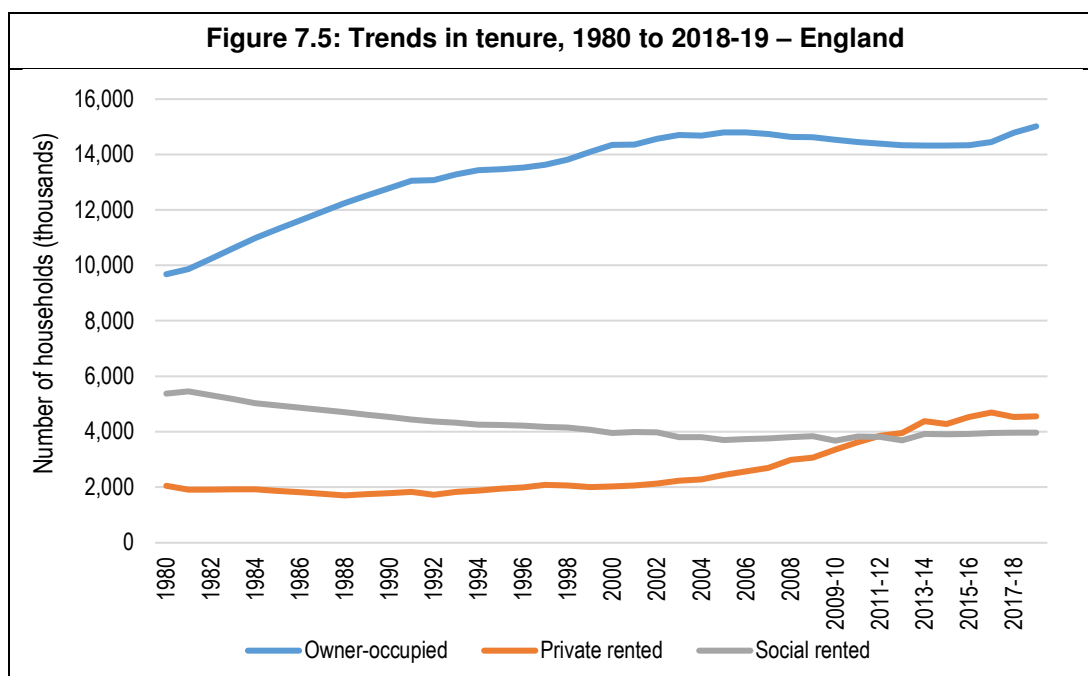
- 7.6 The general pattern of tenure changes in Charnwood is broadly similar to that seen in other areas – i.e. an increase in the PRS and outright owners and a reduction in owners with a mortgage.

	Charnwood	Leicestershire	East Midlands	England
Owns outright	21.7%	16.5%	16.4%	13.0%
Owns with mortgage/loan	-10.0%	-9.7%	-7.1%	-8.4%
Social rented	7.8%	2.1%	-1.0%	-0.9%
Private rented	86.9%	103.1%	95.9%	82.4%
Other	-31.6%	-10.4%	-26.3%	-29.6%
TOTAL	10.0%	9.6%	9.4%	7.9%

Source: 2001 and 2011 Census

7.7 The PRS has clearly been growing rapidly over time, in Charnwood 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.

7.8 Since 2011, the EHS data shows that that PRS has risen by a further 22% and if Charnwood has seen a similar level of increase then this would imply about 2,100 additional households in the sector – taking the total number to around 11,500. Experimental statistics from ONS suggest that the size of the PRS may have increased more strongly, with an estimate that there were 18,200 households in the sector in 2018. The ONS data should however be treated with some caution (large error margins) with ONS themselves noting that the figures are not official statistics.



Source: English Housing Survey

7.9 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.

7.10 For the Under 35 age group the analysis again shows a substantial increase in the number of households living in private rented accommodation (69%). It should also be noted that overall there was a small decline in the number of households aged under 35 (decreasing by 2.5%). The analysis also highlights a significant decrease in the number of owner occupiers (decreasing by over a third in just 10-years) and a modest reduction in the number of young people in social rented accommodation. In 2001, some 26% of younger households lived in the PRS; by 2011, this had increased to 45%. These trends are likely to have been influenced by affordability issues, including the recession and restrictions on mortgage finance availability.

	2001	2011	Change	% change
Owned	6,994	4,630	-2,364	-33.8%
Social rented	1,742	1,705	-37	-2.1%
Private rented	3,062	5,168	2,106	68.8%
TOTAL	11,798	11,503	-295	-2.5%

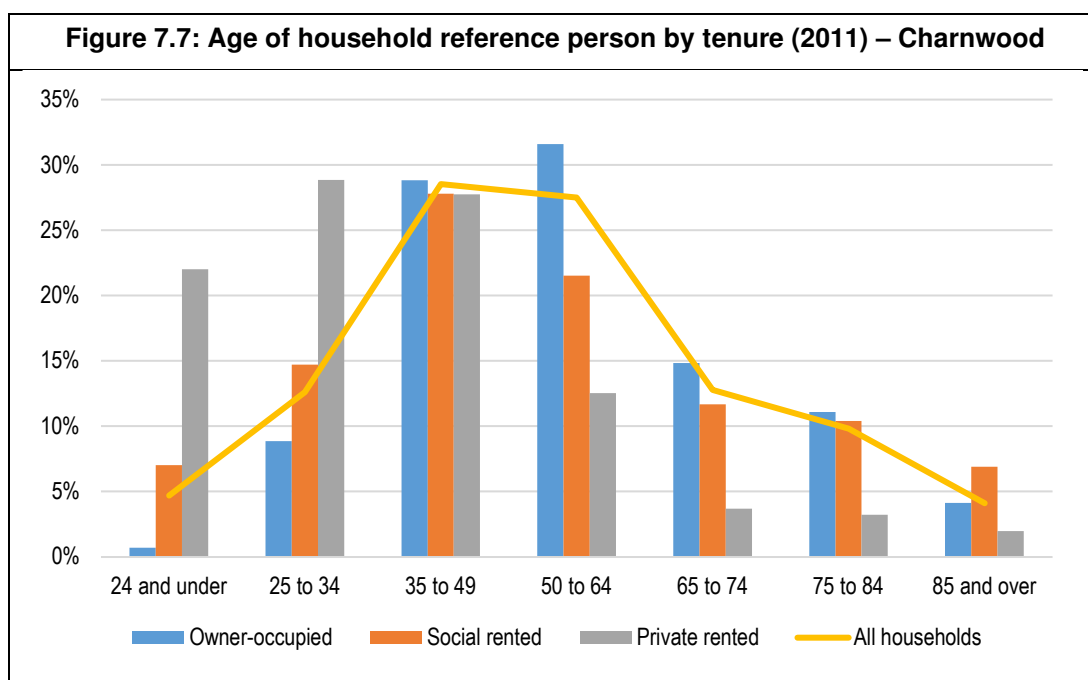
Source: 2001 and 2011 Census

Profile of Private Renters

7.11 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

7.12 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 39 years (compared with 53 years for social renters and 56 for owner occupiers). Over three-quarters (79%) of private rented sector HRPs were aged under 50 compared with 50% of social renters and 38% of owner occupiers.



Source: Census (2011)

- 7.13 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

- 7.14 The table below shows the composition of households living in the private rented sector (and compared with other tenures). This shows that around 28% of the PRS are households with dependent children, younger single person households make up 26% of the sector. The sector also sees a high proportion of households in the 'other' category – this will include student households but will also include other multi-adult households living in shared accommodation (i.e. houses in multiple occupation (HMOs)).
- 7.15 Between 2001 and 2011, Census data shows that the number of households with dependent children in the PRS rose from 1,317 to 2,805 – a 213% increase. The proportion of the PRS made up of households with dependent children has increased from 21% to 28% over the same period. The EHS also shows a similar pattern nationally.

	Owner-occupied	Social rented	Private rented	Total
Single person aged 65+	12.0%	20.2%	5.8%	12.0%
Single person aged <65	12.3%	25.8%	26.3%	16.1%
Couple aged 65+	11.7%	4.7%	1.7%	9.4%
Couple, no children	21.5%	7.7%	15.9%	19.0%
Couple, dependent children	22.4%	15.0%	14.9%	20.4%
Couple, all children non-dependent	8.6%	2.6%	1.6%	6.8%
Lone parent, dependent children	3.3%	14.4%	10.5%	5.7%
Lone parent, all children non-dependent	3.2%	5.0%	2.0%	3.2%
Other households with dependent children	2.0%	2.1%	2.1%	2.0%
Other households	2.9%	2.6%	19.1%	5.4%
Total	100.0%	100.0%	100.0%	100.0%
Total households	48,500	7,851	10,165	66,516
Total dependent children	27.7%	31.4%	27.6%	28.1%

Source: Census (2011)

Size and type of accommodation

7.16 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. That said, the PRS does have the highest proportion of terraced accommodation.

7.17 When looking at the size of accommodation, it is clear that the PRS is strongly focussed on 2- and 3-bedroom homes (making up 66% of all households in this tenure – although other tenures show a similar proportion). The owner-occupied sector has the highest proportion of 4+-bedroom homes (27% of the total in this tenure) whilst social renting has the highest proportion of 1-bedroom homes (39%).

	Owner-occupied	Social rented	Private rented	Total
Detached	39.1%	2.0%	13.0%	30.7%
Semi-detached	42.0%	32.4%	30.7%	39.1%
Terraced	15.8%	19.4%	31.1%	18.5%
Flat/other	3.2%	46.2%	25.3%	11.7%
Total	100.0%	100.0%	100.0%	100.0%
	48,500	7,851	10,165	66,516

Source: Census (2011)

	Owner-occupied	Social rented	Private rented	Total
1-bedroom	2.3%	39.3%	14.9%	8.6%
2-bedrooms	21.5%	23.6%	36.1%	24.0%
3-bedrooms	48.8%	33.4%	31.0%	44.2%
4+-bedrooms	27.5%	3.6%	18.0%	23.2%
Total	100.0%	100.0%	100.0%	100.0%
	48,500	7,851	10,165	66,516

Source: Census (2011)

Overcrowding and under-occupation

- 7.18 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 4.0% of households being overcrowded in 2011 (albeit this figure is lower than the 5.7% figure in social rented accommodation, but notably above the owner-occupied figure of 1.7%). Levels of under-occupation are higher than in the social rented sector, with around 59% of households having at least one spare bedroom (85% in the owner-occupied sector).

