Opinion Research Services

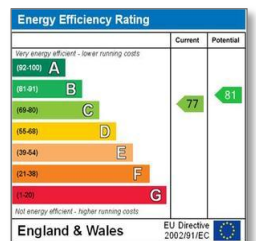*Excellent research for the public, voluntary and private sectors*

Bath and North East Somerset

Strategic Housing Market Assessment Update 2013

Report of Findings

DRAFT

Bath & North East Somerset Council

Contents

1. Introducing the Study
Background to the project and wider policy context

Project Overview

1.1   Opinion Research Services (ORS) was commissioned by Bath and North East Somerset Council (BANES) to undertake a Strategic Housing Market Assessment Review, including a study of current and future housing requirements and housing need.

What is a Strategic Housing Market Assessment?

1.2   SHMAs assess the full range of housing requirements for an area to both deepen understanding of sub-regional housing markets and develop future strategy, all based on the best available evidence. Critically, their evidence base shapes and assists with the production of the Local Plan which set out the spatial policy for a local area. They also provide evidence to support development of local housing strategies and can also inform the planning of other services such as education, health and transport.

1.3   The SHMA also:

» Provides evidence-based forecasts of need and demand for housing of different types, sizes and tenures (including market housing, intermediate tenures and social/affordable renting) to inform local and sub-regional and regional spatial planning and housing strategies.

» Increases the capability of the commissioning authorities to monitor and forecast housing market activity and trends.

» Enables the commissioning authorities to develop their spatial planning policies and housing strategies so they may intervene positively in the local housing market, on the basis of sound knowledge of local economic, social and cultural relationships.

> **The Role of SHMAs**
>
> *A SHMA is a framework that local authorities can follow to develop a good understanding of how housing markets operate. It promotes an approach to assessing housing need and demand which can inform the development of local plans and housing policies.*
>
> *The purpose of the SHMA is to form part of a wider evidence base for the development of housing and planning polices, which should be considered alongside other factors such as the viability of delivering affordable housing, land availability and local policy priorities including the creation of mixed and balanced communities. Therefore, the evidence provided in the SHMA should not be viewed in isolation and its results cannot be used in support of development applications, as it does not set housing or planning policy. A SHMA provides part of the evidence needed to inform policy development, and other factors are equally important in the policy development process.*

1.4   The SHMA does not seek to determine rigid policy conclusions, but instead provides a key component of the evidence base required to develop and support a sound policy framework. It is important to recognise that the information from the SHMA should not be considered in isolation, but forms part of a wider evidence base to inform the development of housing and planning policies.

Method Overview

1.5   The preparation of the SHMA Review was overseen by Officers from the Planning and Housing Departments of Bath and North East Somerset Council (BANES).

1.6   The SHMA is based on a wide range of information collated from many sources. These include:

»   Existing policy documents and supporting information published by the Local Authorities and their partners;

»   Secondary data and official statistics from a wide range of local, regional and national sources.

Policy and Strategy Context

1.7   The SHMA review is being undertaken at a time of significant policy and strategy change in housing and related areas in England – these changes have informed the SHMA development:

- Welfare Benefit Reform (Welfare Reform Act 2012)

- Reform of Health Services (Health & Social Care Act 2012)

- Reform of Adult Social Care (Draft Care and Support Bill 2012)

- Planning: a new National Planning Policy Framework (2012)

1.8   Although the study is compliant with various SHMA Guidance and other relevant CLG studies (including the "Geography of Housing Market Areas 2010" and Advice Note on "Identifying sub-regional housing market areas" 2007) the possibility of revised SHMA Practice Guidance (following the Taylor Review of Planning 2012) was also considered in the study.

1.9   Planning policy has undergone further significant recent change. In July 2010 Government announced that Regional Spatial Strategies (RSS) are to be revoked. The RSS for the South West is RPG10. This runs from 2011 -2016 and has not yet been revoked. However, the evidence underpinning RPG10 is dated and no longer credible. Planning Policy Statements were replaced by the National Planning Policy Framework (NPPF) in March 2012. As a replacement for the RSS, the NPPF states (paragraph 159) that;

"Local planning authorities should have a clear understanding of housing needs in their area.

They should prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which:

»   meets household and population projections, taking account of migration and demographic change;

> » *addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes); and*
>
> » *caters for housing demand and the scale of housing supply necessary to meet this demand;"*

1.10 Therefore, in the absence of any direct guidance on matters such as housing targets, responsibility for establishing the level of future housing provision required rests solely with the local planning authority. The key objective of this study is to produce a range of household forecasts of the likely levels of housing which satisfy the NPPF criteria.

1.11 The SHMA also works within other key aspects of the National Planning Policy Framework 2012 and these are set out in Appendix A.

2. Housing Market Areas

2.1   NPPF advises local planning authorities (paragraph 159) that:

'They should prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries.'

2.2   The paragraph requires an understanding of the housing market areas which lie within BANES. The Department for Communities and Local Government (CLG) issued an Advice Note on "Identifying sub-regional housing market areas" (2007) which identifies three sources of information which help to evidence housing markets areas, namely:

» House prices and rates of change in house prices, which reflect household demand and preferences for different sizes and types of housing in different locations;

» Household migration and search patterns, reflecting preferences and the trade-offs made when choosing housing with different characteristics; and

» Contextual data, such as travel to work areas, which reflect the functional relationships between places where people work and live.

2.3   In November 2010 CLG issued a further report 'Geography of Housing Market Areas', which explored a range of potential methods for calculating housing market areas for England and applied these methods to the whole country to show the range of housing markets which would be generated.

2.4   Both of the CLG publications outline that no one single approach (nor one single data source) provides a definitive solution to identify local housing markets. However, by using a range of available data, judgements on appropriate geography can be made.

2.5   For clarity, it is worthwhile defining the terminology used in this section. CLG's 'Geography of Housing Market Areas' (page 35) outlines three overlapping tiers of geography for housing markets:

» **Tier 1**: framework housing market areas defined by long distance commuting flows and the long-term spatial framework with which housing markets operate;

» **Tier 2**: local housing market areas defined by migration patterns that determined the limits of short term spatial house price arbitrage;

» **Tier 3**: sub-markets defined in terms of neighbourhoods or house type price premiums.

2.6   Figure 1 and Figure 2 show the housing market areas which cover BANES from this study.

Figure 1: Housing Market Areas Identified by CLG (Source: Geography of Housing Market Areas)

Figure 2: Housing Market Areas Covering BANES Identified by CLG (Source: Geography of Housing Market Areas)

2.

Defining Housing Market Areas for Bath and North East Somerset

2.7   Figure 3 presents the inter-relationships between areas within BANES and its surrounding local authorities.   Where those Census Output Areas that are either (i) classified "urban" by the DEFRA classification or (ii) have large workplace populations, these are grouped together to form nodes. Surrounding areas outside the sub-region are also included for completeness.

2.8   These urban centres (or nodes) have been colour coded according to their relative self-containment. The colour of the node is driven by three key factors which are the are number of people living and working in an area, the number of people travelling to work in area from elsewhere and the number travelling from an area to work elsewhere.

   »   Green = above 65% of employees living in the area also work in the area;

   »   Amber = 50 to 65% of employees living in the area also work in the area; and

   »   Red = below 50% of employees living in the area also work in the area.

2.9 The links that exist between the urban centres are also illustrated by the joining lines, with stronger links having heavier lines. The lines between the settlements indicate the significance of the link between the two inter-connected areas, with thicker lines indicating that the connection is stronger. Note that the line thickness (and the very presence/absence of lines) is based on the relative proportion of workers that travel between the two areas as opposed to the absolute numbers – so, for example, 200 workers travelling from an area with a total of 2,000 workers is considered to be of significance; whereas 200 workers travelling from an area with a total of 20,000 workers is typically not shown.

Figure 3: Identifying the Links between Urban Centres in the Study Area (Source: UK Census of Population 2001 combined with DEFRA Classifications)
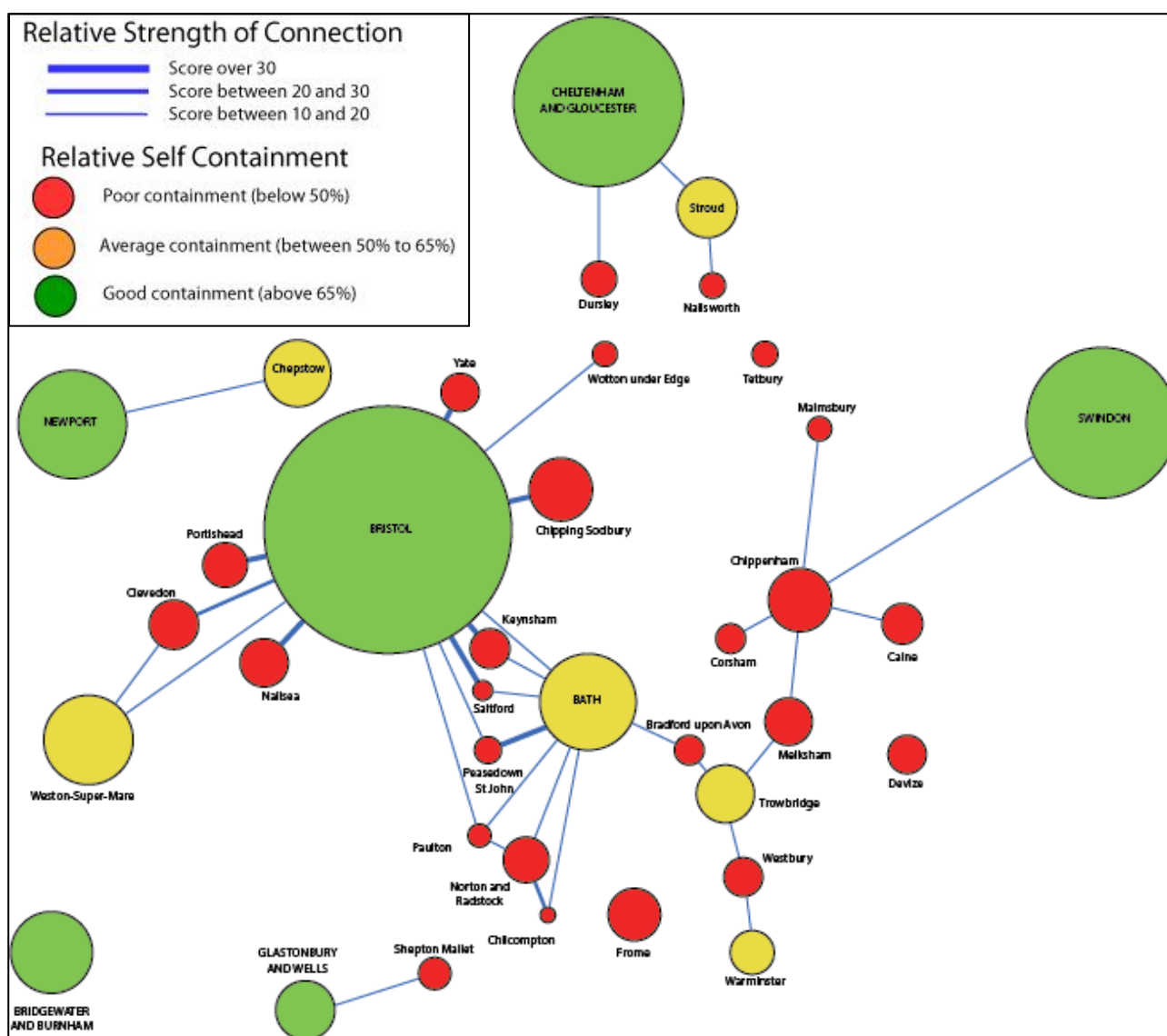
2.10 Within BANES, Figure 3 highlights that the city of Bath has between 50% and 65% self-containment when analysing their travel to work patterns, while all other settlements have less than 50%. The reason that Bath does not show higher levels of self-containment at this stage is because it has many workers coming from elsewhere to work in the city.

2.11 Typically, housing market areas are considered to be areas with at least 65% self-containment, implying that none of the major settlements in BANES meet this definition. The next step is to combine them to form larger housing market areas.

2.12 Figure 4 illustrates the outcome of the computer aided analysis. The above groupings were introduced into the analysis and links between the settlements recalculated. The final housing market area groups within BANES can be reduced to only Bristol and Bath. The reason that the Bath housing market now shows a higher degree of self-containment is that is has been widened to consider to pick up neighbouring towns and villages which see the level of containment becomes higher.

Figure 4: Identifying the Functional Housing Sub-Markets across West of England Sub-Region
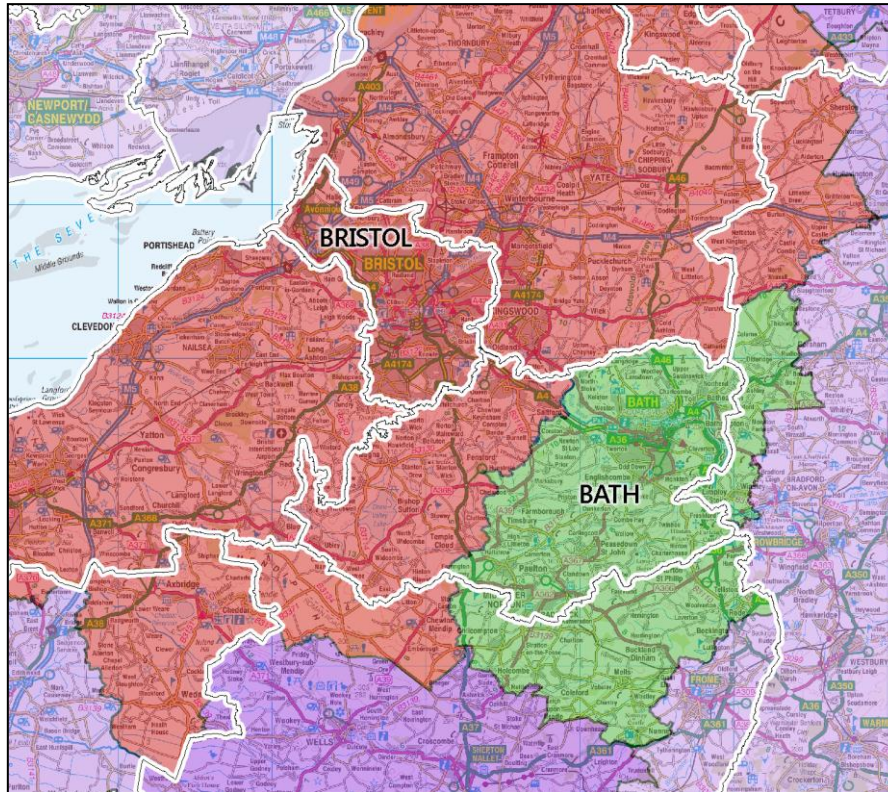
2.13 The west of BANES (Keynsham, Saltford, Chew Valley) falls within a Bristol focused (Tier 1) strategic/framework housing market, which also covers the whole of North Somerset and South Gloucestershire, as well as extending into the fringes of Somerset, Gloucestershire and Wiltshire.