	Owner-occupied	Social rented	Private rented	Total
+2 or more	49.0%	11.2%	20.5%	40.2%
+1 or more	36.3%	23.7%	38.8%	35.2%
0	13.0%	59.5%	36.7%	22.1%
-1 or less	1.7%	5.7%	4.0%	2.5%
Total	100.0%	100.0%	100.0%	100.0%
	48,500	7,851	10,165	66,516

Source: Census (2011)

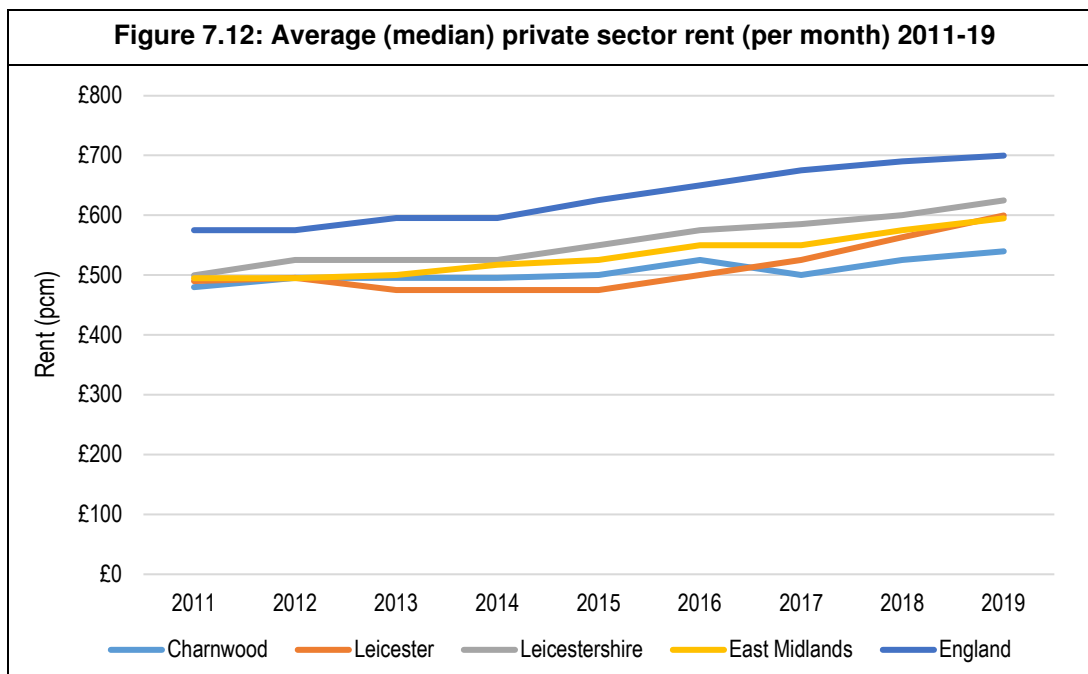
Economic activity

- 7.19 Data from the 2011 Census shows that 72% of private renters in Charnwood were working, this is higher than the proportion of owner occupiers (69%) and somewhat higher than the proportion of social renters in work (41%). Smaller proportions of private renters were retired (9%) compared with over a quarter of owner-occupiers (29%) and social rented sector tenants (30%).

Housing Costs

- 7.20 The analysis of affordable housing need describes the current cost of housing in the PRS in Charnwood. 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).

7.21 The figure below shows a time-series of average (median) rents from 2011 to 2019; this shows across the Borough area that there has been only a modest increase in rent levels and that rents are somewhat lower than seen nationally (and also below County and regional averages). To some extent the figures in Charnwood may be influenced by the level of ‘room-only’ lettings included within the ONS and VOA source.



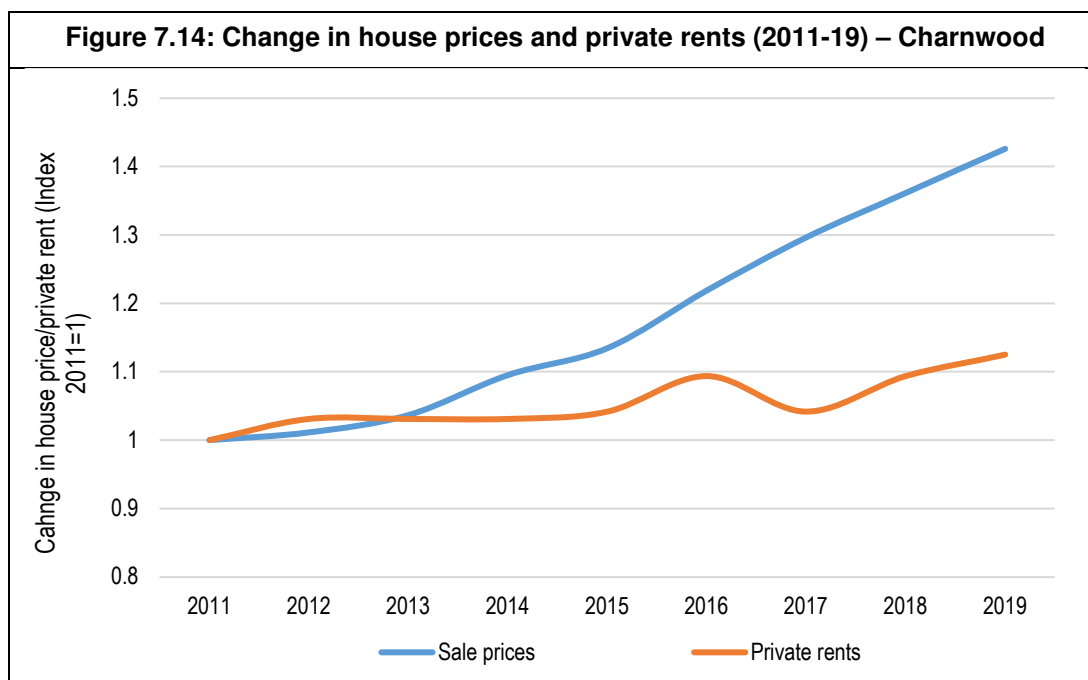
Source: Valuation Office Agency

7.22 The table below shows that the overall average rent in Charnwood increased by £60 per month (a 13% increase). In comparison, rents increased by 20% across the East Midlands and 22% nationally. When looking at individual sizes, it is however apparent that all of these have seen increases above 13% (ranging from 16% to 22%) – this suggests there has been some change in the profile of lettings towards smaller units over time (or at least in terms of those letting recorded by VOA/ONS).

	2011	2019	Change	% change
1-bedroom	£395	£460	£65	16%
2-bedrooms	£495	£585	£90	18%
3-bedrooms	£575	£700	£125	22%
4+-bedrooms	£795	£950	£155	19%
All dwellings	£480	£540	£60	13%

Source: Valuation Office Agency

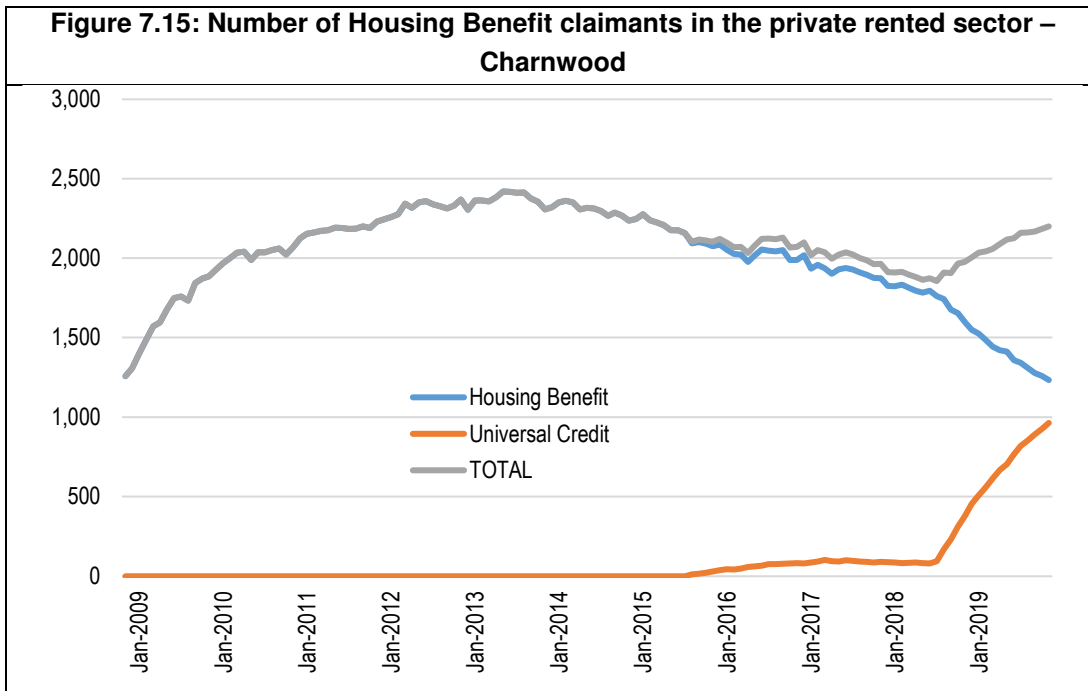
- 7.23 The figure below shows a comparison between changes to private sector rents and changes to the average house price in the 2011-19 period. The analysis shows that house prices have increased by around 43% in Charnwood, compared with a 13% change in rents. For context, the equivalent change in prices across England and Wales was only 33%. 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.



Source: Valuation Office Agency and Land Registry

Housing Benefit Claimants

- 7.24 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 of 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).
- 7.25 The analysis shows that from 2008, the number of claimants in the PRS rose steadily to peak at just under 2,500 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 over 2,200. It is clear that the PRS still has a significant role in providing accommodation for those who cannot afford the market.



Source: Department of Work and Pensions

Build-to-Rent

- 7.26 As noted, the size of the PRS has grown substantially in Charnwood 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.
- 7.27 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.
- 7.28 The Government has been promoting Build-to-Rent housing. It has set up a Private Rented Sector Taskforce; and supported delivery through 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.
- 7.29 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).

- 7.30 The benefits of Build to Rent 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 wide 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.
- 7.31 In Charnwood, there is currently no evidence of a need for Build to Rent or any significant activity in the sector other than for student accommodation (i.e. housing built specifically to house students during their studies). The need/demand for purpose-built (private sector) student housing can be seen from recent completions and the pipeline supply which is discussed in Section 9 of this report.
- 7.32 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 Charnwood, 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.
- 7.33 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.
- 7.34 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 Accelerating housing supply and increasing tenant choice in the private rented sector: A Build to Rent Guide for Local Authorities (DCLG, March 2015)

- 7.35 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 Guidance⁶ 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. 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”

- 7.36 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.

⁶ ID: 60-002-20180913

The Private Rented Sector: Key Messages

- The private rented sector (PRS) accounted for around 14% of all households in Charnwood (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 87% in the 2001-11 period). The analysis shows a particularly large PRS in Loughborough (in part linked to the student population) – nearly half of all private rented sector homes are in the Loughborough area.
- 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 relatively 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 49% 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 significantly 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) other than potentially for students. 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.

8. Space Standards

Introduction

- 8.1 A strong case for implementing space standards exists where there is evidence that developers are seeking to reduce the size of dwellings while trying to minimise any reduction in value. This is typically achieved by designing smaller homes with the same number of habitable rooms.
- 8.2 Studies into the supply of homes in London indicate a pattern of increased “cramming” of rooms (such as additional bathrooms) into dwellings leading to smaller habitable rooms and significant reductions in areas of high demand for housing⁷. This stems from a market failure resulting firstly from power imbalances between buyers and sellers such that developers can deliver housing of poor quality (likely to be a combination of weak specification and small in size)⁸.
- 8.3 Secondly, the short-term perspective of the volume housebuilders who suggest their homes are under-occupied at the point of sale, but a new home may last many decades. The judgement about size should, therefore, take into account its use over this longer period⁹. This is particularly relevant in understanding the perspective of Registered Providers (RPs) to space standards given the need for an affordable home to house many different households over its existence.
- 8.4 This introduces the notion of whether a home is sufficiently adaptable and whether units delivered tightly around the need of a four-person able-bodied household by housebuilders introduce inefficiencies into the market for homes. Such homes do not readily allow for household growth or occupation by households of different kinds (including those with particular needs). This constitutes a hidden cost that will not be borne by the developer but will be passed on to society as a whole through a need to deliver more homes than would be otherwise required had they been adaptable.

Market Intervention

- 8.5 The value of housing consists of several different components, but the trade-off between space and proximity to locations of employment is arguably the fundamental driver. The public sector has sought to intervene where there is evidence that households are living in smaller dwellings than their household needs only to live within a reasonable commuting distance from their place of work.
- 8.6 It is worth noting space standards represent an intervention in the market for homes. Households actively decide to move because they are seeking more space in which, for example, to bring up a growing family. For other households, they decide to forego additional space for the advantages that being in an area located closer to services and economic opportunities provide. Typically, such areas have higher land values.

⁷ HATC, Housing Space Standards, 2006, page 7

⁸ Extremely high density cities such as Hong Kong offer a classic example of where an unregulated market has generated unacceptable living conditions for people. The conditions of very high land values and high demand may exist in the UK, for example, Canary Wharf in London that has exhibited rapid development at high densities in recent years.

⁹ HATC Housing Space Standards, 2006, page 11

- 8.7 The use of space standards can weaken the ability of the market to operate in this way, and may result in fewer, more expensive homes being built in accessible locations. This can mean some households that would otherwise have been able to buy a home (and exercise their choice to live in a smaller home) are unable to do so. It also means that, because the market is unable to respond to demand, fewer homes will be delivered.
- 8.8 It is therefore important to note that adopting a space standards policy is potentially not without costs. For this reason, the PPG notes “the impact of adopting the space standard should be considered as part of a plan’s viability assessment with account taken of the impact of potentially larger dwellings on land supply. Local planning authorities will also need to consider impacts on affordability where a space standard is to be adopted”¹⁰.
- 8.9 The Planning Practice Guidance sets out how plan-makers should consider whether space standards are required. In addition to checking for viability, PPG notes that “evidence should be provided on the size and type of dwellings currently being built in the area, to ensure the impacts of adopting space standards can be properly assessed, for example, to consider any potential impact on meeting the demand for starter homes”.
- 8.10 The concern here again is that the use of space standards will place costs on development that will prevent development from coming forward that is affordable to those of modest means.

Assessment of Recent Supply

- 8.11 Following the PPG, in this section, we consider whether current and recent delivery of new homes broadly conforms with national space standards or whether there is evidence of a departure from the recommended technical standards.
- 8.12 The National Space Standards (NDSS) are set out in central government policy¹¹. Table 1 from this document is reproduced below setting out the recommended gross internal floor areas for different sizes of home. Sizes are expressed with reference to the number of bedrooms (denoted as ‘b’) and the number of bed-spaces (or people) that can be accommodated within these bedrooms (denoted as ‘p’). A three-bedroom (3b) home with one double bedroom (providing two-bedspaces) and two single bedrooms (each providing one-bedspace) are therefore described as 3b4p.¹²

¹⁰ PPG (Housing: optional technical standards) Paragraph: 020 Reference ID: 56-020-20150327

¹¹ MHCLG, Technical housing standards – nationally described space standard

¹² MHCLG, Technical housing standards – nationally described space standard, page 3

Figure 8.1: Minimum gross internal floor areas and storage (m²)

Number of bedrooms(b)	Number of bed spaces (persons)	1 storey dwellings	2 storey dwellings	3 storey dwellings	Built-in storage
1b	1p	39 (37) *			1.0
	2p	50	58		1.5
2b	3p	61	70		2.0
	4p	70	79		
3b	4p	74	84	90	2.5
	5p	86	93	99	
	6p	95	102	108	
4b	5p	90	97	103	3.0
	6p	99	106	112	
	7p	108	115	121	
	8p	117	124	130	
5b	6p	103	110	116	3.5
	7p	112	119	125	
	8p	121	128	134	
6b	7p	116	123	129	4.0
	8p	125	132	138	

Source: MHCLG

8.13 We have also reproduced the technical requirements relating to dwellings and bedroom size¹³ with which development should conform to meet the standards. The standard requires that:

- a) the dwelling provides at least the gross internal floor area and built-in storage area set out in the table above;
- b) a dwelling with two or more bed-spaces has at least one double (or twin) bedroom;
- c) to provide one bed-space, a single bedroom has a floor area of at least 7.5m² and is at least 2.15m wide;
- d) to provide two-bed spaces, a double (or twin bedroom) has a floor area of at least 11.5m²; and,
- e) one double (or twin bedroom) is at least 2.75m wide and every other double (or twin) bedroom is at least 2.55m wide.

8.14 To assess the degree to which recent development is aligned with these standards, we have examined three local development projects being currently being marketed. These are being delivered by different developers, Charnwood Place in Rothley (Linden Homes), Tay Road in Lubbethorpe (Barratt) and Gynsill Gate in Anstey (Keepmoat).

8.15 Lubbethorpe is just outside Charnwood borough whereas Rothley and Anstey are within its boundaries. However, given they sit within the same housing market area, they all indicate the type, size and price of dwellings that volume housebuilders are likely to build in the absence of a space standard policy.

8.16 It is worth noting however that these dwellings represent a response to current market trends, therefore the mix of units delivered over the plan period are likely to shift as a result of changing economic conditions and the evolution of construction technologies.

¹³ Ibid, page 4

8.17 The table below sets out the data gathered from the developer's promotional websites. These websites include a floorplan and layout for different types of homes available within the scheme being marketed.

8.18 Given the emphasis expressed in the PPG that an assessment of the need for a space standard policy should consider affordability entry-level homes,¹⁴ dwellings of between 1 and 3 bedrooms priced within the Help to buy price cap of £261,900 for the East Midlands¹⁵ have been examined.

Figure 8.2: New build homes in Charnwood, development specifications

	Floors	No. Beds	Living (sqm)	K'chen (sqm)	Add. Space (sqm)	1-bed Size (sqm)	2-bed Ave. Size (sqm)	Total (sqm)	Price (000s)
Charnwood Pl.	2	2	19.6	7.6		12.6	13.5	53.2	£218
Tay Road	Flat	1	21.7	0	3.9	11.0		36.6	£153
Tay Road	Flat	2	17.3	5.8	3.8	13.7	11.5	52.2	£180
Tay Road	Flat	2	18.1	5.9	4.0	11.4	9.9	49.3	£195
Tay Road	3	3	17.2	15.7	11.5	10.9	8.1	63.3	£265
Gynsill Gate	2	2	14.8	13.3	5.2	10.7	12.4	44.1	£198
Gynsill Gate	2	3	16.2	16.8	13.5	12.4	8.3	67.2	£240

Source: developer website, GL Hearn specifications

8.19 Using this evidence, it is possible to determine the degree to which dwellings at these sites are meeting NDSS. This is presented in the table below.

Figure 8.3: Compliance with national space standards

Site	Location	Developer	Dwelling type	Technical standards				
				a	b	c	d	e
Charnwood Place	Rothley	Linden	2-bedroom house	x	✓	✓	✓	✓
Tay Road	Lubbesthorpe	Barratt	1-bedroom flat	x	N/A	✓	N/A	✓
Tay Road	Lubbesthorpe	Barratt	2-bedroom flat	x	✓	✓	✓	✓
Tay Road	Lubbesthorpe	Barratt	2-bedroom flat	x	✓	✓	x	✓
Tay Road	Lubbesthorpe	Barratt	3-bedroom house	x	x	✓	x	✓
Gynsill Gate	Anstey	Keepmoat	2-bedroom house	x	✓	✓	✓	✓
Gynsill Gate	Anstey	Keepmoat	3-bedroom house	x	✓	✓	✓	✓

Source: developer websites, GL Hearn specifications

8.20 The tables above show that none of the developers can deliver entry-level dwellings that meet national space standards in full with all failing condition A which relates to the amount of gross internal floor area and built-in storage area supplied.

¹⁴ PPG notes that the introduction of space standards should take into account the impact on "meeting demand for starter homes". These may be understood as homes of a type and size suited to first time buyers on modest incomes.

¹⁵ <https://www.helptobuy.gov.uk/equity-loan/eligibility/> <https://www.helptobuy.gov.uk/equity-loan/eligibility/> (visited 26/03/20)

- 8.21 In addition, Energy Performance Certificate (EPC) data has been sourced for dwellings in Charnwood. An EPC is required for properties when they are constructed, sold or let. In addition to energy performance data, the size of properties is recorded within the EPC.
- 8.22 The table below sets out the average size in square metres of new build homes built in the Charnwood in 2017, 2018 and 2019 from EPC data.