2.14 The city of Bath, its environs and the south of BANES areas form a (Tier 2) local housing market which also extends to a small extent into Wiltshire and villages in the north of Mendip. CLG (2010) suggest that the Tier 2 Bath market belongs more to a larger East BANES /West Wiltshire/ North Mendip (CLG Tier 1 strategic/framework housing market) than the Bristol market.

Chapter 2 Summary

2.15 The review of the Housing Market areas has considered the degree of connectivity and self-containment between the various urban centres around BANES and Bristol. From this it can be seen that the west of BANES falls within a Bristol focused housing market (which also covers the whole of North Somerset and South Gloucestershire), as well as extending into the fringes of Somerset, Gloucestershire and Wiltshire.

2.16 The city of Bath, its environs and the south of BANES areas form a (Tier 2) local housing market which also extends to a small extent into Wiltshire and villages in the north of Mendip..

3. The Socio-economic Context

An overview of the existing population

3.1 This chapter considers key features of the local population and the local economy and how this may be changing. Recent years have seen various, often rapid, changes, as population movements, demographic change and economic volatility work their way into local housing market transactions. Such change can have longer term implications and there may be a need for strategy and policy to adapt.

Local Population Characteristics

3.2 This section of the report considers the main characteristics of the local population and how these are changing. BANES population has increased albeit relatively slowly compared to surrounding authorities.

3.3 Table 1 below summarises the total population for the study area based on results from the 2001 and 2011 UK Census of Population. BANES population has increased albeit relatively slowly compared to surrounding authorities.

Table 1:   Persons by Local Authority (Source: UK Census of Population 2001 and 2011. Notes: All figures rounded to the nearest 100. Figures may not sum due to rounding)

PERSONS						
	Population 2001	Population 2011	Population Change	Population Change (%)	Household Residents 2011	Communal Establishment Resident 2011
BANES	169,050	176,020	+6,970	4.1%	169,980	6,040 (3.4%)
Bristol	380,610	428,230	+47,620	12.5%	418,810	9,420 (2.2%)
North Somerset	188,560	202,570	+14,010	7.4%	199,230	3,340 (1.6%)
South Gloucestershire	245,640	262,770	+17,130	7.0%	258,210	4,560 (1.7%)
South West	4,928,430	5,288,940	+360,510	7.3%	5,175,080	113,850 (2.2%)

3.4 BANES population increased by 6,970 over the 10 year period 2001-11 to a total of 176,020 people, representing an increase of 4.0%. The total number of households in BANES increased by 2,410 over the 10-year period, representing a 3.4% increase.

3.5 Household size has remained constant over the period 2001-11 at 2.31 and this is similar to neighbouring authorities.

Table 2:   **Households by Local Authority (Source: UK Census of Population 2001 and 2011. Notes: All figures rounded to the nearest 100. Figures may not sum due to rounding)**

HOUSEHOLDS					
	Households 2001	Households 2011	Households Change	Households Change (%)	Average Household Size
BANES	71,120	73,520	+2,400	3.4%	2.3
Bristol	162,090	182,750	+20,660	12.7%	2.3
North Somerset	79,990	88,230	+8,240	10.3%	2.3
South Gloucestershire	99,040	107,540	+8,500	8.6%	2.4
South West	2,085,980	2,264,640	+178,660	8.6%	2.3

Age Profile

3.6   Figure 5 shows a comparison of the age structure for the population in BANES against England while Figure 4 compares the change for BANES between 2001 and 2011 Census.

Figure 5:   **Age Profiles for BANES Compared with England (Source: UK Census of Population 2011)**
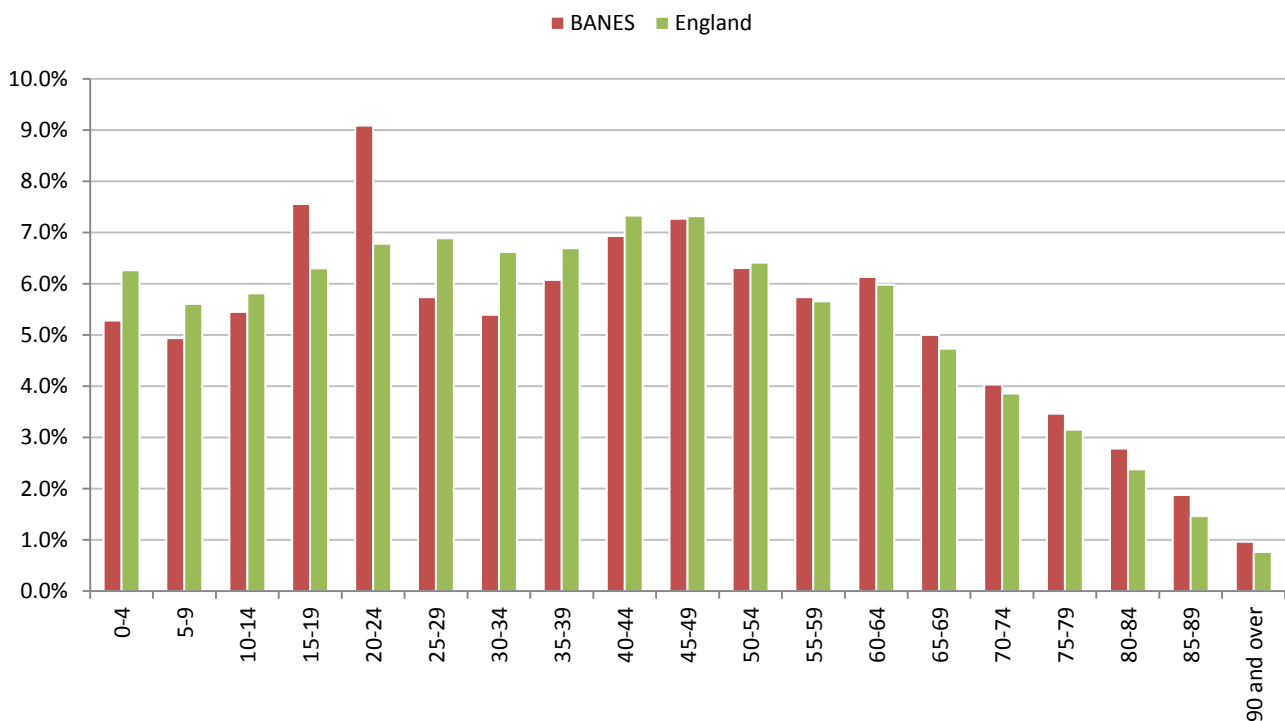
Figure 6:   Age Profiles for BANES Compared with England (Source: UK Census of Population 2011)

Children	Lower numbers of children relative to England in all cohorts below 14 years Pre-school and pre-teen children have reduced in BANES between 2001-11
Young Adults	Significantly higher numbers relative to England both for 15-19 year olds and 20-24 year olds Increases in the 15-19 and 20-24 year cohort between 2001 and 2011 The two universities at Bath and Bath Spa have a significant impact on the population of Young Adults
Adults	BANES has lower numbers of adults aged 25-44 relative to England. Between 2001 and 2011 the same cohorts relative size has fallen in BANES However, BANES has a relatively similar number of adults aged 45-59 relative to England BANES has slightly higher numbers of adults aged 60-65 relative to England
Older People	From the 55-59 cohort, BANES has higher numbers of Older People relative to England in every cohort The relative difference between the age of BANES Older People and England widens in each cohort between the ages of 60 and 89 BANES has seen an increase in younger old people (those aged 60-69) between 2001 and 2011. Those aged over 80 have increased in the same period

Older People

3.7   2001 Census indicates that 16% of people in BANES had a limiting long-term illness (Figure 7). This ranges from 35% for those aged under 69, but rises rapidly to 72 of those aged 85+.

3.8   Given the current older peoples population in BANES, an increase in support needs for older people may seem likely and may well come to pass. However, caution should be taken in view of the reasons for the growth in older population and people's recent relative longevity compared to past centuries;

increased lifespan is often driven by better health plus associated improvements in quality of life. Therefore, the relative health of older people in 2001 is unlikely to be representative of people of the same age by 2035.

Figure 7: **Limiting Long-term Illness Rates by Severity and Age Group (Source: UK Census of Population 2011 and 2001)**
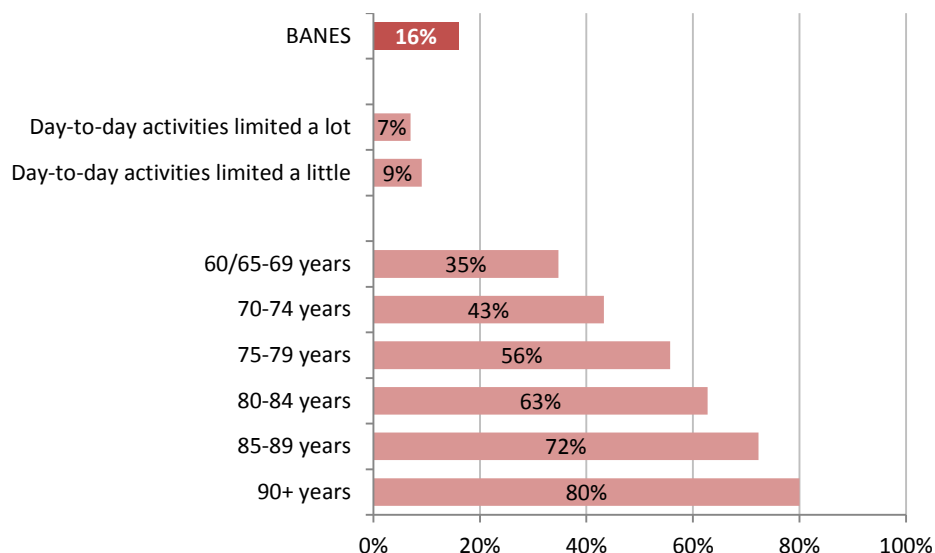
Minority Ethnic Groups

3.9 The number of people from a minority ethnic group has increased between 2001 and 2011 to c.10%, although this is still relatively lower than England. The Asian population has increased from 1% to 2.5% and White Other from 3.2% to 4.3%.

Figure 8: **Proportion of Population by Minority Ethnic Group (Source: UK Census of Population 2001 and 2011)**
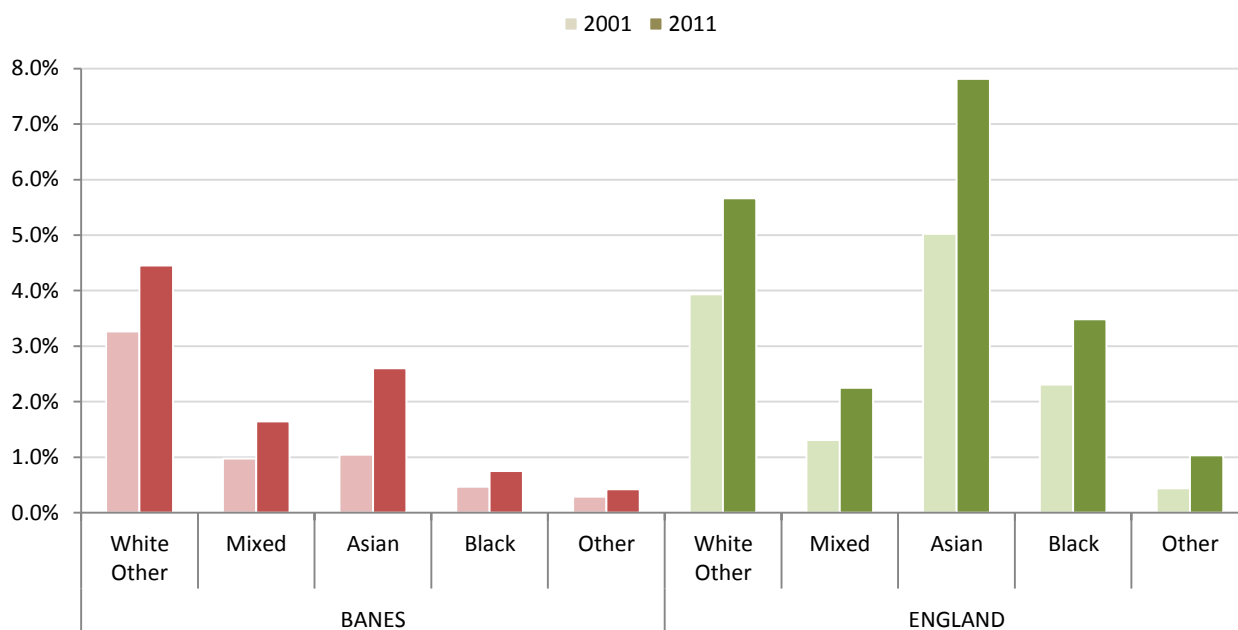
Migrant Workers

3.10 This section considers where migrant workers originate from and should be considered alongside details regarding wider migration given in Chapter 4.

3.11 At the time of the 2001 Census the population of BANES was predominately born in the UK. However, since then, data shows increases in migrant workers moving to the area and this appears to be reflected in the overall growth in the population of both areas in the 2011 Census.

3.12 New National Insurance registration numbers issued to workers provides data showing the location of migrant workers. Figure 9 shows the number of new National Insurance numbers to non-UK nationals issued between 2002 and 2011. These highlight a growth in the number of migrants after 2004 when migration rules from Eastern Europe were relaxed.

Figure 9:   New National Insurance Registrations of Non UK Nationals in by Local Authority (Source: DWP. Notes: All figures rounded. Figures may not sum due to rounding)

Year	BANES
2002/03	810
2003/04	830
2004/05	1,070
2005/06	1,450
2006/07	1,570
2007/08	1,470
2008/09	1,220
2009/10	1,000
2010/11	1,250
5-year total 2006-2011	**6,510**
5-year average	*1,302*

Figure 10:   New National Insurance Registrations of Non-UK Nationals in BANES 2002-2011 by Country of Origin (Source: DWP)
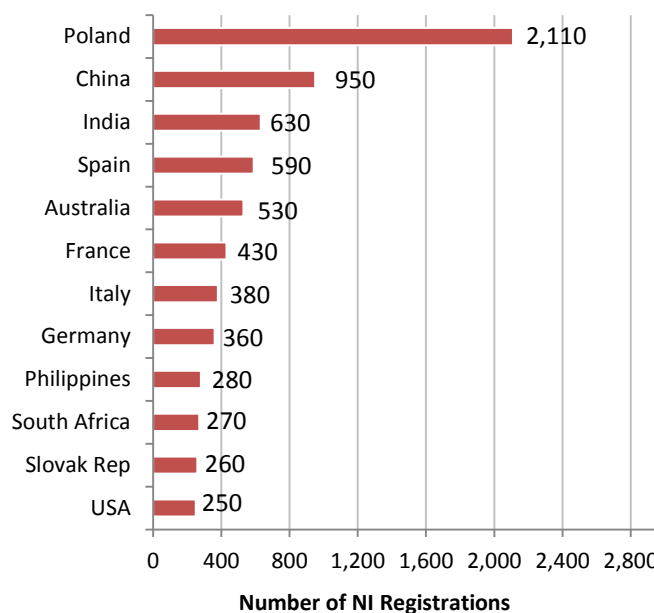
3.13 Figure 10 shows that between 2002 and 2011 the vast majority of all new National Insurance registrations were issued to Eastern Europeans (especially Poland). Other non-UK migrants came from China and India. Interestingly, many migrants came from within the EU.

Note: figures relate only to employees who have received new National Insurance numbers and do not include any of their dependents. New NI numbers are issued to individuals, not jobs, so they will be issued to address of residence, not workplace. Figures exclude those leaving the UK.

The Local Economy

Local Employment

3.14 Table 3 shows the change in those economically active over the last 10 years. The economically active population has increased overall (+6,609; +8%), although this has been driven by a rise in part time and self-employed working.

3.15 There has been a slight increase in the economically inactive population in BANES (+781; +2%). The key group witnessing a change are Students: the number of inactive students has increased by +4,273 while active has increased +2,375. There has been a reduction in those looking after home or family (-2,352). If Students are removed from the equation, however, the number of those economically active rose by 4,234 between 2001 and 2011. Similarly, if students are removed from those economically inactive, the number inactive declined by 3,492 between 2001 and 2011.

Table 3:   Economic Activity/Inactivity in BANES (Source: UK Census of Population 2001 and 2011. Notes: All figures rounded to the nearest 100. Figures may not sum due to rounding)

	2001	2011	Change
Economically Active			
Employee: Full-time	48,170	46,367	-1,803
Employee: Part-time	16,076	18,818	+2,742
Self-employed	12,115	14,306	+2,191
Unemployed	2,444	3,548	+1,104
Full-time student	4,338	6,713	+2,375
Total Economically Active	**83,143**	**89,752**	+6,609
Economically Inactive			
Retired	17,751	17,896	+145
Students	8,936	13,209	+4,273
Looking after home or family	6,641	4,289	-2,352
Long-term sick or disabled	4,057	3,610	-447
Other	2,632	1,794	-838
Total Economically Inactive	**40,017**	**40,798**	+781

3.16 Figure 11 shows a long-term decline and levelling off of the unemployment rate in BANES and across the whole of England. However data from recent years (2008 onwards) reflects the wider national economy: employment has improved slightly, although this is now levelling off.

3.17 However the decline in unemployment over recent years may not entirely reflect the strength of the local economy: many working age persons not in jobs are not eligible for, or do not claim, unemployment benefit.

Figure 11: Unemployment Rate for Working Age Population for BANES: 1993-2011 (Source: DWP Claimant Count. Note: Data relates to October each year)
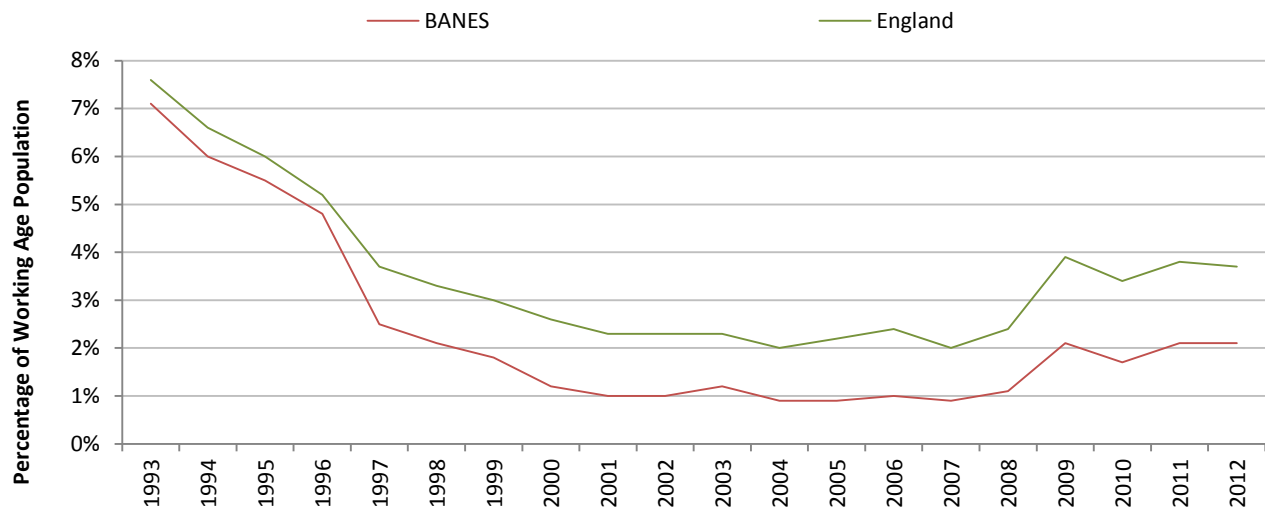
3.18 Incapacity benefit (IB) is more generous than unemployment benefit and until recently placed less onus on the individual to seek a job. However, Figure 12 shows that BANES has higher numbers on IB than England.

3.19 Since 2008 the number of IB claimants has been falling at a rapid rate, possibly owing to increased difficulty in claiming this benefit, although claimant levels are still higher than England.

Figure 12: Incapacity Benefit Claims by Working Age persons by Local Authority 2000-2011 (Source: DWP. Note: Data relates to May of each year)
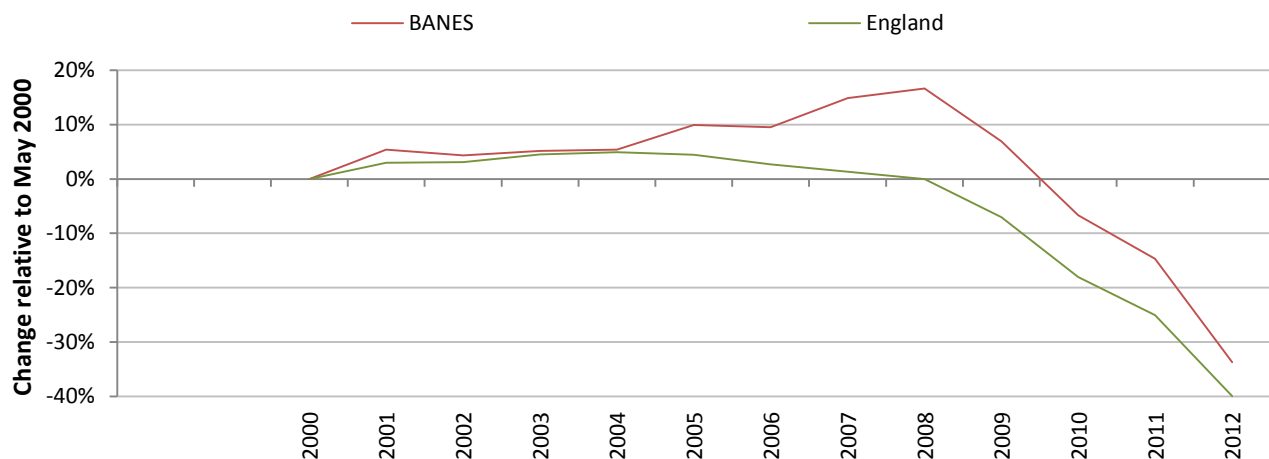
Occupation and Earnings

3.20 The BANES occupation profile shows how the area has seen growth in Professional occupations (up 7.9%) which exceeds that for England. There has been a decrease in those in Managerial positions (down 5.0%). This may reflect the increasing numbers in self-employment (shown previously in Table 3) and wider national trends in how people work.

Figure 13: Proportion of Employees by Occupation 2011 and change 2001-11 (Source: UK Census of Population 2001 and 2011)
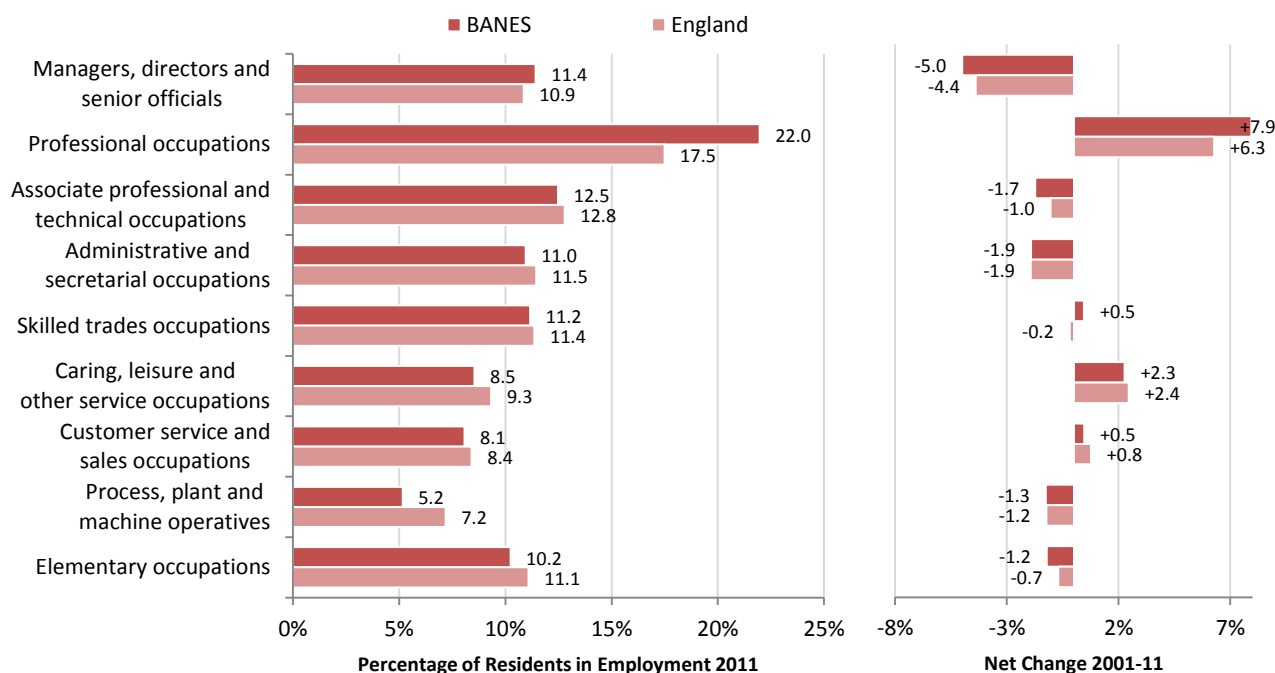
3.21 When considering local earnings, it is possible to consider the income of those people that live in the area (as used above as a basis for occupation) or alternatively to consider the income for local jobs, which will include at least some employees that commute into the area to work. Given that the workplace population (i.e. local employees) are not necessarily residents, the results will inevitably differ.

3.22 The Annual Survey of Hours and Earnings (ASHE) record both measures for all local authorities and can show how relative incomes have changed over time. Table 4 shows the comparisons for median gross annual earnings for 2011.

Table 4: Median Gross Annual Earnings for Employees and Residents in BANES, by All Employees and Full-time Employees (Source: ASHE 2012)

Employment Status	BANES	Bristol	South Gloucestershire	South West	England
Residents (living in area)					
All employees	£21,316	£21,248	£22,003	£20,079	£21,794
Full-time employees	£26,853	£25,481	£27,478	£25,038	£21,794
Employees (working in area)					
All employees	£20,921	£22,293	£19,382	£19,598	£21,790
Full-time employees	£25,173	£26,318	£26,897	£24,582	£26,800

3.23 The results show that residents earn more than employees in the BANES area. Residents in full time employment earn more than England, but all other groups earn less than England.

3.24 All employees (working but not living in the area) earn less than the England average.

Industry

3.25 Figure 14 shows the proportion of employees resident in each local authority area by industry. Overall, BANES has a relatively diverse local economy:

» Wholesale and retail is the largest employment sector, followed by Education and Health & Social Work

» The wider impact of Education on the local economy is shown by the relative size of Administrative and support services, Accommodation services and Professional, Scientific and Technical services etc.

Figure 14: Proportion of Employees by Industry 2011 BANES (Source: UK Census of Population 2011)

Percentage of Residents in Employment 2011
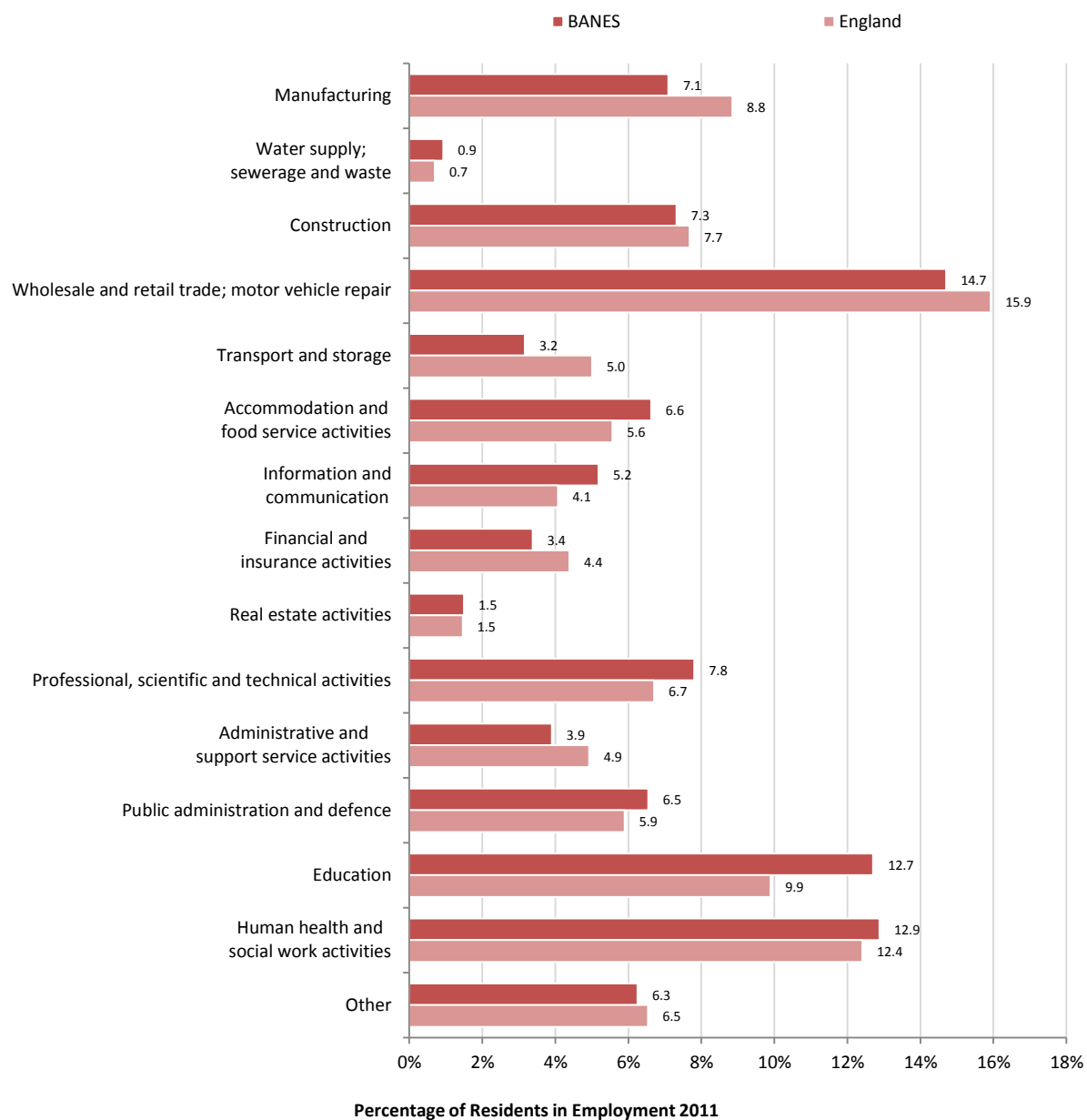
Students

3.26 The presence of the Bath University (15,137 students, including post graduates: HESA) and Bath Spa University (6,771 students: HESA) implies that students will have an impact on the housing market of BANES, especially in Bath itself. The total number of students (21,908) makes up over 12% of the BANES population (176,016).