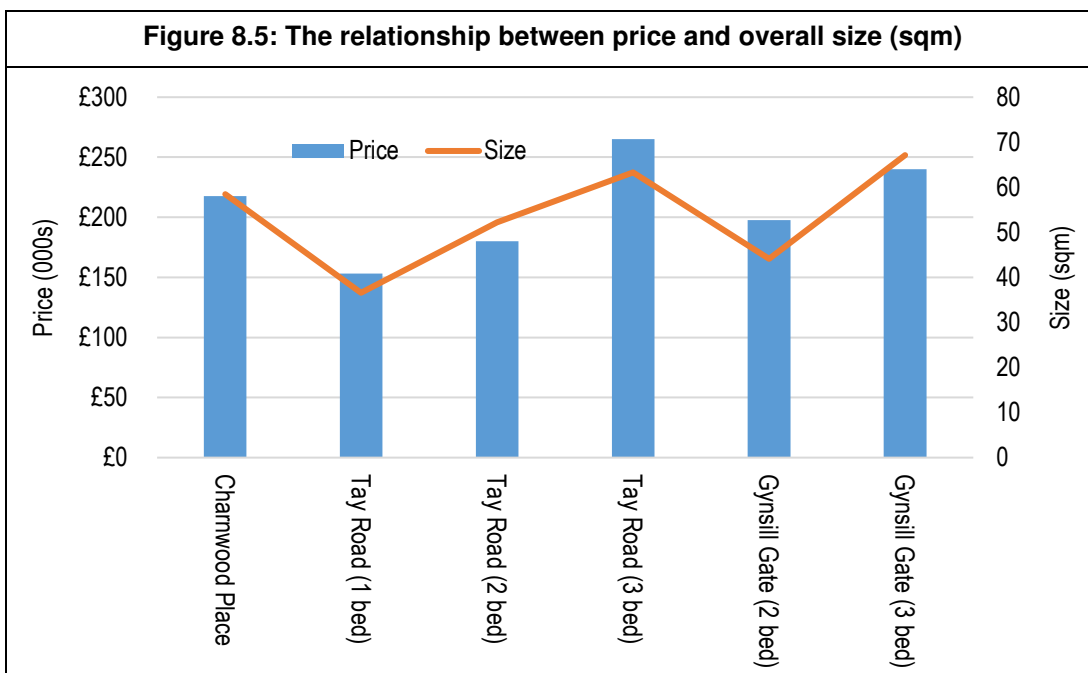
No. Habitable Rooms	Bungalow	Flat	House	Maisonette	Average
2	44	45	44	47	45
3	62	59	60	63	60
4	78	75	77	73	77
5	100	77	89	87	90

Source: EPC

- 8.23 To assess whether these homes meet NDSS, it is necessary to convert habitable rooms into dwellings of different numbers of bedrooms.
- 8.24 There is no single legal definition of "habitable room", as its use and meaning are subject to context¹⁶. However, for the purposes of this exercise, we have assumed a definition that is consistent with Part M of the building regulations: a room used or intended to be used, for dwelling purposes including a kitchen but not a bathroom or utility room.
- 8.25 Using this definition, we have assumed:
- a dwelling with 2 habitable rooms comprises a bedroom and an open-plan kitchen/living space;
 - a dwelling with 3 habitable rooms comprises two bedrooms and an open-plan kitchen/living space;
 - a dwelling with 4 habitable rooms comprises two bedrooms, a kitchen and a living room; and
 - a dwelling with 5 habitable rooms comprises three bedrooms, a kitchen and living room.
- 8.26 This suggests that smaller 2-bedroom dwellings of 3 habitable room do not meet space standards for any type of home. The average size of houses and maisonettes is 60 and 63 sqm respectively, and the average for all dwellings is 60 sqm. The minimum NDSS for a dwelling of this size is 70 sqm, assuming a 3-person household. These dwellings, therefore, do not meet NDSS by around 7-10 sqm, or 9% (rounded).
- 8.27 However, for homes of 4 habitable rooms, which we assume are also 2 bedroom dwellings, these are broadly in line with NDSS, achieving an average of 77 sqm.
- 8.28 For larger dwellings of 5 habitable rooms or 3 bedrooms, NDSS set a minimum size of 102 sqm for 2 storey home. The EPC data presented in the table above suggests dwellings of this size do not meet NDSS by a margin of 10 sqm, or 12% (rounded).

¹⁶ https://www.planningportal.co.uk/directory_record/275/habitable_rooms (visited 08/04/20)

- 8.29 The evidence gathered from developer websites and EPC suggests volume housebuilders are seeking to “cram” housing to a greater or lesser degree. It is also the case however they perform more strongly in fulfilling space standards associated with individual rooms (conditions b-e) with all schemes satisfying these standards apart from the 2-bedroom flats and a 3-bedroom house at Barratt's development in Lubbesthorpe.
- 8.30 However, there is a price difference between the dwellings of different overall sizes. The 2-bedroom home is offered by Linden Homes in Rothley is 10% more expensive than the comparable dwelling delivered by Keepmoat in Anstey (£217,495 as against £197,495) but also 21% larger (58.5 sqm, as opposed to 44.1 sqm).
- 8.31 The property in Tay Road is priced at £265,000, 22% more than the Charnwood Place home, but offers around 19% more space, as well as an additional bedroom. Again, this suggests developers are positioning their product in the market with an eye to the price points of competing schemes.
- 8.32 This suggests developers are specifically positioning themselves in the market to offer different types of homes to different sections of the market (in this case arguably “budget” and “middle market”). It is important to note it is this operation of the market that creates consumer choice. A possible consequence of obligatory space standards could be that the range of choice would be narrower and some prospective buyers would not be able to afford to buy.
- 8.33 The range of choice available to consumers is further illustrated in the difference in price and size between the 2-bedroom Charnwood place property and the 3-bedroom dwelling in Tay Road. The relationship between space and value is illustrated in the figure below. Therefore, while developers seek to provide as many habitable rooms as possible, there remains a clear connection between overall size of home and price with developers identifying this as a way of appealing to different sections of the market.



Source: Developer websites, GL Hearn calculations

- 8.34 Within this range of available properties, it is worth also noting the role of flatted schemes. The dwellings of 1 and 2 bedrooms at Tay Road, while they are smaller than that recommended by space standards, nevertheless provide affordable market dwellings at a price substantially below that of houses, again increasing choice in the market for new homes.

Registered Providers

- 8.35 Engagement with Registered Providers (RPs) was undertaken to get their view of space standards in Charnwood. Those of four RPs were obtained, Midland Heart, Nottingham Community Housing Association (NCHA) and Stonewater and East Midlands Housing.
- 8.36 Midland Heart do not support NDSS as “larger homes equal more expense and will result in either less homes on a site or smaller gardens”.
- 8.37 They also challenge the relationship between the size of home and quality. To show that homes with less space than the NDSS minimum can provide a good, functional home an example is given of a 3 bedroom dwelling of 82 sqm designed for 5 people¹⁷. They suggest that, through good design, this can perform better than a home that meets NDSS.
- 8.38 As regards market distortion, they comment that “if NDSS was adopted by the LA, there will be increase in costs (this could affect viability), (and a possible) reduction of the number of homes that can be developed for affordable homes or potentially smaller gardens; and it may not necessarily have a good design to ensure the home is fit for purpose. We think there should be a consideration on good design and useable space in the home rather than focusing on sizes”.
- 8.39 In addition, they provide data to show the degree of deviation from NDSS in homes delivered by Midland Heart in 2019. This is reproduced in the table below. The table below shows that 2-bedroom homes suitable for newly forming households tend to be smaller than NDSS. This reflects similar trends in the for-sale market and is likely to be associated with affordability. Larger homes designed for households of 4 people or more tend to be closer to NDSS. The conclusion is that Midland Heart treat space as a moveable variable, focusing on design quality to ensure homes are fit for purpose.

¹⁷ This is 12% smaller than NDSS which indicates a dwelling of this type should be 93 sqm

Figure 8.6: Midland Heart sizes of new homes (2019)				
Type	Count	Mean Size (m ²)	NDSS (m ²)	Deviation
1B2PB	11	52	50	+4%
1B2PF	106	50	50	0%
2B3PB	7	58	61	-5%
2B3PF	43	53	61	-13%
2B3PH	4	60	70	-14%
2B4PH	213	72	79	-9%
3B4PH	7	87	84	+4%
3B5PH	164	89	93	-4%
4B6PH	6	102	106	-4%
4B7PH	3	141	121	+17%
4B8PH	6	131	130	+1%

Source: Midland Heart

- 8.40 NCHA take a similar view. Their position as Homes England Strategic Partner means they must achieve 85% of the NDSS floor area. As a result, their standard house types are around this size.
- 8.41 In their view, NDSS will impact on scheme density and costs undermining the viability of delivering affordable homes. Were CBC to introduce policy LP7 as drafted, in their view, this could result in fewer homes being delivered in the area.
- 8.42 They also make the point that "if Charnwood were to implement NDSS but other local authorities didn't, then it may be that developers choose to target development in other local authority areas".
- 8.43 Stonewater, however, support NDSS on condition that they are applied equally to affordable and market products, ensuring a "level playing field".
- 8.44 They place particular emphasis on the adaptability of homes, stating they have "declined opportunities in the past where developers propose S106 units that fall significantly below the NDSS to ensure that the homes we have in our stock provide comfortable homes into the future".
- 8.45 East Midlands Housing take a similar line to Stonewater that NDSS should apply equally to both open market and affordable homes. While the need to establish a "level playing field" may be achieved by the application of the policy across all tenures of development, EMH sound a note of caution that the impact on build costs could reduce the price developers (both for-sale and RP) can offer land-owners, potentially resulting in weaker land supply. Nevertheless, their overall view is that NDSS are "step in the right direction for sustainable homes".
- 8.46 The emphasis on sustainability and adaptability comes through from RPs given they are not acquiring homes for one household, but for the many households that may occupy the home over its lifetime. Moreover, as affordable homes, there is no possibility of the dwelling being enlarged while it is in RP ownership, unlike dwellings in owner-occupation.

Space Standards: Key Messages

- The PPG (Reference ID: 56-018-20150327) states that “Where a local planning authority wishes to require an internal space standard, they should only do so by reference in their Local Plan to the nationally described space standard (NDSS)”.
- Within Charnwood, private sector developers are not delivering to the overall NDSS concerning gross internal floorspace and built-in storage. However, they do perform strongly in fulfilling the NDSS on individual rooms. In addition, developments are offering a range of products with room sizes of an acceptable size at different price points that are affordable for first-time buyers.
- This would suggest that the evidence may not be strong enough to support the retention of Policy LP7 that requires NDSS to be met on all new development in the Borough. A more appropriate policy response might be to support delivery by planning for enough homes of the right type, size and tenure to meet demand, as set out in Draft Policy LP6. In respect of affordable housing, the Council should be conscious of Homes England’s space standards in setting any policy.
- In considering whether to include a space standards policy, the Council should form a judgement as to whether introducing an additional regulatory dimension on the industry (and thereby increasing costs) will compromise viability to an unacceptable degree. This may reduce delivery, place upward pressure on house prices, and potentially reduce the ability of households to access market homes.
- There may be a concern about the future adaptability of new homes given they are narrowly designed with the needs of a particular market segment in mind. The needs of all households must be considered in the provision of future housing. To address this, policies that support the adaptability of homes, for example designing to M4(2) and M4(3) standards, may be appropriate.