3.27 A significant part of the total student population lives outside of halls of residences in their own home, which includes those living in the private rented sector. Therefore, students living in private rented accommodation are likely to have a significant role to play in the housing markets of Bath and more widely across BANES. Further, any changes to the private rented sector (for example, if supply were to reduce due to benefit reform) could increase demand for remaining stock.

3.28 The introduction of tuition fees may be beginning to impact on student applications and these are showing signs of reducing (down 12.7% in 2012 compared to 2011: UCAS). However, demand for places far outstrips supply (50,000 more applications than acceptances in 2012). Long term trends, therefore, remain unclear. It should also be remembered that the Government has sought to reduce international migration by restricting access to student visas and also by making obtaining a job in the UK more difficult for those who arrive on student visas.

3.29 Any future growth in student numbers planned by either university could place pressure upon the housing market if any planned increases in student numbers are not complemented with an equivalent provision of additional bed-spaces in university accommodation.

3.30 Unsurprisingly, the Census 2011 shows that students are concentrated in areas close to their respective Campus.

Figure 15: Student Household concentrations (Census 2011)
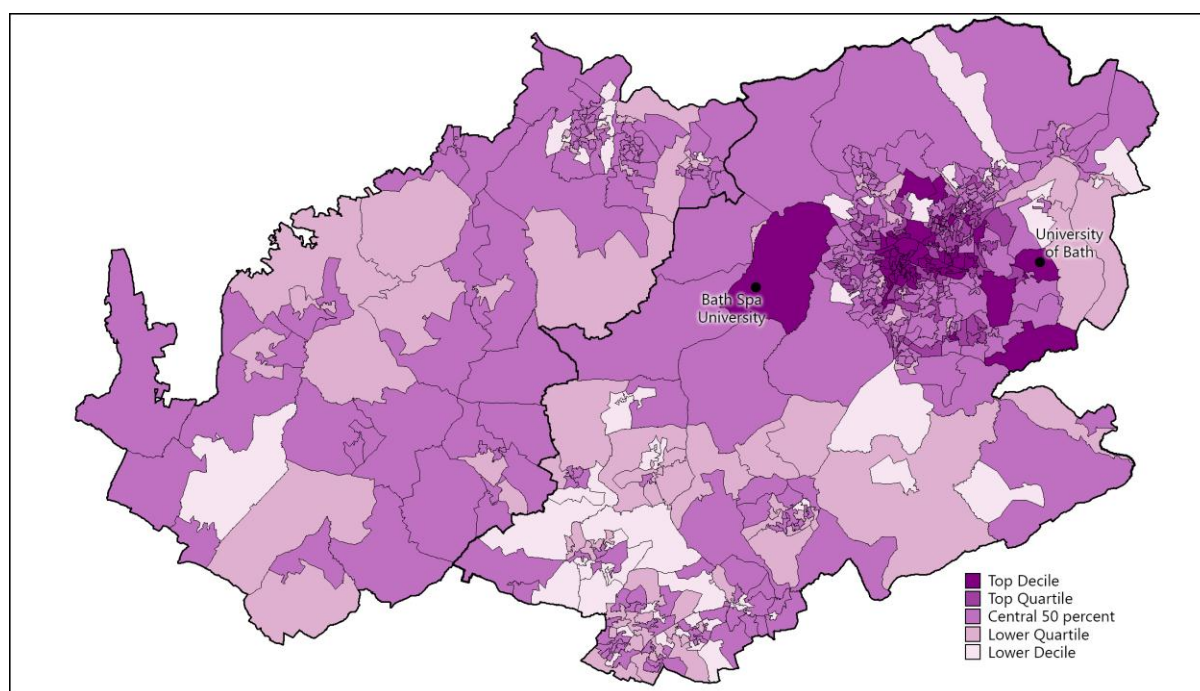
Figure 12 with a zoom focus on Bath
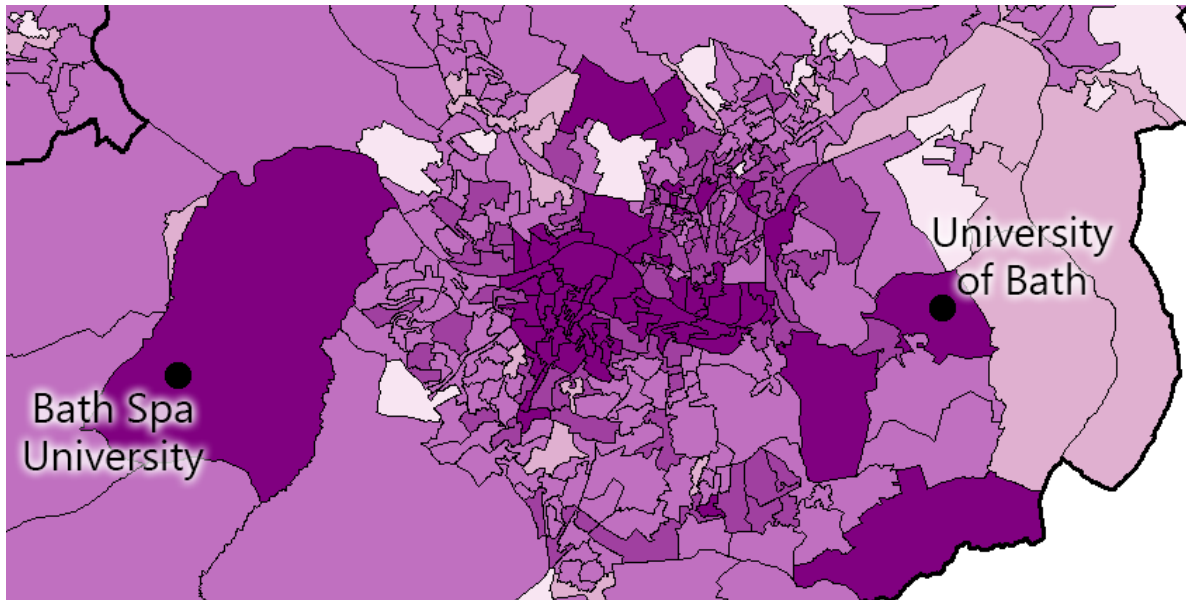
Chapter 3 Summary

Population

The local population increased by 4% between 2001-2011 although average household size has remained constant.

Pre-school and pre-teen children have reduced in BANES between 2001-11

Numbers of Young People aged 15-24 are relatively higher than England although this is likely due to the 20,000+ students attending the two local universities. Students have a significant impact on the Private Rented Sector and any increase in student numbers would impact on this part of the housing market.

Numbers of Older People aged 60+ are relatively higher than England. 35% have a Limiting Long Term Illness at age 60-69 and this increases to 80% for those aged over 90. BANES has seen an increase in younger old people (those aged 60-69) between 2001 and 2011. Those aged over 80 have increased in the same period

There has been an increase in the Black and Minority Ethnic population between 2001-2011 with high relative increases in the Asian and White Other groups. The key originating countries for international migrants are Poland, China and India.

Economy

The local economy has seen an 8% increase in people who are economically active and a 2% increase in those economically inactive. 74% of the increase in economically active is amongst part time and self-employed people.

Unemployment fell for the period 1993-2007 but then increased to c.2% since 2011 (compared to an England level of 3.6%).

The Occupation profile shows Professional occupations increased by 22% while Managers, Associate Professional and Administrative occupations all decreased. The Proportion of Employees by Industry shows the relative importance of the Education sector to the local economy.

Earnings figures show a difference between those who live and work in BANES and those who work here: resident workers earn slightly more than those who live outside the area.

4. Current Housing Stock

An overview of the existing housing stock

Existing Housing Stock

4.1   A key SHMA task is to understand the current housing offer to residents, including by type, character, age, and location. The stock on offer affects choices for renters, purchasers and investors.

Dwelling Type

4.2   Figure 16 shows stock distribution by type across the study area. Key points to note include:

» BANES has a relatively similar dwelling type profile to England

» There are slightly more terraced houses than semi-detached compared to England

4.3   Figure 14a shows the dwelling type across the BANES area via key settlements. Bath has relatively higher proportions of flats and terraced houses than surrounding areas. All areas except Bath have higher relative proportions of semi-detached houses. Rural areas contain the highest proportions of detached houses.

Figure 16:   Dwelling Type by Area (Source: Valuation Office Agency, August 2012)
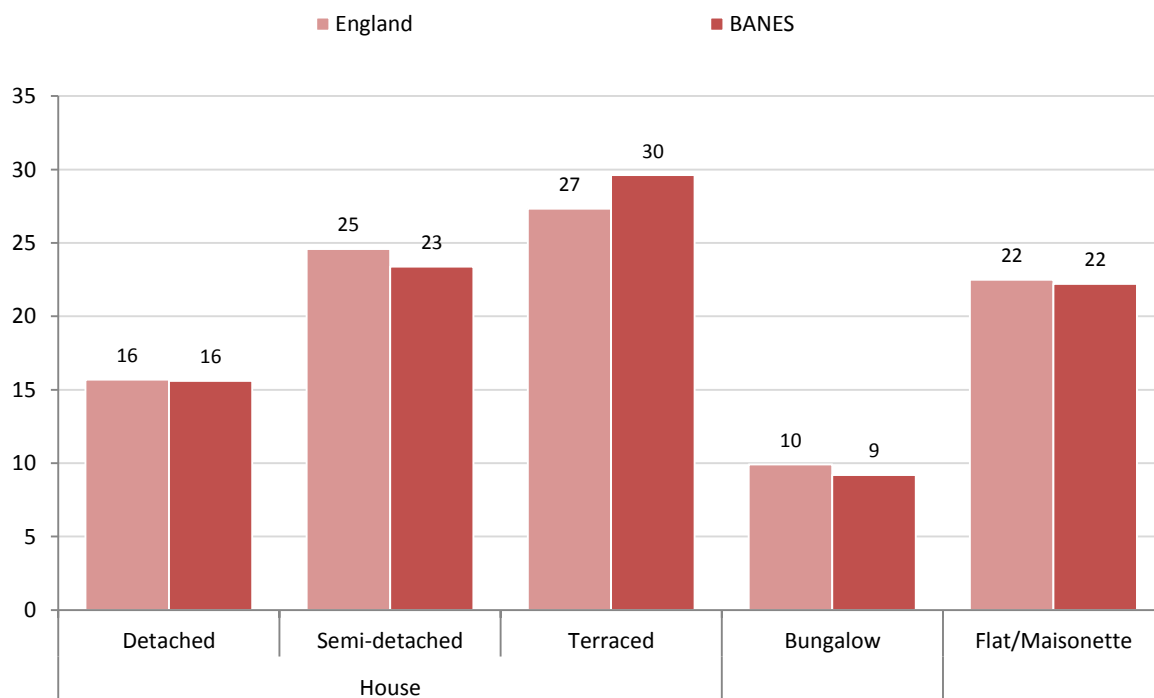
Figure 17a: Dwelling Type by Area within BANES (Source: Valuation Office Agency, August 2012)
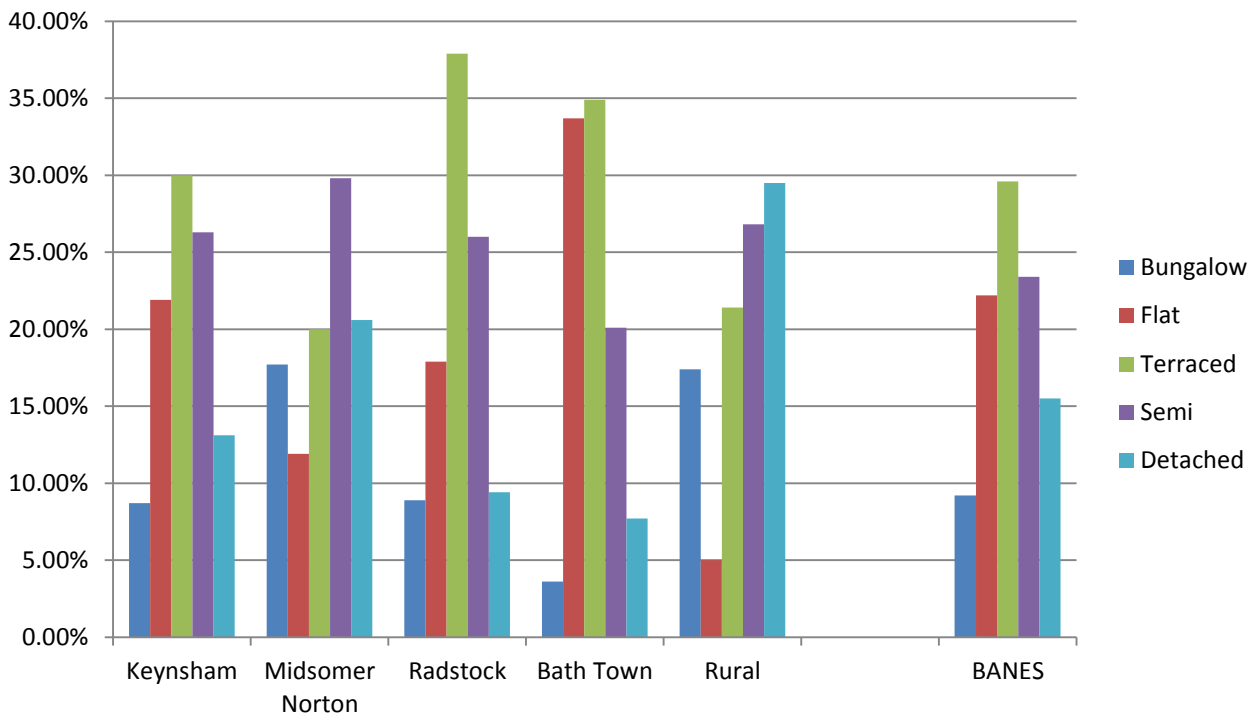
Dwelling Characteristics

4.4   Dwelling characteristics show that bedroom sizes as a proportion of the overall stock vary (see Figure 14). There is a spread of bedroom sizes with 3 bedrooms predominating. Most homes have between 50-149 sqm floor area. 72% of home have a garage, with 17% reliant on on-street parking.

Figure 18: Dwelling Characteristics (Source for Bedrooms, Area and Parking: Valuation Office Agency, September 2010; Source   for Accommodation Type: UK Census of Population 2001)
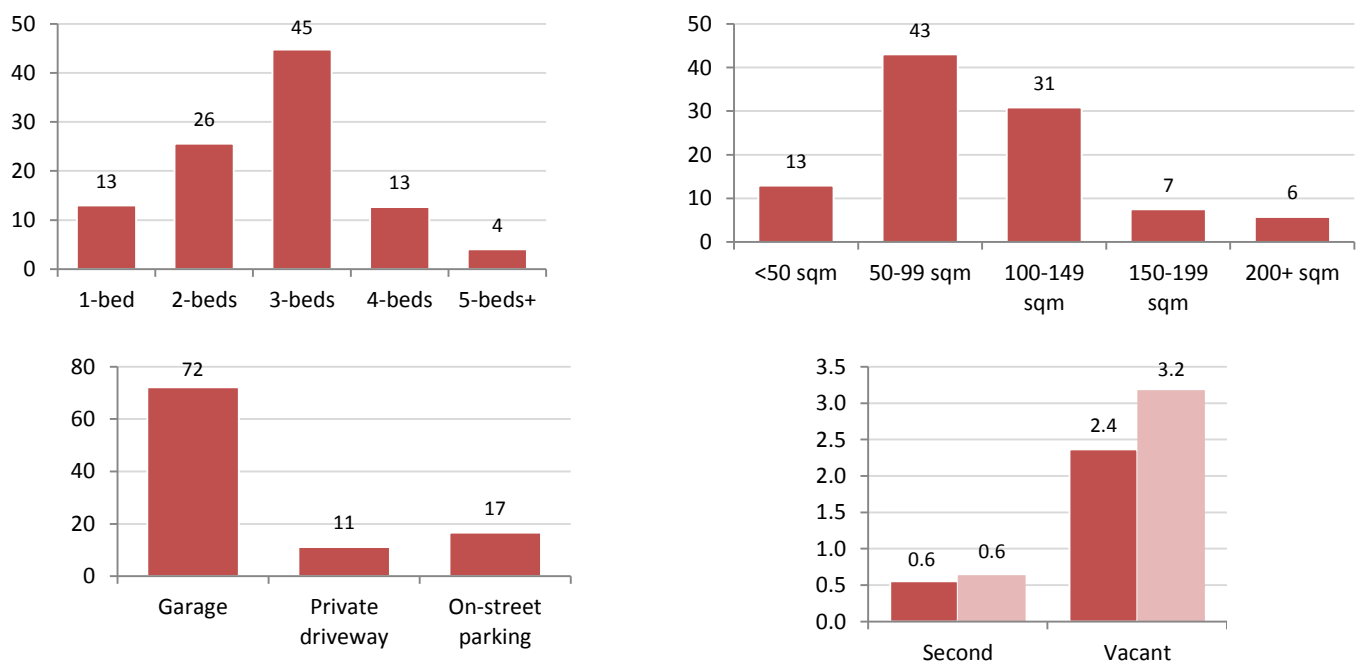
Dwelling Age and Condition

4.5 Figure 19 below shows the age of housing stock in BANES. The age of housing stock is a usually strong factor in determining stock condition. The majority of BANES stock was built in the twentieth century, although c.28% is pre 20th century. Interestingly, only 9% has been developed since 1993.

Figure 19: **Dwelling Age by Area (Source: Valuation Office Agency, August 2012)**

■ Pre 1900 ■ 1900-18 ■ 1919-29 ■ 1930-39 ■ 1945-54 ■ 1955-64 ■ 1965-72 ■ 1973-82 ■ 1983-92 ■ 1993-99 ■ 2000 or later
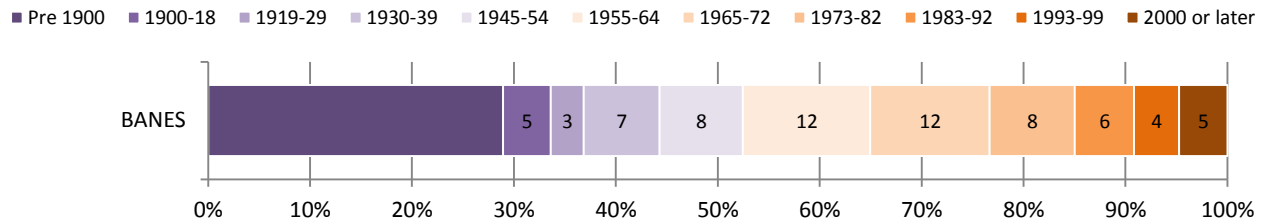
Housing Tenure

4.6 The dominant form of housing tenure continues to be owner occupation, although the private rented sector has grown significantly across the last decade, albeit at a lower rate than England. Affordable housing is effectively at a standstill position with limited net increase in stock (Figure 20).

Figure 20: Household Tenure by Area (Source: UK Census of Population 2001 and 2011. Note: Private Rent includes tied housing and living rent free)
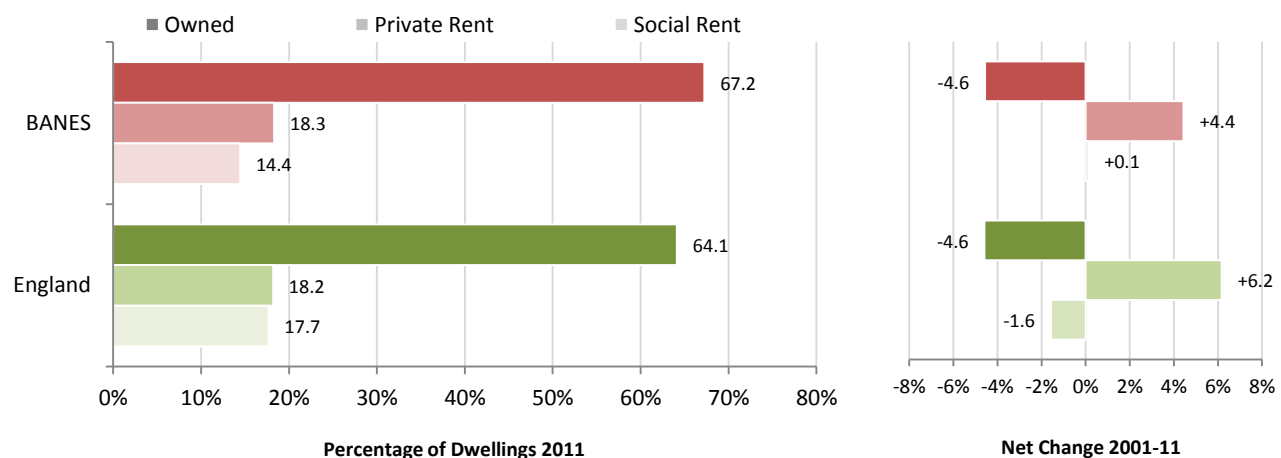
4.7 In summary:

» 67.2% of all properties across the area were owned outright or owned with a mortgage

» 18.3% of stock is privately rented – up +4.4% since 2001

» 14.4% is social rent which is almost the same as in 2001

House Prices

4.8 Figure 17 shows relative house prices sold across the BANES area between 2000 and 2012: in that period, prices have effectively doubled, and the market, despite a decline in values in 2007-09, has seen an upward trend since 2010, indicating that prices have recovered to their values at the market peak in 2007. This indicates that Bath sale values are outperforming the national average.

Figure 21:   Average Price of Properties Sold in each LA: Q4 2000-Q3 2012 (Source: HM Land Registry)
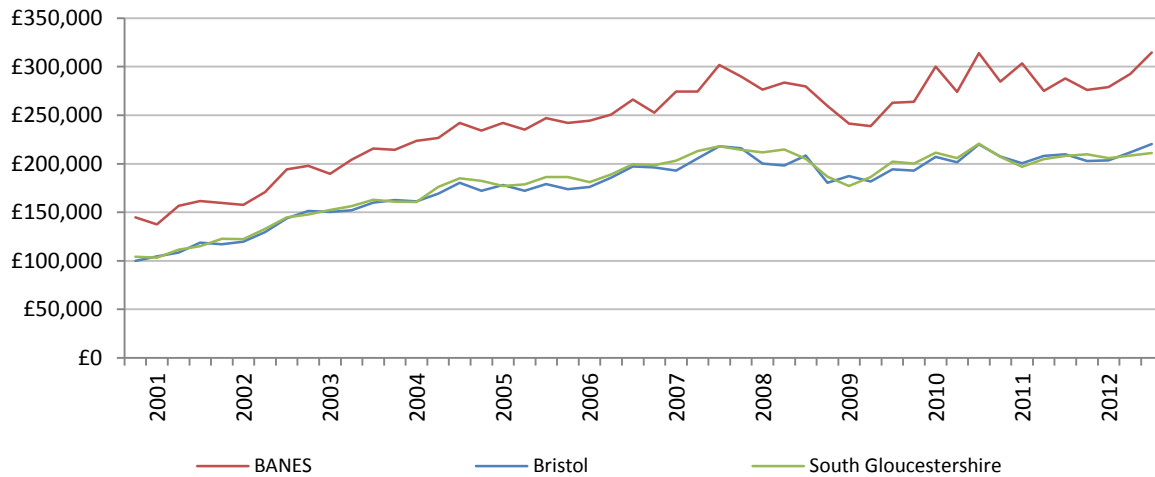
Figure 22: Percentage of Houses Sold for Key Price Bands in 2000-11 (Source: HM Land Registry)
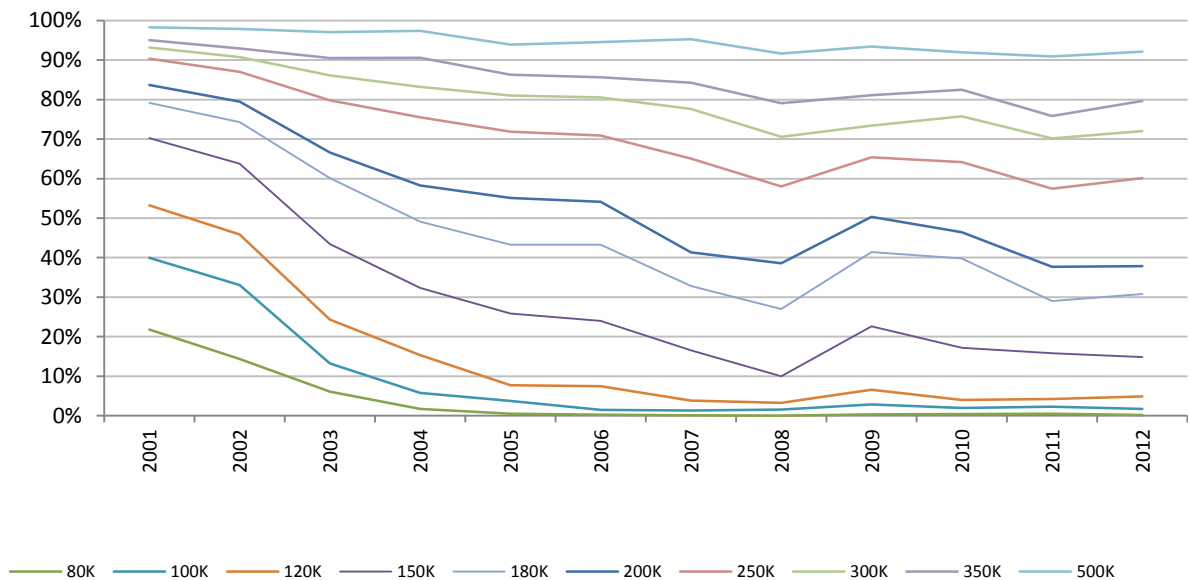
4.9   Nevertheless, affordability for single first-time buyers has declined sharply in the last decade despite the 2007-2009 period. Since 2004/5 very few transactions occur sub £150,000 (c.15%).

Figure 23: Percentage of Houses Sold at 150k in each LA: 2000-11 (Source: HM Land Registry)
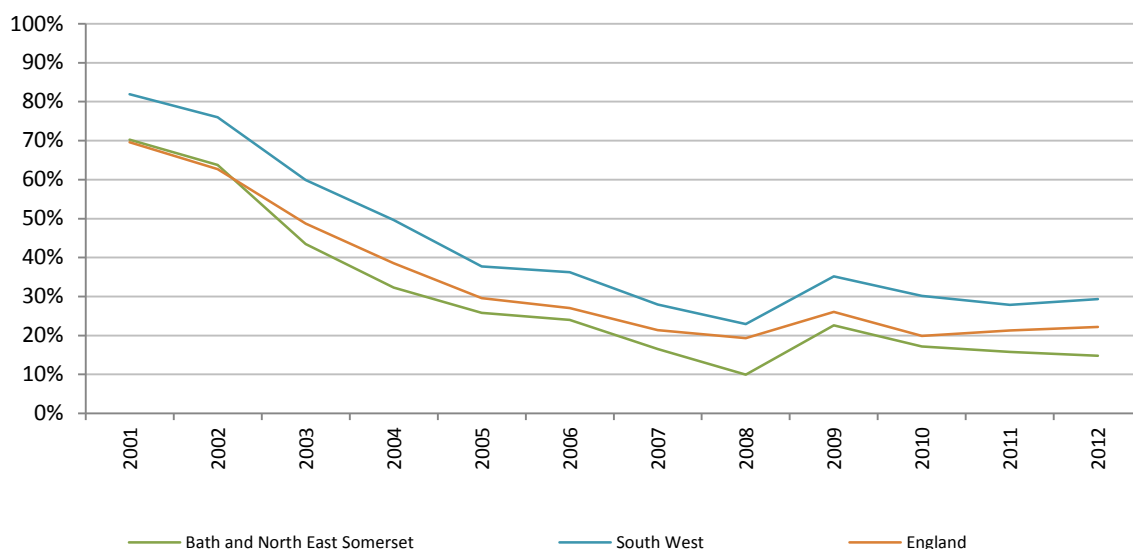
Private Rented Sector

4.10 The private rented sector forms an increasingly important part of the overall housing offer (18.3% of households live in the sector). Recent tenure trends have seen the sector increase relative to other tenures (up 4.4% 2001-2011). The implications of this are explored later in this report. However, the number of buy to let landlords entering the UK market fell away sharply in 2008 and 2009, when compared with earlier years as shown in Figure 24. There is considerable current interest by Government in stimulating growth in the sector and this is discussed in Chapter 9.

Figure 24: Buy to Let Mortgages 2006-2011 (Source: Council of Mortgage Lenders)
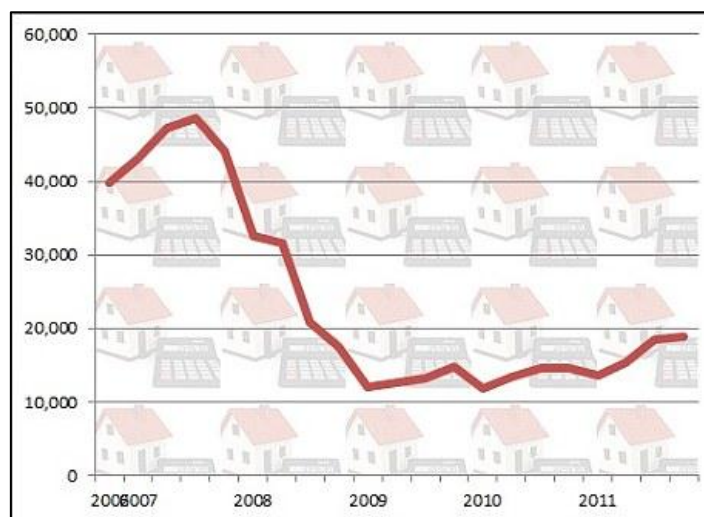
4.11 Figure 25 illustrates the different Census categories for broad "private rent" classification. Private rent includes not only homes rented from private landlords and letting agent, but also tied housing where employees are provided with accommodation linked to their jobs.