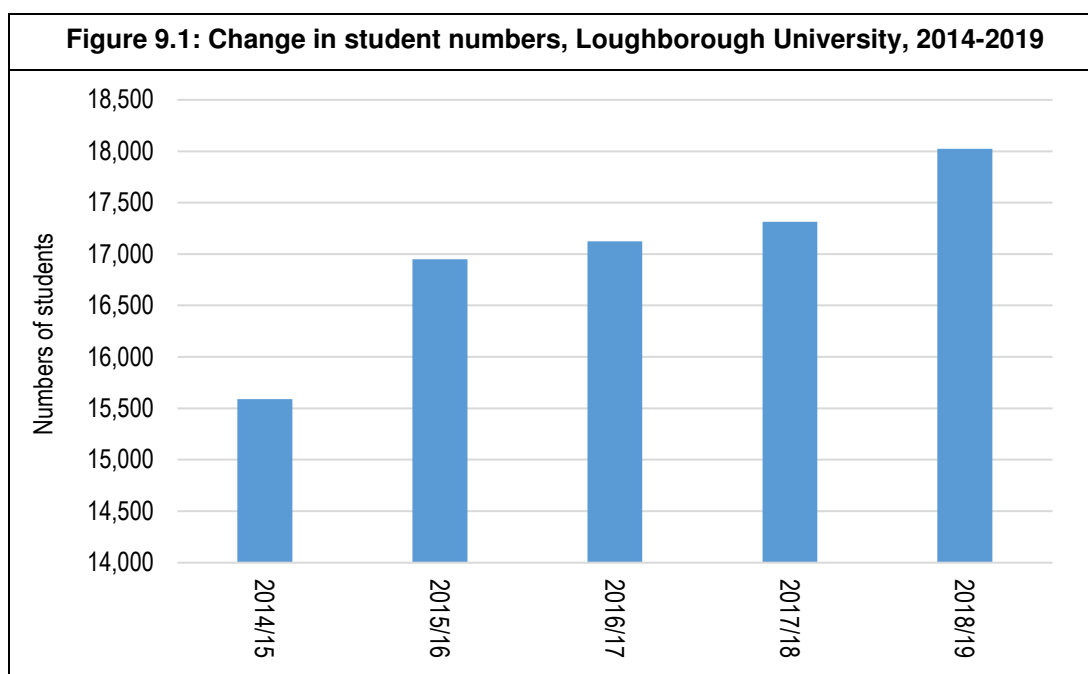
9. Student Housing

Introduction

- 9.1 The PPG states that plan-making authorities are required to plan for “sufficient student accommodation whether it consists of communal halls of residence or self-contained dwellings, and whether or not it is on campus”. To do this they are advised: “to engage with universities and other higher educational establishments to ensure they understand their student accommodation requirements in their area”.¹⁸
- 9.2 It is important to note from this that the unit of capacity for halls of residence (HoR) can be expressed as “bed-spaces”, with one space allowing for one student. The capacity of self-contained dwellings rented in the private sector (HMOs) may be understood as the average size of student households in Charnwood. This is 3.02¹⁹. Therefore, 100 spaces in HoR translates into a capacity to house 100 students and 100 HMOs would have a capacity to housing 302 students.

Baseline

- 9.3 The Higher Education Statistics Agency (HESA) gathers data on the numbers of students in the UK and where they study on an annual basis. This allows for an assessment of trends. To establish a baseline of student numbers in Charnwood, data relating to Loughborough University has been extracted from HESA. The figure below shows that student numbers at the University have grown from 15,590 in 2014/15 to 18,025 in 2018/19, an increase of around 16%.

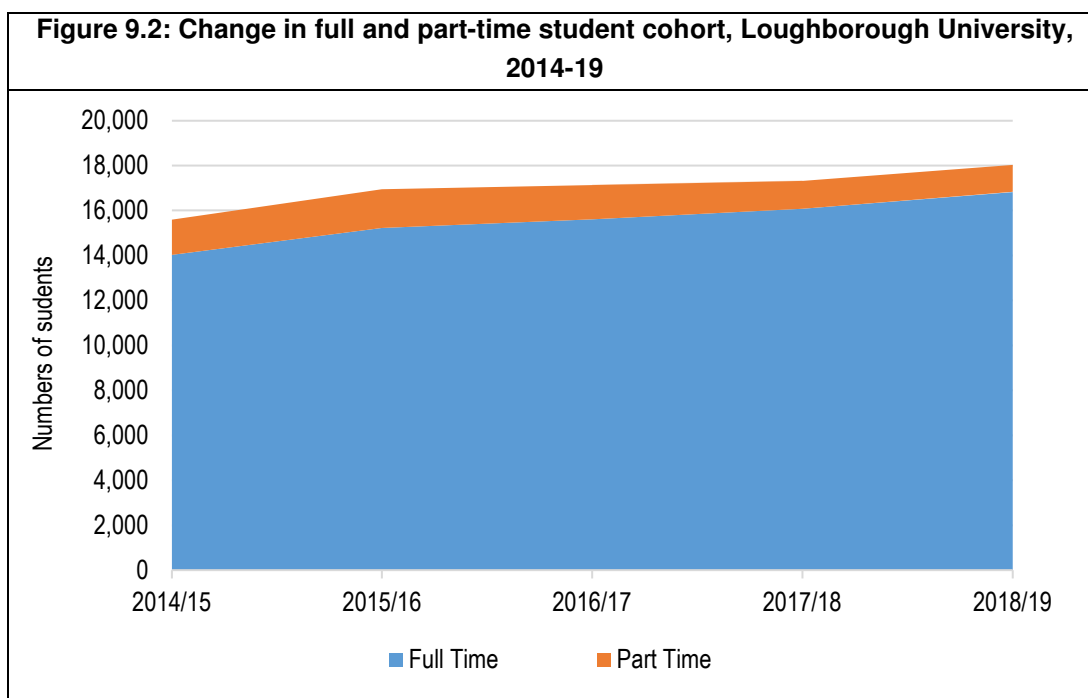


Source: HESA

¹⁸ Ibid

¹⁹ ONS table CT0773

9.4 The figure below shows that the majority of students at the University are full-time (FT). All of the growth in student numbers is accounted for by those attending FT. They have grown from 14,025 in 2014/15 to 16,825 in 2018/19, an increase of 2,800, or 20% (rounded). Conversely, the number of part-time students has fallen over the period from 1,565 to 1,200, a fall of 23%.



Source: HESA

9.5 It is also necessary to understand how the student body breaks down into undergraduate and postgraduate cohorts as they are likely to display different housing choices. The table below shows that the dominant student type at the University is full-time domestic undergraduates. There are, however, a significant number of postgraduate and international students.

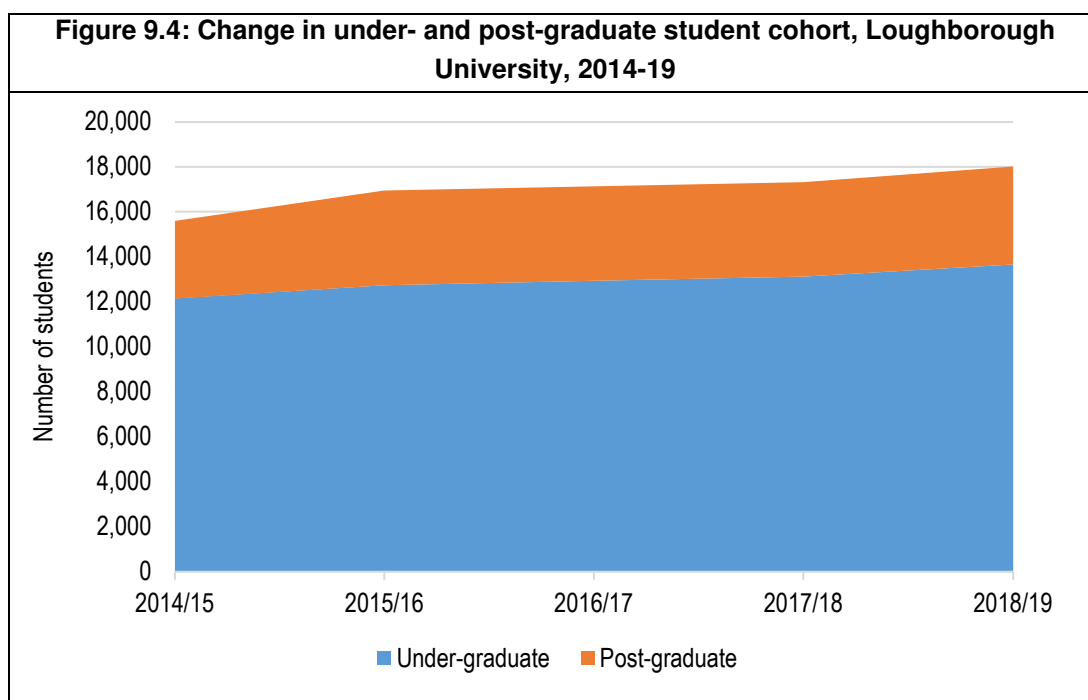
Figure 9.3: Student types at Loughborough University (2020)

Type	%	Type	%	Type	%
Undergraduate	80%	Domestic	82%	Full-time	93%
Postgraduate	20%	International	18%	Part-time	7%
Total	100%	Total	100%	Total	100%

Source: Loughborough University

9.6 Considering undergraduate and postgraduate students specifically, both these student types have grown over the period 2014 to 2019, as shown in the figure below.

9.7 The number of undergraduates has increased from 12,140 in 2014/15 to 13,660 in 2018/19, an increase of 1,520, or 13%. Over the same period, postgraduates have grown from 3,450 students to 4,365 students or 27%.



- 9.8 The table below draws on Census data and sets out changes in the number of full-time students (economically active and inactive) in Charnwood and Loughborough, and how their numbers have changed over the period 2001-11.
- 9.9 The data shows that the majority of students in Charnwood (71%) live in Loughborough. Between 2001 and 2011 student numbers increased substantially, by 4,674 individuals (or 31%) in the Borough. Of those, 2,937 lived in Loughborough. Despite the dominance of Loughborough as a place for students to live, the increase in the town's student numbers was slower (at 27%) than for the Borough as a whole (31%).