4.12 Around 73% of households who rent privately do so from a landlord or agency. C.17% live rent free. Levels of renting in each category of private rented housing are similar to those for England.

Figure 25: Categories of Private Rented Housing by Area (Source: UK Census of Population 2001)

Legend:
- Rented from a private landlord or letting agency
- Rented from employer of a household member
- Rented from relative or friend of a household member
- Other rented
- Live rent free
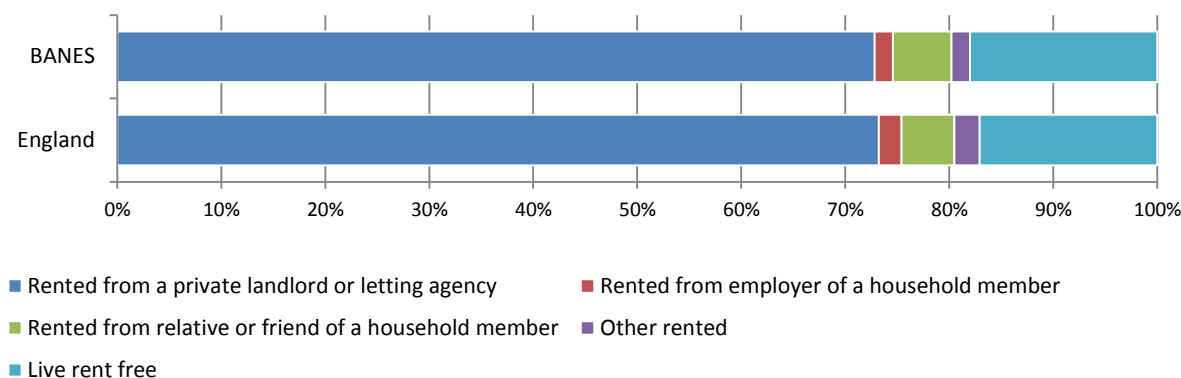
Houses in Multiple Occupation

4.13 Not all private rented stock consists of self-contained dwellings occupied by a single household. Many households occupy houses in multiple occupation (HMOs). An HMO is currently defined by the Housing Act 2004;

» an entire house or flat which is let to three or more tenants who form two or more households and who share a kitchen, bathroom or toilet;

» a house which has been converted entirely into bedsits or other non-self-contained accommodation and which is let to three or more tenants who form two or more households and who share kitchen, bathroom or toilet facilities;

» a converted house which contains one or more flats which are not wholly self-contained (i.e. the flat does not contain within it a kitchen, bathroom and toilet) and which is occupied by three or more tenants who form two or more households; and

» a building which is converted entirely into self-contained flats if the conversion did not meet the standards of the 1991 Building Regulations and more than one-third of the flats are let on short-term tenancies.

4.14 The accommodation must be used as the tenants' only or main residence and it should be used solely or mainly to house people. Properties let to students and migrant workers are treated as their only or main residence.

4.15 HMOs make an important contribution to the private rented sector by providing housing to meet the needs of specific groups/households. This classification of housing must be considered alongside accommodation for people who share housing and housing costs in order to afford self-contained market housing.

4.16 It can be anticipated that when the 2011 Census information is released the number of households living in HMOs will have risen as higher housing costs have seen more households sharing.

Communal Establishments

4.17 Many people also live in non-traditional household units. Figure 21 shows that at the time of the 2001 Census, more people in BANES (3.4%) lived in Communal Housing than in England (1.7%). BANES has higher levels of Medical/Care housing than England.

Figure 26: Proportion of People in Communal Housing by Type of Establishment in BANES (Source: UK Census of Population 2011)
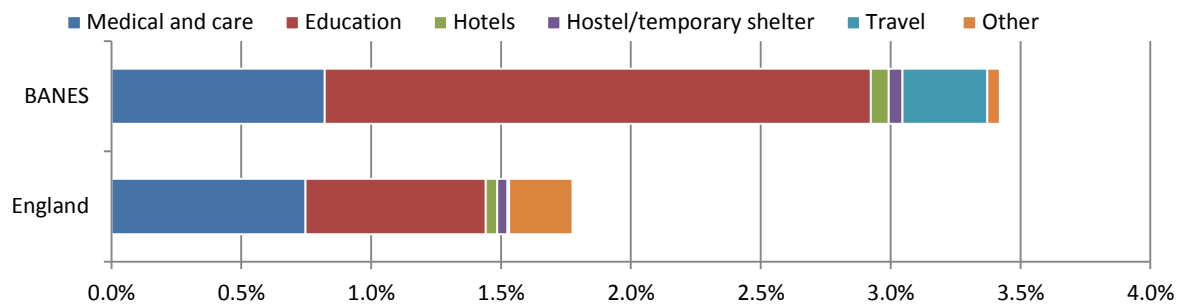
Chapter 4 Summary

Dwellings

The area has a similar property type profile to England although with slightly more terraced homes. Most stock was built post 1945 although c.29% is pre-1900.

Tenure

The area has higher levels of owner occupation relative to England although this declined by 4.6% between 2001-2011. The Private Rented Sector has grown 4.4% in the same period via conversions of owner occupied stock to private rent. Social rent is a minority tenure at 14.4% of all stock.

Prices

House prices effectively doubled between 200-2012. Prices have been rising since 2011 and are currently outperforming national trends.

Communal establishments

The area has slightly more communal establishments (3.4%) relative to England (1.7%), with slightly more medical/care homes.

5. Current Housing Market
The relationship between households and housing

5.1   This chapter considers key aspects of the current housing market and how this currently operates, especially in terms of the relationships between households and housing. It explores affordability, housing need, housing delivery, sale transactions and the impact of migrant workers.

Migration Trends

1   We would note at the outset of this section that migration data can be problematic and it is important to understand how figures are derived.

2   Since 1996-97, the ONS has published relatively localised migration data using information from the NHS Central Register (NHSCR) which records the movement of individuals who change GP. The NHSCR data provides an effective way of monitoring changes in migration over time, but it is important to recognise the limitations of the data. Not everyone who moves will register with a doctor, so some migration will not be counted. Nevertheless, as the data provides the best available basis for analysis, the following information details migration patterns.

5.2   International migration data comes from the responses to the International Passenger Survey (IPS) which interviews around 1 in every 500 people who come through points of entry to the UK. On average each person interviewed is given a weight of 500 to make the data representative to the whole population. Therefore, relatively small variations in the number of persons interviewed who report that they are moving to any one local authority can have a huge impact on the total figure. When projecting future population later in this report we look at alternative methods for measuring international migration.

5.3   Figure 27 shows that a net migration gain in every year from 2006-2010, with the highest gains experienced in 2007 (2,200 persons) and 2010 (1,900 persons). Migration in 2006 and 2009 was lower.

5.4   Overall, migration within the UK accounted for a net gain of +100 people 2005-2010 (Figure 23) and that international migration led to a net gain of +1,100 people for the same period.

Figure 27:   In Migration, Out Migration and Net Migration 2005-2010 by BANES (Source: ONS Migration Statistics Unit. Note: Figures may not sum due to rounding)

	2006	2007	2008	2009	2010	5 Year Total	Annual Average
In Migrants	13,600	15,100	14,300	13,000	14,400	70,400	14,100
Out Migrants	13,400	12,900	12,600	12,900	12,500	64,300	12,900
Net Migrants	+200	+2,200	+1,700	+100	+1,900	+6,100	+1,200

Figure 28:   Average Annual In Migration, Out Migration and Net Migration 2005-2010 within the UK and Overseas by Local Authority (Source: ONS Migration Statistics Unit. Note: Figures may not sum due to rounding)

UK MIGRATION		INTERNATIONAL MIGRATION		TOTAL MIGRATION	
In	11,500	In	2,600	In	14,100
Out	11,400	Out	1,500	Out	12,900
Net	+100	Net	+1,100	Net	+1,200

5.5   Using NHS data, we can profile some details about the characteristics of migrant persons.   Overall, the key cohort for in migrants was 0-15 and 16-24 years. The key out migrant age was 25-44 years. This perhaps reflects the significant status of higher education within Bath, with younger migrants moving in and older ones moving out.

5.6   Figure 29 provides a breakdown of migrants by age for migration within the UK only. Overall, the key cohort for in migrants was 0-15 and 16-24 years. The key out migrant age was 25-44 years. This perhaps reflects the significant status of higher education within Bath, with younger migrants moving in and older ones moving out.

Figure 29:   Average Annual Net Migration 2005-2010 from Age Groups by Local Authority (Source: ONS Migration Statistics Unit. Note: Figures may not sum due to rounding)

IN MIGRANTS		OUT MIGRANTS		NET MIGRANTS	
0-15 years	1,250	0-15 years	930	0-15 years	320
16-24 years	5,490	16-24 years	5,050	16-24 years	440
25-44 years	3,340	25-44 years	3,760	25-44 years	-420
45-64 years	1,060	45-64 years	1,120	45-64 years	-60
65+ years	420	65+ years	500	65+ years	-80
Total	11,560	Total	11,360	Total	200

The NHS data also allows us to profile movements within the UK in more detail. Figure 30 shows the origin of movers to and from BANES by region. Most UK migrants who come to or leave the area do so from within the South West region.

Figure 30: **Average Annual Net Migration 2005-2010 from England and Wales Regions by Local Authority (Source: ONS Migration Statistics Unit. Note: Figures may not sum due to rounding)**

UK Region					
IN MIGRANTS		**OUT MIGRANTS**		**NET MIGRANTS**	
North East	110	North East	110	North East	0
North West	420	North West	340	North West	80
Yorkshire and Humberside	310	Yorkshire and Humberside	260	Yorkshire and Humberside	50
East Midlands	380	East Midlands	290	East Midlands	90
West Midlands	610	West Midlands	530	West Midlands	80
Eastern	710	Eastern	560	Eastern	150
London	1,370	London	1,590	London	-220
South East	2,070	South East	1,760	South East	310
South West	4,760	South West	5,130	South West	-370
Wales	610	Wales	590	Wales	20
Total	**11,350**	**Total**	**11,160**	**Total**	**190**

5.7 Figure 31 identifies those local authorities with the highest net migration to each of the local authorities in the sub-region, as well as those local authorities with the highest net migration away from each area. It is apparent that most in and migration is with adjacent authorities to BANES.

Figure 31: **Top 5 Local Authorities with the Highest Net Migration to and from BANES over the period 2005-2010 (Source: ONS Migration Statistics Unit)**

In-migrants moving TO BANES		Out-migrants moving FROM BANES	
Bristol, City of UA	540	Wiltshire UA	-1,120
South Gloucestershire UA	210	Mendip	-720
South Somerset	90	North Somerset UA	-140
Shropshire UA	70	Westminster	-120
Bromley	60	Tower Hamlets	-110

Impact of Migration on the Housing Market

5.8 As can be seen above, Data regarding migration has to be assembled from various sources:

There is no national, regularly updated, specific source of statistics about recent migrants in the UK that tells us about their patterns of housing tenure. Instead, the published data that tracks housing trends simply provides indications – for example, of migrants' limited access to new lettings in the social sector – that suggest the vast majority of migrants use the PRS, at least for the initial years that they are in the UK. (UK Migrants and the Private Rented Sector; Joseph Rowntree Foundation (JRF) 2012)

5.9 However, what is known (e.g. from research by JRF, Housing Migration Network and Labour Force Survey) is that:

» New migrants often enter the UK housing market in the least desirable housing – frequently in disadvantaged areas or where demand for housing is lowest

» Most recent migrants live in the private rented sector, frequently in poorer properties

» Increased migration to the UK also coincides with a shortage of – and high demand for – affordable housing

» Poor housing, competition for housing and high levels of population 'churn' have a detrimental impact on relationships at local level between different groups, particularly in areas not used to such change

5.10 In the light of this, Local Authorities should continue to keep under review the quality and accessibility of housing and housing related services for households across all ethnic groups, and ensure that housing strategies seek to tackle any inequalities identified. These are both areas for on-going monitoring.

Housing Supply

5.11 Housing delivery has slowed across the UK since the market peaked in 2007/08. Various current forecasts regarding national recovery to 2008 levels vary from 3 years to 10.

5.12 In BANES, the impact of the market slowdown was less marked and delivery levels (Figure 27) were at their highest for 10 years in 2010-11.

Viability in Delivering New Housing

5.13 Even within relatively high value areas, there can be viability issues. In practice, many local delivery targets for any one authority form part of the wider delivery target for a sub-region, and therefore more localised viability can affect the delivery for this wider area.

5.14 Delivery of lower numbers of dwellings in any area will marginally reduce the requirement for affordable and intermediate housing, but this is due to lower overall delivery. A lower level of delivery will not per se impact upon the requirements of those seeking affordable housing as these low income households do not typically have options to move elsewhere. However, higher levels of development go some way to mitigate this. Higher delivery would normally also incentivise migrants (who typically occupy market sector dwellings) to move to the area. Conversely, lower levels of development will provide disincentives to in-migrants.

5.15 Housing delivery in BANES has been relatively constant since 2001 (Figure 27) even though significant changes have happened in the wider economy and the construction sector (Figure 28). The overall change in BANES stock totals relative to other local authorities is shown in Figure 27a.

Figure 32: Housing Delivery 2001-2012 (Source: Local Authority Records)
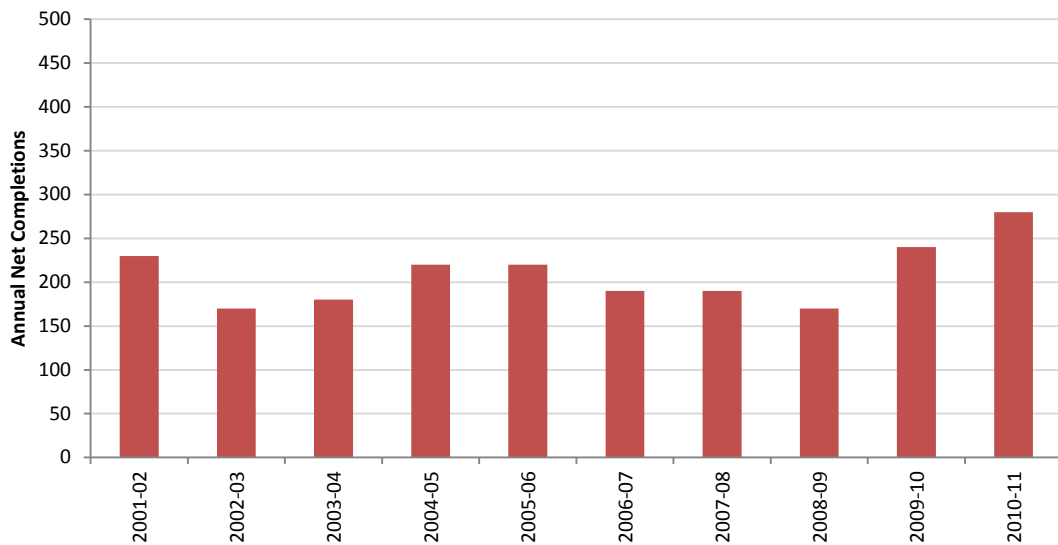
Figure 33a: Housing Stock Change over Time (Source: Local Authority Records)

Local Authority	Homes 2001	Homes 2011	Change	Change %
Bristol	166,380	185,390	19,010	11.4%
S. Glos	100,870	108,940	8,070	8.0%
N.Soms	82,640	94,200	11,560	14.0
BANES	73,050	76,670	3,620	5.0%

Turnover of Private Housing for Sale

5.16 The impact of the post 2007/08 housing market downturn can be seen by considering market transactions since the 2007 peak (Figure 34). The level of transactions in 2008/09 was much lower than in previous years, so while affordability may have improved slightly (Figure 29), the number of dwellings sold for lower house prices fell when compared to 2008. It is also the case that at least some of the properties at the very lowest prices wouldn't be fit for habitation in their current state and would require significant investment to bring them up to an appropriate standard.