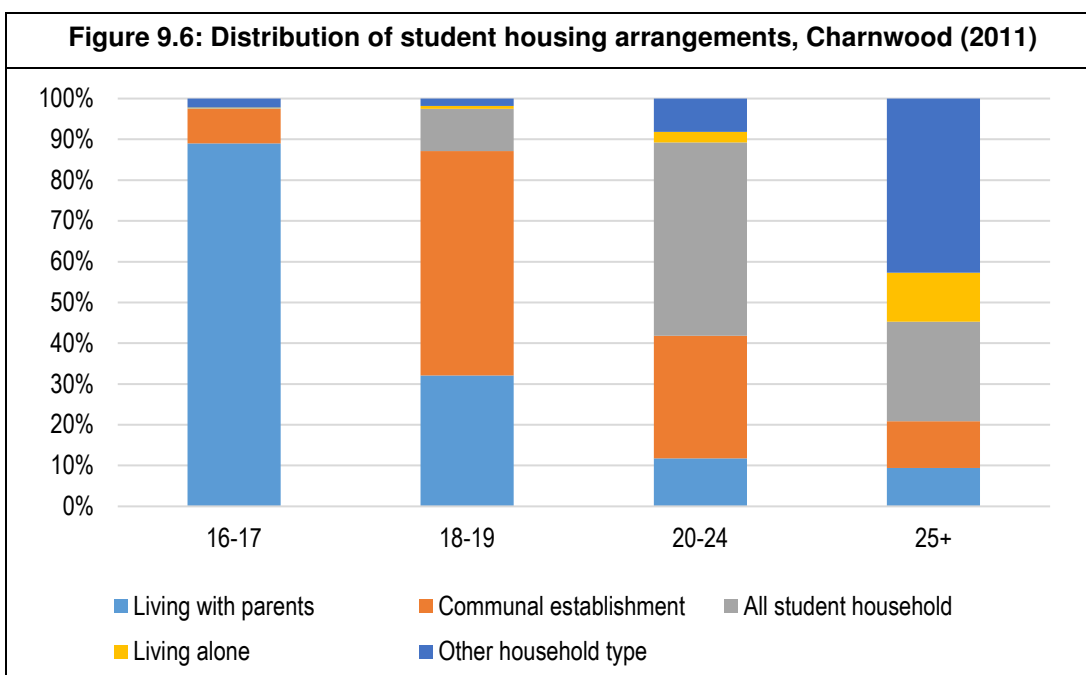
Figure 9.5: Growth in student numbers, Charnwood and Loughborough, 2001-2011

	2001	2011	%
Charnwood	15,113	19,787	31%
Loughborough	11,029	13,966	27%
%	73%	71%	

Source: Census, 2001 and 2011 (KS601UK, KS009a)

- 9.10 The figure below shows students' housing arrangements in 2011, and how it was split between different housing types. The table also shows how this distribution differs between students of different age groups.
- 9.11 For those aged 16-17, the majority lived with their parents, reflecting the fact that many in this group are still at school or attending sixth form college.

- 9.12 For those aged 18 and 19, their choices had shifted substantially, with over 50% living in a communal establishment (likely to be specialist student housing, such as halls of residence), while those still living with their parents had fallen to around 30%.
- 9.13 For those aged 20-24, many had set up house with other students occupying HMOs in the private sector (47%) but a large minority still live in halls of residence (30%) and 12% (rounded) live with their parents.
- 9.14 By their mid-twenties, a large minority of students are living with their own family (i.e. with their partner, who may not be a student or with their own children), although substantial minorities either live alone, in HMOs or communal establishments. A minority of around 9% lived with their parents.



Source: Census 2011 (LC4411EW)

- 9.15 Given it is only when students leave their parents' home that they represent an independent household, it is worth considering the numbers of households associated with the distribution shown above. The table below shows the numbers of students in three age cohorts, 18-19, 20-24 and age 25+ and their associated living arrangements.
- 9.16 The table shows that 5,139 students were living in "all student households" at the time of the last Census, or 33% of all students. Based on the average household size for student HMOs in Charnwood of 3.02, this equates to around 1,702 households/dwellings (rounded).
- 9.17 These will have an impact on the stock of housing available to other households in Charnwood as they are competing for the same finite stock of homes.

	18-19	20-24	25+	Total	% of All Students (18+)
Living with parents	1,663	1,033	173	2,869	18%
Communal establishment	2,846	2,633	210	5,689	36%
All student household	535	4,155	449	5,139	33%
Living alone	37	225	220	482	3%
Other household type	95	717	785	1,597	10%
Total	5,176	8,763	1,837	15,776	100%

Source: Census 2011 (LC4411EW)

- 9.18 As noted, the number of students at Loughborough University has grown from 15,590 to 18,025, or 2,435 individuals. Given that the majority of these students will be undergraduates aged between 18 and 25 it is reasonable to assume that around a third (33%) will live in all student HMOs as is the case now, forming around additional 804 households. Based on the average household size noted above, this translates into 266 dwellings (rounded).
- 9.19 The table below continues the analysis of students aged between 18 and 25. It shows firstly the change in their numbers in Charnwood over the period 2001 and 2011 and, secondly, how housing arrangements changed.
- 9.20 The number of students living with their parents and living in “all student households” increased by 1,024 and 2,025 respectively between 2001 and 2011. This shows a shift in the proportional distribution among the 5 different types of housing arrangement towards these types, and away from communal establishments. Living with parents and all student households increased by 56% and 65% points respectively, while the proportion living in communal establishments (such as university halls of residence) fell by 7% points although overall the number increased by 1%.

	2001	%	2011	%	Increase	% Change
Living with parents	1,845	15%	2,869	18%	1,024	56%
Communal establishment	5,609	47%	5,689	36%	80	1%
All student household	3,114	26%	5,139	33%	2,025	65%
Living alone	318	3%	482	3%	164	52%
Other household type	1,026	9%	1,597	10%	571	56%
Total	11,912		15,776		3,864	32%

Source: Census 2001 and 2011 (ST063, LC4411EW)

- 9.21 This suggests that the stock of communal housing is not keeping up with demand resulting from the growth in student numbers.

- 9.22 In the table below data is presented for the distribution of accommodation types among the student body at Loughborough University from 2015/16 to 2018/19. The data shows that the proportion living in halls of residence and those living in HMOs has remained constant over the period at around 37% and 35% respectively. Also, this is broadly in line with Census data presented above.
- 9.23 There is a large difference however between the proportion of student recorded as living with their parents and Census data (5% as against 18%), however, the data from Loughborough University records a large minority of unknowns.
- 9.24 From this data, it is reasonable to assume that any future growth in student numbers is likely to distribute within these established patterns.

Figure 9.9: Student accommodation, Loughborough University 2015/16 - 2018/19

	2015 /16	%	2016 /17	%	2017 /18	%	2018 /19	%	Change
Living with parents	690	4%	717	4%	674	4%	862	5%	20%
Halls of residence	5,929	37%	5,989	37%	5,890	37%	6,217	37%	4%
HMOs	5,519	34%	5,739	35%	5,766	36%	5,875	35%	2%
Family household	500	3%	555	3%	517	3%	538	3%	-3%
Students away on placements	1,569	10%	1,487	9%	1,759	11%	1,791	11%	20%
Other and unknown	1,824	11%	1,682	10%	1,517	9%	1,397	8%	-17%
Total	16,031	100%	16,169	100%	16,123	100%	16,680	100%	3%

Source: Loughborough University

Growth in Student Numbers

- 9.25 Loughborough University has indicated that it does not have any plans at the moment to increase the number of students.
- 9.26 The University has recently completed a hall of residence with a capacity for around 490 students. The institution notes that “this wasn’t to increase student numbers but to offer more choice to existing numbers of freshers and options for returning students.”
- 9.27 In terms of additional capacity, the University cites the Aumberry Gap Development. This is a 440 student flat development being brought forward by Future Generation. Additional sites in the pipeline include the Study Inn/Pennine House scheme of 155 bed-spaces and the 11 Pinfold Gate scheme of 26 student cluster flats for 110 bed-spaces.
- 9.28 It is possible therefore to conservatively estimate that the capacity of student accommodation has increased by 1,195 bedspaces in recent times. This is likely to reduce the demand for HMO accommodation in the town, although many students aged over the age of 19 actively prefer living in “all student households” in the private sector²⁰.
- 9.29 The University reports that it does not have any plans to construct new halls, rather it will be looking at redeveloping existing halls.

²⁰ Houses in Multiple Occupation Assessment, Final Report, July 2019, page 36

Student Housing: Key Messages

- Paragraph 61 of the NPPF requires local planning authorities to understand “the size, type and tenure of housing needed for different groups in the community” including students. In Charnwood, this primarily relates to demand from Loughborough University.
- Loughborough University has indicated that it does not have any plans at the moment to increase the number of students. Data relating to recent development gives a conservative estimation of 930 student bedspaces in the pipeline.
- Given the University has no plans to increase student numbers, there is no need to increase overall housing supply or to have a specific policy requirement allocating sites specifically for purpose-built student accommodation. Although any proposal should be treated on its merits.

10. Houses in Multiple Occupation

Introduction

10.1 In this section, a review of two reports, “A study of Housing in Multiple Occupation (HMO) in Charnwood – December 2018” (the SHMOC report) and “Charnwood Borough Council Houses in Multiple Occupation Assessment – July 2019” (the HMO report) is provided. The main focus is the latter of these two documents as the HMO report incorporates the main findings of the SHMOC report, and bases some of its recommendations on them.

Review

10.2 The core of the SHMOC report is findings drawn from a database that assembles data on HMOs in Loughborough assembled by the authors. The report explains the rationale for building this database, the Houses in Multiple Occupation Geography Database (HiMOG database). This was, firstly, to provide an understanding of where student HMOs are, and how many students are living in them. Secondly, it explores growth of the non-student HMOs in the town, the socio-economic profile of people who live in them and the contrasts in the geographical distribution between them and student HMOs. The study finds that a diverse non-student HMO market has been identified in Loughborough and that non-student HMO exhibit distinctly different geographies to the student market²¹.

10.3 The HMO report assesses the impact of HMOs on local communities in Charnwood to determine whether the threshold and criteria set out in current Local Plan and Core Strategy policy CS4 (Houses in Multiple Occupation) are appropriate for managing the proportion of HMOs or should be changed.

10.4 To reach its recommendations it carried out a research exercise consisting of a literature review, stakeholder survey and a review of secondary data sources.

10.5 Given the LHNA is engaged in understanding housing need in Charnwood, this review summarises the contents of these reports as they relate to:

- Policy;
- Supply;
- Over-supply;
- Demand; and
- Recommendations to resolve demand and supply issues.

²¹ Smith and Culora, A study of Housing in Multiple Occupation (HMO) in Charnwood, Loughborough University, December 2018, page 27

Policy

- 10.6 The Council provides guidance on how Policy CS4 should be interpreted and implemented in their Housing Supplementary Planning Document (SPD). Guidance contained in HSPD11 sets out a methodology for assessing HMOs as part of understanding their cumulative effects. The methodology identifies a 20% threshold for HMOs within a given area above which no further HMOs will generally be granted planning permission. This requires assessing the concentration of HMOs within a 100m radius of the application site (that is the location of the new HMO that is the subject of the planning application being considered).

Supply

- 10.7 One of the main findings of the SHMOC report is that, in 2018, there were 2,509 HMOs in Charnwood of which 1,653 were previously unrecorded²².
- 10.8 It shows that HMOs comprise 3.9% of the total number of dwellings in the town. Also, that the percentage is higher in the Loughborough wards (8.9%), when compared to the rest of the Borough (1.9%). At ward level, percentages of HMO are highest in Southfields (30.6%), Storer (25.3%) and Ashby (15.3%).²³
- 10.9 That the percentage of student HMOs is highest in Southfields (77%), Storer (68%), Ashby (64%) and Nanpantan (60%).²⁴
- 10.10 The SHMOC report concludes that there are two distinct dimensions to the local HMO market. The student HMO market is increasingly 'wrapped' around the north, east and south edges of the Loughborough University Campus, and to a lesser extent, Loughborough College.²⁵
- 10.11 There are high concentrations of non-student HMO found in Loughborough East with Hastings, Lemington and Shelthorpe containing some of the highest concentrations of non-student HMO in the town. The concentration of HMOs in this part of the town represents a parallel to the student market: a non-student 'Golden Triangle'²⁶.
- 10.12 Analysis set out in the HMO report, drawing on latest HiMOG database, records a slight reduction to 2,442 HMO properties in Charnwood²⁷.
- 10.13 It also finds that only 2 of Charnwood's 28 wards, Loughborough Southfields and Loughborough Storer, contain more than a 20% concentration of HMOs. There are however other 'pockets' of high concentrations of HMOs but just below 20% such as Ashby and Hastings Wards²⁸. The per ward data is presented in Table 3.1 of the report and is reproduced below in map form.

²² Smith and Culora, A study of Housing in Multiple Occupation (HMO) in Charnwood, Loughborough University, December 2018, page 3

²³ Ibid, page 18

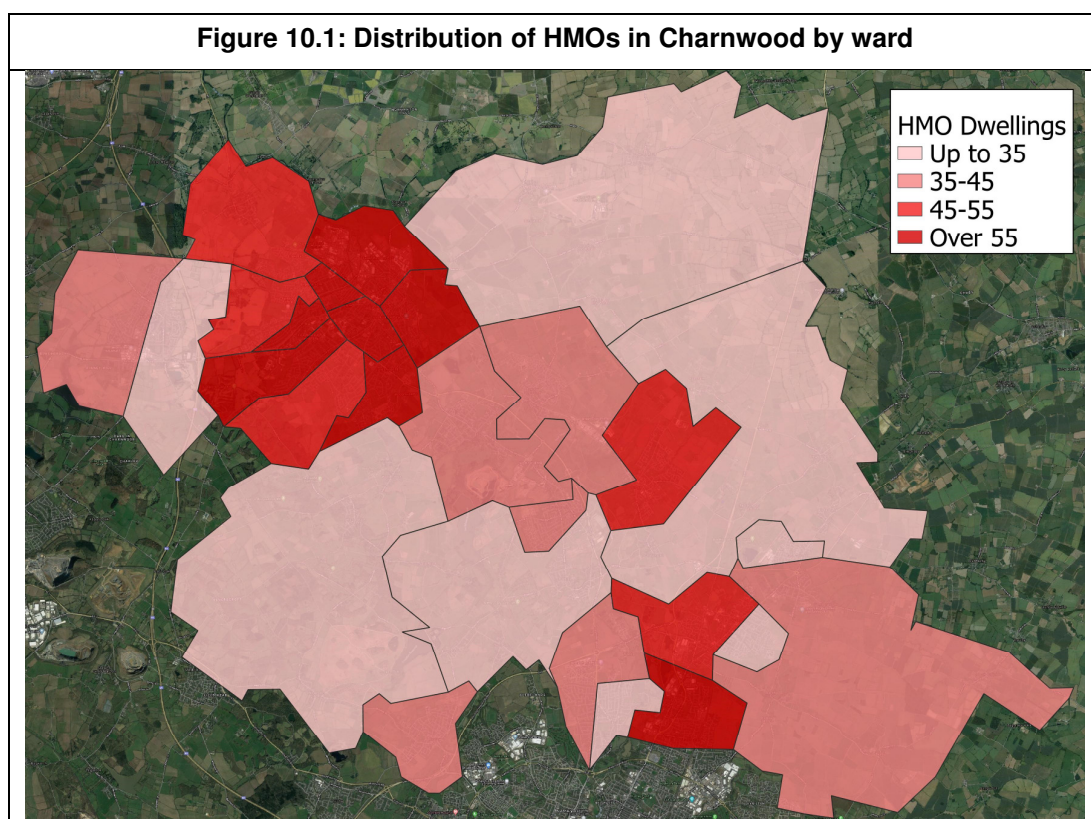
²⁴ Ibid, page 22

²⁵ Ibid, page 3

²⁶ Ibid, page 3

²⁷ RFR Consultancy, houses in multiple occupation assessment, July 2019, page 25, page 46

²⁸ Ibid, page 11



Oversupply

- 10.14 The report notes work undertaken by the National HMO Lobby (2008) on the ‘studentification’ of local areas. This has influenced HMO policy threshold levels among Local Authorities in England. An important finding of this work was that local communities become ‘unbalanced’ if more than 20% of the population reside in HMOs or more than 10% of properties are HMOs. This is one reason why many local authorities adopt a 10% threshold²⁹.
- 10.15 Analysis carried out in the HMO report of 55 planning applications received and processed by Charnwood Borough Council for HMOs since the adoption of the Core Strategy in 2015 and January 2019 suggests that the implementation of a 10% threshold would considerably decrease the proportion of planning applications being granted planning permission.³⁰
- 10.16 Most survey respondents spoken to as part of the report who commented on the 20% threshold stated that it is too high and ineffective in areas where there are already high proportions of HMOs³¹.

²⁹ Ibid, page 9

³⁰ Ibid, page 9

³¹ Ibid, page 84

Stakeholder Comments

- 10.17 The report also sets out the feedback received following a series of stakeholder events. The report notes a wide perception that HMOs constrain the supply of affordable PRS dwellings for families. Having said this, the existence of a strong HMO market in Charnwood provides affordable accommodation for other households:
- A lack of affordable private rented properties in Loughborough makes it difficult for families unable to buy to access affordable properties as many of these properties have been converted to HMOs. Although the demand for accommodation by students was cited as the most important factor in determining the number of HMOs, it was acknowledged by survey respondents that HMOs may also provide accommodation for single people unable to access other parts of the private rented sector or to buy a property³².
 - Too high a concentration of HMOs is perceived by many stakeholders as ‘unbalancing’ local communities leading to too few family homes³³.
 - Landlords purchasing houses for use as HMOs means that there are fewer affordable properties available for families³⁴.
- 10.18 Respondents suggested ways in which the Council could reduce the impact of HMOs in Charnwood including:
- Encourage more purpose-built student accommodation to reduce student reliance on HMOs;
 - Provide more social housing as an affordable alternative to HMOs for low-income families; and
 - Use planning policy to ensure that HMOs are more evenly distributed around the Borough.

Demand

- 10.19 The SHMOC report finds that in Loughborough 56% of all HMOs (licensed and non-licensed) are wholly-student HMOs and 44% are non-student HMOs.
- 10.20 Also, that to conceptualise Loughborough’s HMO market solely as a student housing market is outdated, given the identification of diverse non-student HMO markets across the town and other towns and villages of the Borough.
- 10.21 The study finds that students prefer to live close to their place of study for convenience and to minimize commuting times and costs. This explains the prevalence of students in the Golden Triangle and the Kingfisher Estate and the concentration of student HMOs in Storer (12.2%) and Southfields (15.4%), Nanpantan and Ashby.
- 10.22 The number of student HMO in other parts of the town declines rapidly; Garendon, Lemyngton and Outwoods are the only other wards that contain over ten student HMOs.

³² Ibid, page 65

³³ Ibid, page 74

³⁴ Ibid, page 13

- 10.23 The HMO report cites work undertaken on behalf of the Department for Local Government and Communities (DCLG) in 2008 suggesting that the majority of people occupying HMOs tend to be young and single-person households and tend to be transient, only living in the premises for a short time. They tend to be low-income households, mainly because they are economically inactive, full-time students or working in low-paid jobs³⁵.
- 10.24 Evidence is set out in Table 2.7 of the report drawn from work done by Liverpool City Council as to what sort of households live in HMOs and why. This is reproduced below.

Figure 10.2: Who lives in HMOs and why?	
Who lives in HMOs	The reasons why
<ul style="list-style-type: none"> • Students (including further education, undergraduates, postgraduates, overseas, language school); • Unemployed – single and couples; • Those moving to the area for work, seasonal or transient/contract workers; • Residents in hostels / refuges; • People with special social needs – with live-in carers or social workers; • Migrant workers; • Older house sharers who cannot afford to buy or rent separately; • Lodgers; • People on bail / domestic abuse/refugees; Newly homeless / people being rehabilitated into the community; • Local Housing Allowance (Housing Benefit) claimants under the age of 35; • Live-in staff for example hotel workers; • Trainee and recent qualified medical staff; • Young professionals and recent graduates. 	<ul style="list-style-type: none"> • Affordability (low cost); • Personal development/right of passage; • Short term contracts / flexibility / work Locality / convenience; • Lack of university accommodation; • Cultural/peer support; Isolation / not wanting to live alone; • Good transport links/travel costs; • Only option – no longer welcome at home; Provided by an employer to allow an immediate start on the job; • Housed in HMOs as a step back into the community or to receive support; • Work commitments – live in HMO during the week and at home during the weekend.

Source: Liverpool City Council

³⁵ Ibid, page 35

- 10.25 The HMO report notes that although a large proportion of students reside in purpose-built accommodation, for reasons of housing affordability and social reasons many reside in HMOs.
- 10.26 This factor, combined with a finding that, compared with other university towns and cities, Charnwood has a relatively large student population related to Loughborough University³⁶, generates a high demand for HMOs in the town.

Stakeholder comments

- 10.27 Survey respondents were asked about the main factors leading people to move into HMOs in Charnwood:
- *The main factor identified by most respondents was the need for students to find cheap accommodation close to Loughborough University (the word 'student' was mentioned 134 times by 201 respondents). It was suggested that considering its size, Loughborough contains a relatively large student population³⁷.*
 - *It was noted that Loughborough University usually houses first-year students in halls of residence, but students usually seek accommodation within the private rented sector³⁸ for later years.*
 - *More recently, however, students have preferred to occupy more modern, well-equipped HMOs rather than older properties with poor facilities³⁹.*
 - *Stakeholders acknowledged the important role that HMOs play in accommodating mainly low-income households.*
 - *Stakeholders also recognised that the local HMO market is evolving with some areas becoming 'de-studentified' and HMOs becoming occupied by professionals requiring flexible accommodation close to their place of work⁴⁰.*

³⁶ Ibid, page 39

³⁷ Ibid, page 64

³⁸ Ibid, page 64

³⁹ Ibid, page 64

⁴⁰ Ibid, pages 12-13

Recommendations

10.28 The report arrives at several recommendations of which two are directly relevant to the focus of this summary:

- the 20% threshold on HMOs within a given area is reduced to 10%. This is based on three main reasons:
 - a. that local communities become ‘unbalanced’ if more than 10% of properties are HMOs;
 - b. the majority of local authorities assessed have adopted a 10% threshold;
 - c. most local stakeholders consider that a 10% threshold would be more appropriate.⁴¹
- the HMO policy threshold continues to apply only to Loughborough. This is because most wards outside of Loughborough have only small proportions of HMOs – usually under 3%.
- that population density is considered in determining planning applications. This would determine the likely number of people residing in existing and proposed HMOs rather than just the number of HMOs themselves. Having a better understanding of the number of occupants would help to give a better idea about the scale of the likely impacts of an HMO.