Figure 34: **Volume of Properties Sold Across BANES: Q4 2000-Q2 2012 (Source: HM Land Registry. Note: Figures show rolling annual total based on quarterly data)**
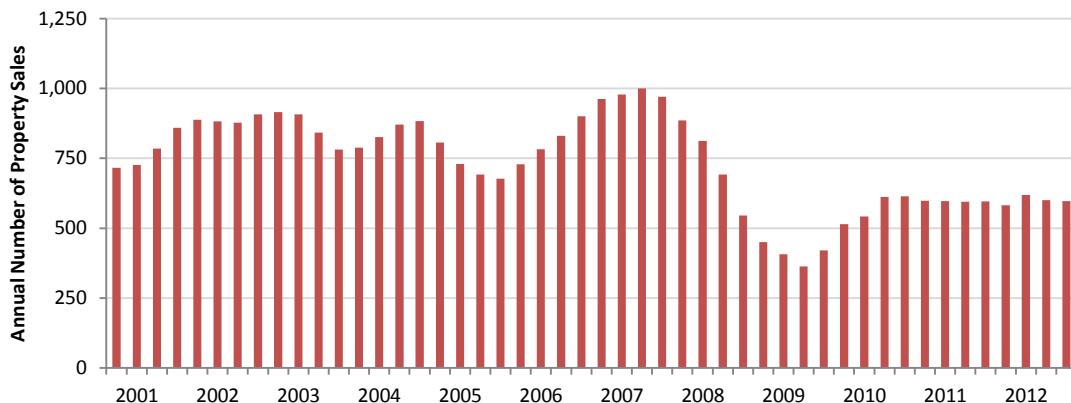
Housing Affordability

5.17 Figure 35 shows the ratio of median full time earnings to average house prices in BANES between 2003 and 2011. The figure shows affordability has worsened in that period, despite some improvement 2008-10. Interestingly, the ratio in 2012 is almost back to the peak of the market in 2007. Affordability is further complicated by lower availability of mortgage finance for first time buyers suppressing aspirations to buy.

Figure 35: **Median Full-time Earnings to Average House Price Ratio for Properties Sold by LA (Source: ASHE and HM Land Registry)**
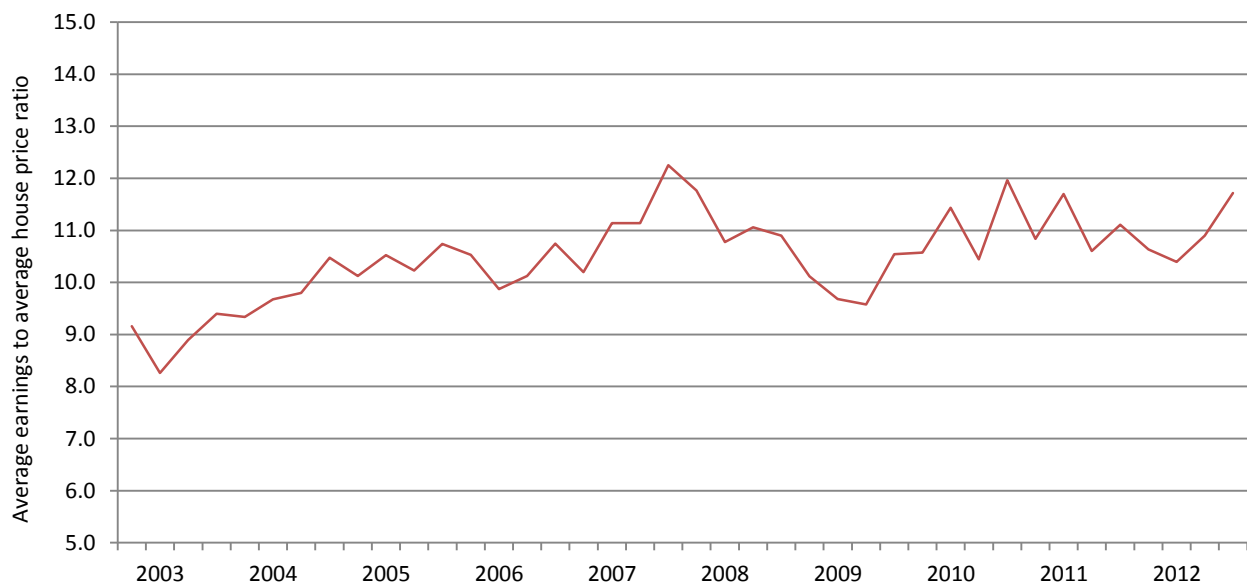
Housing Benefit Support for Private Rented Sector

5.18 Many households in both the social and private rented sectors are able to claim support with rent costs in the form of housing benefit. The Department of Work and Pensions (DWP) publish quarterly statistics for Housing Benefit recipients.

5.19 Figure 36 shows the longer term trends in Housing Benefit recipients in England, especially in the private rented sector.

Figure 36: Trends in the number of Housing Benefit claimants in England (Source: DWP)
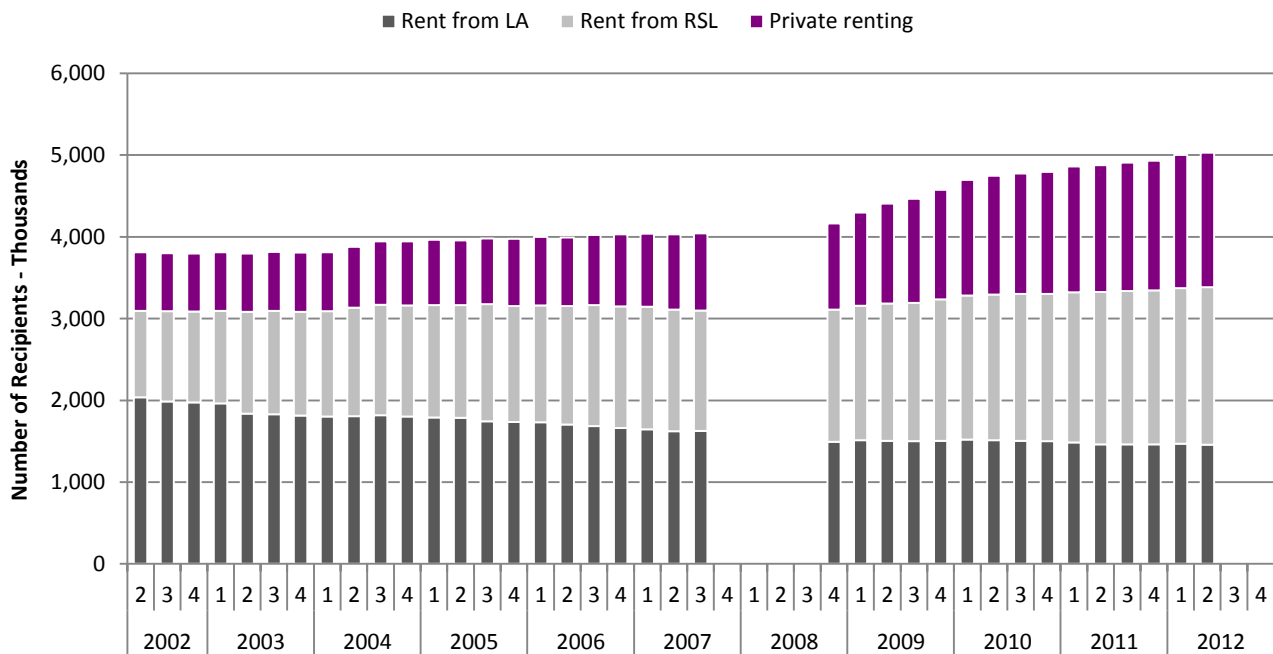
5.20 Figure 37 shows the growth in BANES during the 2009-2012 period. Clearly, the number of Households on low incomes in the private rented sector continues to increase, reflecting wider, national trends.

Figure 37: Growth in Housing Benefit Claimants in the Private Rented Sector Oct 2009-May 2012 for BANES (Source: DWP)
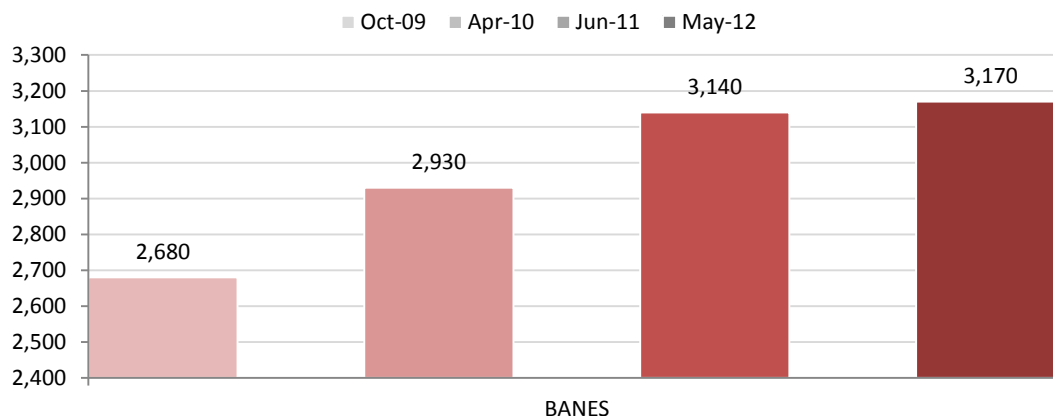
5.21 Figure 38 sets the growth which has occurred in housing benefit claimant numbers in the private rented sector between October 2009 and June 2011 in context in relation to all local authorities across the South West of England.

5.22 BANES is one of the local authorities with relatively lower growth rates. However, this could reflect the lack of capacity in private rented stock available to house Housing Benefit claimants in BANES rather than suggesting there is lower levels of need.

Figure 38: Growth in Housing Benefit Claimants in the Private Rented Sector Oct 2009-June 2011 for Local Authorities in the South West of England (Source: DWP)
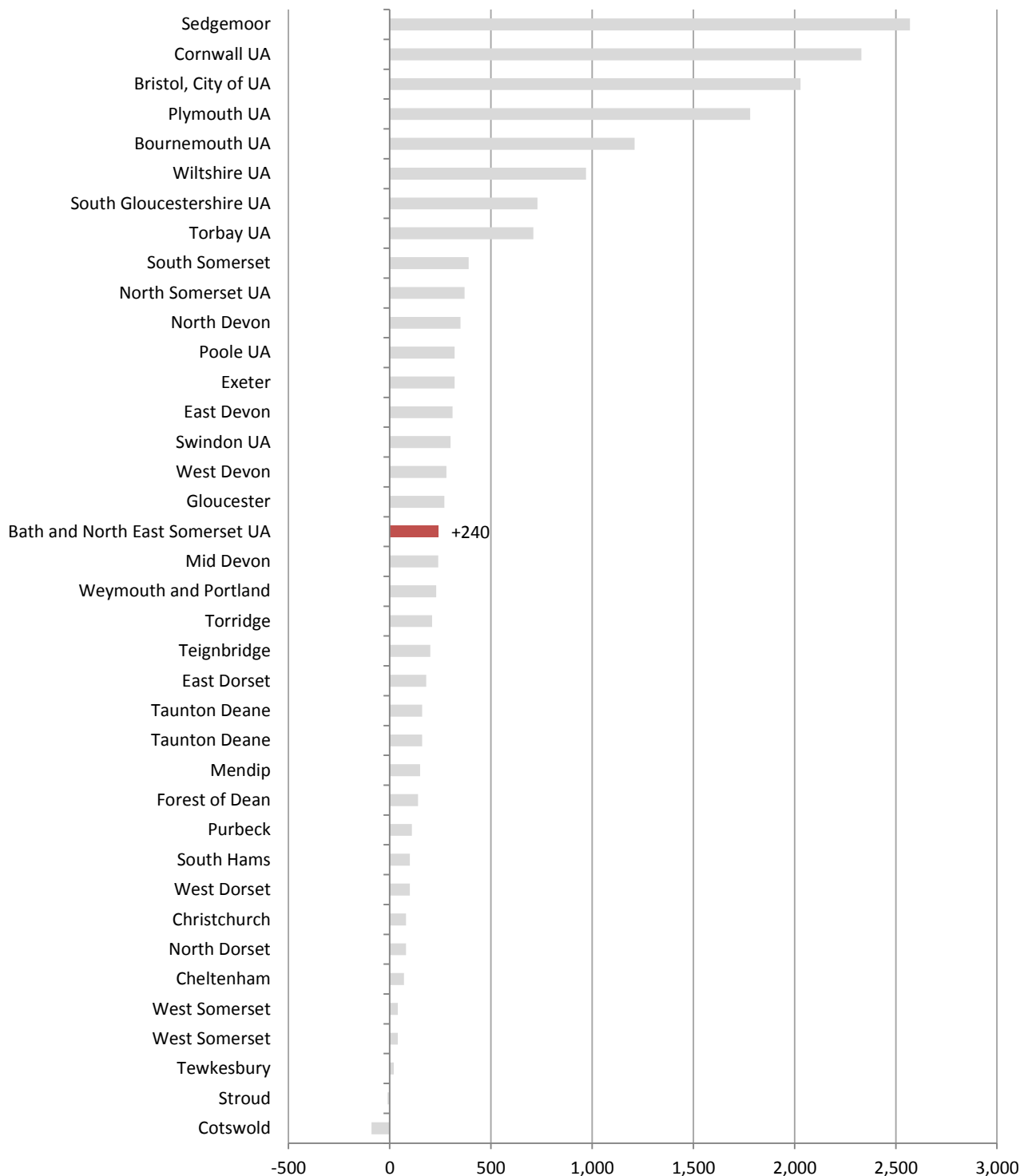
5.23 Figure 39 shows that over 13% of households in BANES claiming housing benefit while living in the private rented sector as a share of all dwellings.

5.24 While many households choose to live in private rented accommodation with housing benefit support, other households may prefer an affordable tenancy, but are unable to access one due to unavailability of existing or new affordable rented stock. To reduce the number of households claiming housing benefit in the private rented sector, more affordable housing would need to be provided.