Houses in Multiple Occupation: Key Messages

- Demand for HMOs is to some extent linked to the housing needs of students. This study draws on two studies, “A study of Housing in Multiple Occupation (HMO) in Charnwood – December 2018” and the “Charnwood Borough Council Houses in Multiple Occupation Assessment – July 2019”.
- There appears to be a concern within local residents of the proliferation of this type of housing in the Borough although there was also concern that limiting the supply will impact on the availability of low-cost homes.
- The weight of opinion is clearly towards reducing the threshold of banning additional HMOs to at areas where at least 10% of the population live in such housing. This is perceived as being likely to lead to fewer new HMOs being granted permission in future years.

⁴¹ Ibid, page 15

11. Self- and Custom-Build

Introduction

- 11.1 The National Planning Policy Framework (NPPF) guides plan-makers that a sufficient supply of homes should include meeting the demand for plots from households wishing to commission or build their own homes⁴². Moreover, footnote 26 of the NPPF notes that:

“Under section 1 of the Self Build and Custom Housebuilding Act 2015 (SBCHA), local authorities are required to keep a register of those seeking to acquire serviced plots in the area for their own self-build and custom house building. They are also subject to duties under sections 2 and 2A of the Act to have regard to this and to give enough suitable development permissions to meet the identified demand. Self and custom-build properties could provide market or affordable housing.”

- 11.2 The SBCHA provides the basis for the Self-build and Custom Housebuilding Regulations 2016 which state that LPAs are required to keep a register of people seeking a plot to build their own home⁴³.

- 11.3 Planning Practice Guidance (PPG) sets out how plan-makers should go about evidencing the need for self-build plots:

“To obtain a robust assessment of demand for this type of housing in their area, local planning authorities should assess and review the data held on registers. This assessment can be supplemented with the use of existing secondary data sources such as building plot search websites, ‘Need-a-Plot’ information available from the Self Build Portal and enquiries for building plots from local estate agents.”⁴⁴

Evidence of Need/Demand

- 11.4 In line with the PPG, the starting point for understanding demand for custom and self-build (CSB) plots in the Council area is the register managed by the local authority. This data is set out in the table below. It shows that between 2016/17 and 2018/19 there were an average of 42 new registrations each year.

	2015/ 16	2016/ 17	2017/ 18	2018/ 19	2019/ 20	Total	Average Annual ⁴⁵
Number of plots	4	37	41	47	12	141	42

Source: CBC Self-build register

- 11.5 It is worth noting however that a proportion of this demand is from households living outside the Borough of Charnwood. The self-build register sets out that 66% of registrations are from within the Borough and 34% outside it.

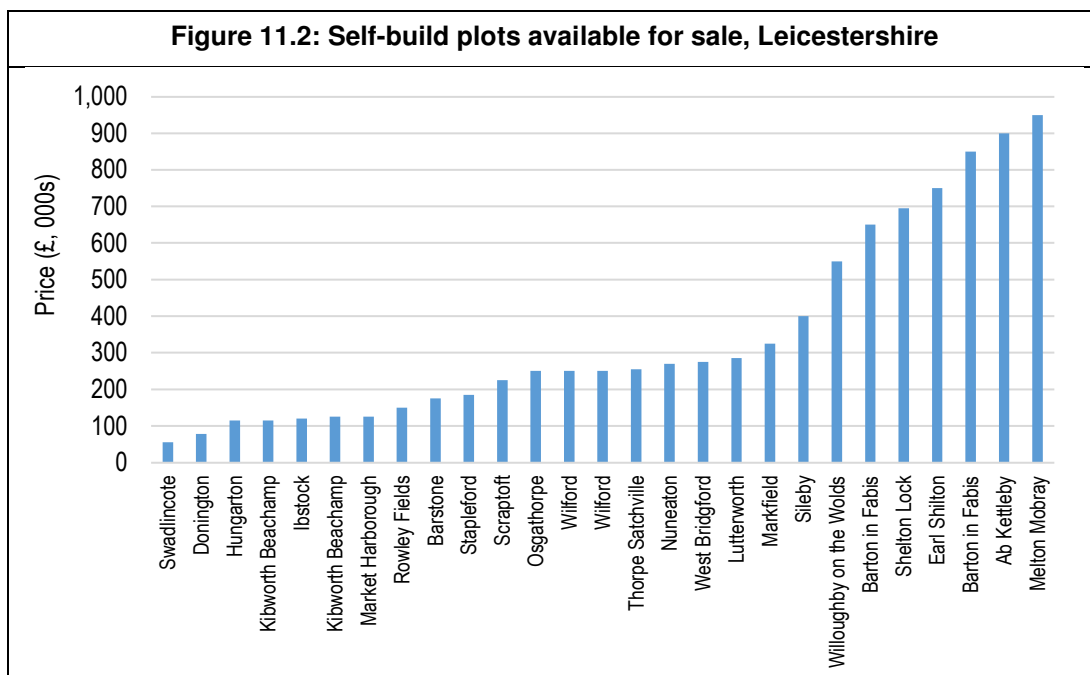
⁴² NPPF, para 61

⁴³ <http://www.legislation.gov.uk/ukxi/2016/950/contents/made>

⁴⁴ PPG Paragraph: 003 Reference ID: 67-003-20190722

⁴⁵ Based on three years from 2015/16 to 2018/19 due to 2015/16 likely to understate demand as this was the first year the SBR was in operation, and may not cover a full 12 month period. The year 2019/20 also records incomplete data for the year.

- 11.6 It is important to note however that the National Custom and Self Build Association (NaCSBA) has suggested that local authorities' self-build registers may not reflect true demand because it requires would-be self-builders to move through an administration process, and the register may be unknown to many.
- 11.7 It has been estimated that Self Build accounts for between 7% and 10% of house-building by the private sector in the UK⁴⁸. This suggests the number of registrations on the SBR may under-estimate real need, and there may be latent demand.
- 11.8 Commonly cited reasons for unfulfilled demand is the difficulty of accessing mortgage finance. Also, the lack of plots of land. As recommended by PPG, the Plotfinder website has been accessed to investigate the strength of supply.
- 11.9 The Plotfinder website allows visitors to search for sites in each region and county of England. To gain a snapshot of supply at the current time, the number of plots suited to Self Build with planning permission in Leicestershire were accessed. This produced 28 results. Of these, 3 sites were within or close to Charnwood, in Scraftoft, Markfield, and Sileby.
- 11.10 In terms of affordability, the data shows that in Leicestershire the average plot price is £450,000 and the median £250,000 (see figure below). Therefore, while very occasionally plots are available for less than £100,000, given the costs of construction, Self-Build is only available to households with substantial wealth. To make self-build an option for the mass-market, a large number of additional plots would need to be provided, this will both increase availability and reduce prices.



Source: Plotfinder, accessed 27/03/20

⁴⁸ Wallace A, Ford J and Quilgars D, Build-it-yourself? Understanding the changing landscape of the UK self-build market, Centre for Housing Policy, University of York Spring 2013, p15

- 11.11 The PPG also recommends local estate agents should be consulted to gain an understanding of the market for self-build plots. The engagement was carried out with two local estate agents, Sinclair and Andrew Grangers.
- 11.12 In terms of the overall strength of demand, both agents indicated demand for plots suited to self-build is strong in Charnwood. Neither agent was able to provide data on enquiries received on a monthly or annual basis. However, anecdotally Sinclair's estimated they have "3 per month" and Grangers "5 per month" at their Loughborough branch.
- 11.13 Grangers have a reputation for being a specialist in the market for land and are therefore likely to field more enquiries. However, in the case of Sinclair, it was not suggested that this level of interest was exceptional for agents in the area and that other agents are unlikely to have either more or fewer enquiries.
- 11.14 Also, enquiries come from both private buyers looking to build their own home and SME developers. It is estimated demand is split equally between these two types of buyer. Only the former would fall within the definition of self-build.
- 11.15 Grangers suggested a good indicator of latent demand is the enquiries made specifically about opportunities that arise that are actively marketed. In these circumstances, they are "inundated with enquiries". The practice is to go to best offers in sealed bids to maximise the sale price, placing further pressure on affordability.
- 11.16 The principal finding from the consultation with local agents is that there is a strong demand for self-build plots and limited supply. Quantifying demand in terms of the number of enquiries is not possible as they are not formally recorded. However, demand comes from both private households looking to build as well as SME developers. This is an additional factor that constrains supply for self-builders and makes accessing land particularly difficult.

Recommendations

- 11.17 In the draft Local Plan, the Council expresses a wish to "ensure the communities in the Borough have the opportunity" to engage in self-build development. In order to respond to the demand for self- and custom-build housing, and in response to the PPG's requirements, the Council should support the submission and delivery of self-build and custom housebuilding sites, where opportunities for land arise and where such schemes are consistent with other planning policies.
- 11.18 Several policy options exist to fulfil this objective. Listed below are examples of policies used by other local authorities, for example:
- Teignbridge District Council - 5% of plots on development sites of more than 20 dwellings with plots marketed for a minimum of 12 months.
 - Mid Devon District Council - 5% of plots on development sites of more than 20 dwellings
 - Torbay Council - 5% of plots on development sites of more than 30 dwellings
 - East Cambridgeshire District Council - 5% of plots on development sites of more than 100 dwellings
 - Stroud District Council - 2% of plots on strategic housing sites

- 11.19 Other local authorities have developed a policy of encouragement without defining exact percentages. For example, North Tyneside Council and Daventry District Council will ‘encourage’, rather than require, a proportion of plots to be set aside on sites of over 200 and 500 units respectively.
- 11.20 As a first step, the local authorities should seek to adopt a general encourage policy for larger sites (10+ units) but also implement a further policy on strategic sites. The exact level should be determined in reference to the number and capacity of strategic sites and the overall local need. This should also take into account the committed supply and viability consideration.

Self- and Custom-Build: Key Messages

- The Government has long had a clear agenda for supporting and promoting the self-build and custom building sector which is now recognised in national planning policy and guidance; but the Government has also recognised the challenges associated with the sector including in respect of finance and more crucially, land supply and procurement.
- An update to PPG in July 2019 required “a robust assessment of demand for this type of housing” and “local planning authorities should assess and review the data held on registers”.
- Data shows there have been an average of 42 new registrations each year to the Council’s Self-build Register over the past 4-years. In order to respond to the demand for self- and custom-build housing, and in response to the PPG’s requirements, the Council should support the submission and delivery of self-build and custom housebuilding sites, where opportunities for land arise and where such schemes are consistent with other planning policies.
- On the basis of the evidence collected in this report, the emerging policy (Draft Policy LP8 – Self-build and Custom Housebuilding) appears to be reasonable.