Figure 39:   Housing Benefit in Private Rented Sector as a Share of Total Dwellings (Source: CLG Live Table 100 March 2011; DWP March 2012)
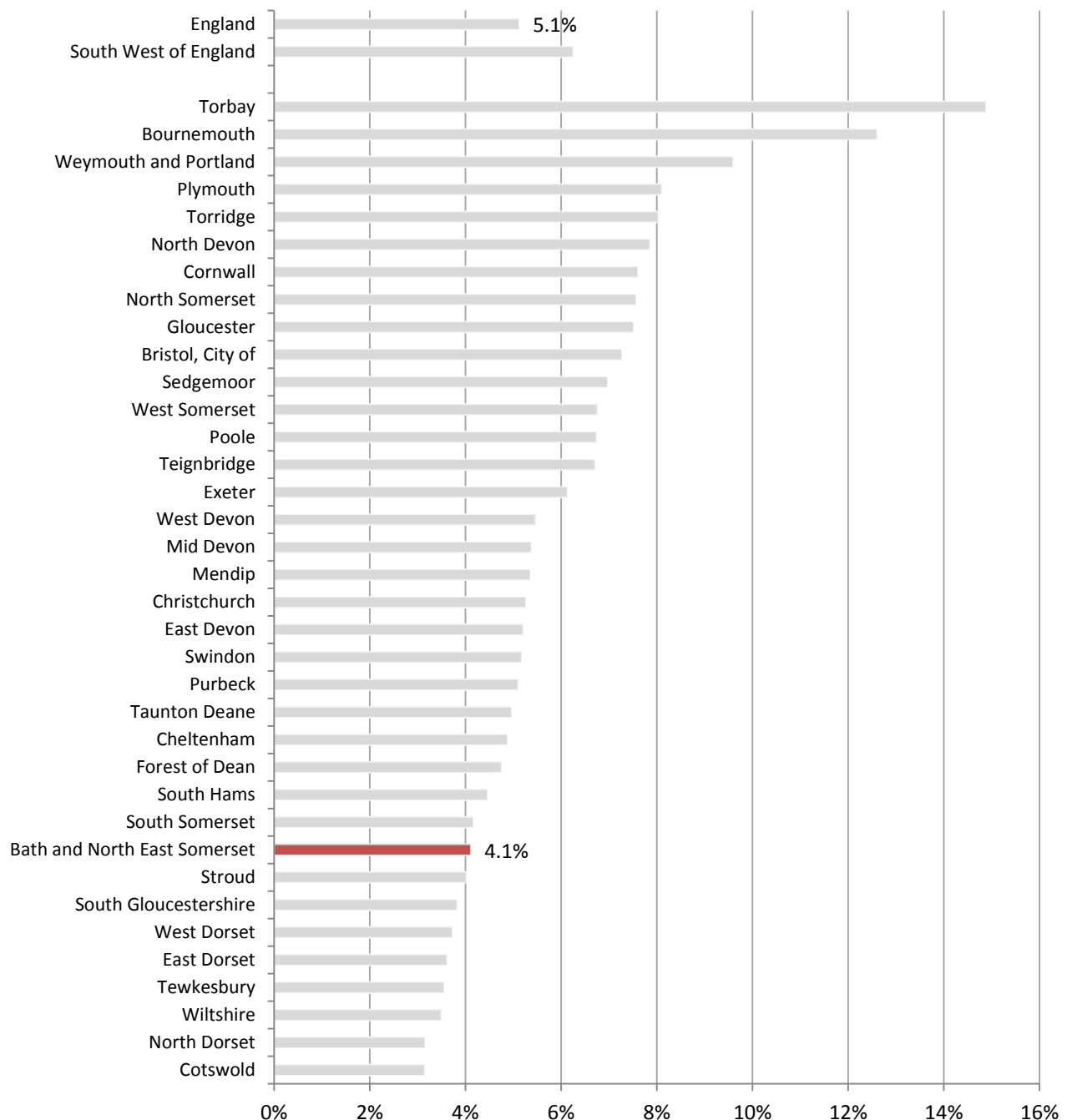
Acute Housing Need: Homelessness

5.25   A key duty of local authorities is to provide a service to households who become homeless or are at risk of becoming homeless where they are satisfied that the applicant has a priority need. Figure 40 shows the trends in total and accepted number of claims for homelessness and the number of households in temporary accommodation for BANES. Although the long term trend is downwards, more recently homeless claims and acceptances have begun to rise.

**Figure 40:   Homeless Applications and Acceptances and Homeless Households in Temporary Accommodation Q1 2003- Q1 2011
(Source: Local Authority P1E Homelessness Data. Note: Number of cases based on 12-months to end of quarter)**
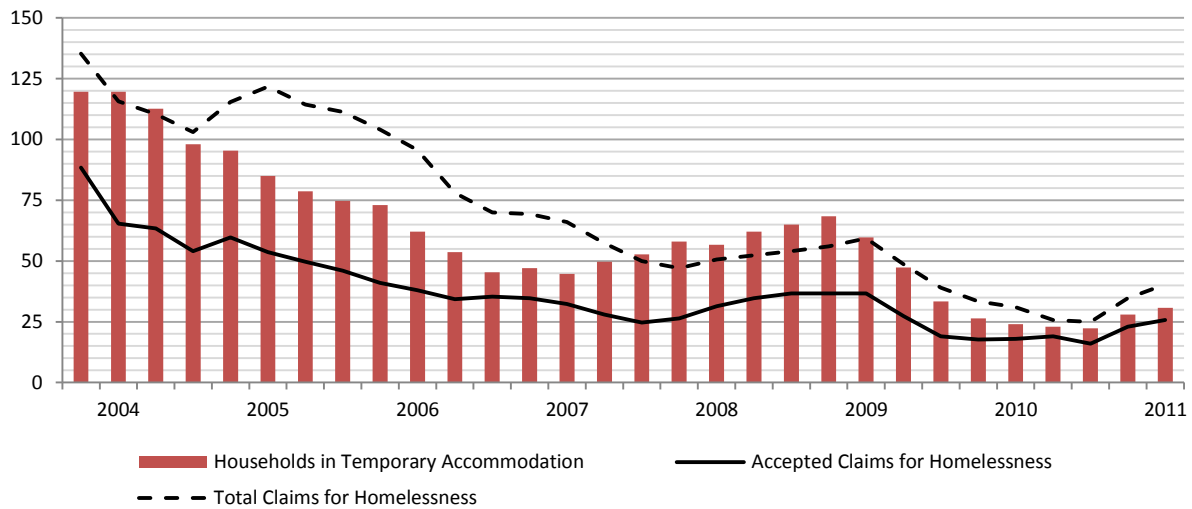
Chapter 5 Summary

Migration

43

The area had a net migration gain of 6,100 between 2006-2010. While net UK migration 2005-10 was a modest +100 annual average gain, international migration was more significant at +1,100. The largest in migration age group(s) were 0-15 and 16-24 years, the largest net out migration age group were 25-44.

Most UK migrants who come to or leave the area do so from within the South West region, mostly moving to and from adjacent local authorities.

Housing Delivery

Housing delivery in the area has been relatively constant since 2001 even though significant changes have happened in the wider economy and the construction sector.

Sales Turnover

While the number of sales transactions is lower than in the peak market (c.1,000 per quarter: 2007) they have recovered to c.600 in 2012.

Affordability

Affordability declined 2003-2007 but then improved to 2009. More recently, affordability has declined again and (in 2012) is almost back to the peak of the market in 2007.

Housing Benefit in the Private Rented Sector

The number of Households on low incomes in the private rented sector increased between 2009-2012. Although the increase is lower than for other authorities in the region, this could reflect lack of housing stock available for Housing Benefit claimants rather than suggesting lower levels of need. To reduce the number of households claiming housing benefit in the private rented sector, more affordable housing would need to be provided.

Homelessness

Although the long term trend is downwards, more recently homeless claims and acceptances have begun to rise.

6. Housing Market Drivers
Factors influencing future housing requirements

The Active Market

6.1 This section of the report considers key market drivers in terms of:

> » Demand side features: the local changing profile of the population, in relation to growth, age, migration and ethnicity

> » Supply side features: house prices, incomes and affordability, the private rented sector, benefit changes, and the local economy

> » Other features which can drive demand such as Travel to Work (TTW) and stock condition

Population and Household Growth

6.2 There are a range of different potential scenarios which could be considered for producing household projections. For this study we have utilised the PopGroup software (developed by Manchester University) to produce a range of scenarios for BANES which cover the period 2011-2031.

6.3 The scenarios that the study considers include:

> » ONS Sub-National Population Projections 2008-base and CLG Household Projections (benchmark)

> » Net nil migration

> » Low-trend migration

> » Mid-trend migration

> » High-trend migration

> » Jobs-led – using the baseline forecast of the Oxford Economics Projections 2010 for West of England Local Enterprise Partnership.

6.4 We would note that all of the scenarios are based on future projections of the population and households of BANES.

6.5 The next section provides a context for our further analysis by summarising the latest set of official population and household forecasts. The following sections set out the details for each scenario in further detail.

Benchmarks from official statistics

6.6 The last consistent set of population and household projections produced for BANES are the Office of National Statistics 2008-based population projections, which formed the basis of Department of Communities and Local Government (CLG) 2008-based household projections. Whilst the ONS has

since produced 2010-based population projections, CLG has not yet produced 2010-based household projections, with new estimates being due in December 2012.

6.7 The 2008-based population projections show that for the period 2011-2031 the population of BANES is projected to rise from 177,200 to 201,900 (up 24,700). This is based on the likely number of births and deaths in the area (taking into account the age structure of the population and local fertility and mortality rates) and migration trends from the 5-year period 2003-08. The 2008-based household projections show for the same period that the number of households is projected to rise from 76, 500 to 92,500, a growth of 800 households per year on average.

6.8 The 2010-based population projections show that for the 2011-2031 the population of BANES is projected to rise from 178,100 to 186,700 (up 8,600). The Interim 2011-based population projections also show that for 2011- 2021 (10 years) the population of BANES is projected to rise from 178,100 to 186,700 (up 8,600).

6.9 These figures are simply reproduced here to provide a context for projections from national government. These figures are only provided for information, and they do not form the basis of any of the further population or household projections produced for this study. Whilst it is appropriate that they are reviewed when establishing appropriate local housing targets, they are not a national "target" and should not constrain the local decision-making process. In particular the ONS projections utilise a national model and cannot consider local circumstances. For an area such as BANES with a complex population driven by its large student population it is appropriate to provide more detailed local projections which consider more localised considerations.

Projecting the requirements of the local population

6.10 This section outlines the models which assume that the size of the population in BANES only changes as a result of births and deaths, and there is no population growth (or decline) due to migration.

Net nil migration

6.11 This scenario assumes that there will be migration to and from BANES, but the number of persons moving to the area will balance against the number of persons moving away – i.e. migration doesn't change the number of people in the area, although it could impact on the local age structure.

6.12 Current trends show that more people move to BANES than leave the area, so for this scenario we have assumed an increase in out-migrants to balance the number of in-migrants.

6.13 Figure 41 shows a summary of the modelled projections using a net nil migration scenario. This shows a projected population growth of 80 persons per annum which is lower than the ONS estimates from the Interim 2011-based population projections which shows a projected growth of approximately 300 persons per annum. The key difference between these two numbers is the treatment of the student population. For the projections produced from PopGroup we have explicitly set migration values such that in and out migration act to hold the student population at its current level. However, the ONS projections are based upon a period when the student population was growing and this will have been projected into the future. This is turn will see more young adults in BANES and consequentially there will be a higher projected level of briths in the area. Therefore, it is to be expected that a model which

holds student numbers a constant will see lower population growth than one which models recent growth trends.

Figure 41: Summary of Projections –Net Nil Migration

Components of Population Change	Net nil migration	
	20-year Total	Annual Average
Number of births	33,300	1,660
Number of deaths	31,600	1,580
Natural change	**1,700**	**80**
In-migration	278,100	13,900
Out-migration	278,100	13,900
Net migration	**0**	**0**
Net population change	**1,700**	**80**
Additional households	1,880	90
Dwelling requirement	1,950	100

6.14 However, we would note that this scenario may not be complaint with the requirements of the NPPF which states that local planning authorities must:

> *"identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which meets household and population projections, <u>taking account of migration</u> and demographic change" (paragraph 159, emphasis added)*

6.15 Given this context, whilst these scenarios provide a useful basis for separating the impact of local changes from migration, it may be that neither provides a robust basis on which to establish future housing targets for the BANES area.

Projections using trend-based migration

6.16 This section outlines the scenarios which utilise different assumptions around migration trends to BANES. The migration data is based upon published ONS estimates for the period 2002-2010. However, we would note that ONS data shows extreme variability on the level of net international migration. Therefore we have replaced the ONS international migration data with a fixed figure of 470 net persons per annum. This figure is used by the ONS in their 2011 based household projections and is also consistent with evidence from the 2011 Census which shows that the number of people in BANES who were born overseas has risen by 5,500 since 2001. Allowing for some UK born people moving overseas, a total increase of an average of 550 people per annum being born overseas in BANES is compatible with a net increase of 470 persons per annum.

6.17 The adjusted migration data has then be combined to form a series of rolling averages to help identify high and low periods of migration and also to eliminate year-on-year variability. The annual net migration to BANES and the consequent year on year rolling averages are shown below in Figure 42.

Figure 42: Migration Trends 2002-03 to 2009-10 Based Upon Adjusted ONS Migration Data with International Migration set at 470 Persons per Annum.

Year	Annual Net Total	Annual average over					
		2 years	3 years	4 years	5 years	6 years	7 years
2002-03	1,352						
2003-04	1,324	1,338					
2004-05	1,097	1,211	1,258				
2005-06	518	808	980	1,073			
2006-07	793	656	803	933	1,017		
2007-08	930	862	747	835	932	1,002	
2008-09	373	652	699	654	742	839	912
2009-10	534	454	612	658	630	708	796
Average	**865**	**854**	**850**	**830**	**830**	**850**	**854**
Minimum	373	454	612	654	630	708	796
Maximum	1,352	1,338	1,258	1,073	1,017	1,002	912
Range	979	885	645	419	387	295	117

6.18 We would note that each of the scenarios outlined below is likely to be compatible with the requirements of the NPPF, providing that the assumptions are considered defensible in the context of the local plan period.

Low-trend migration

6.19 For the low-trend scenario, net migration to BANES was arranged into rolling three year averages for the periods 2002-05 to 2007-10. The low-trend assumes that the lowest net migration in any three year period continues into the future from 2010 onwards. A three-year period was chosen to provide a long enough time period that shorter term variability was eliminated.

6.20 In practice, the lowest net migration to BANES occurred in the period 2007-10. This period coincides with a general slowdown in migration within the UK as economic growth has slowed and transactions in the housing market have been reduced.

6.21 If the economy continues to grow more slowly than in the past, (or if the labour force requirement of higher growth is met by change in behaviour re state retirement age) it is realistic to assume that the low-trend migration figure could be consistent with future migration patterns. Nevertheless, this is unlikely to be realistic if the LEP aspiration for economic growth is well founded and there is no behavioural change in respect of state retirement age.

Mid-trend migration

6.22 For the mid-trend scenario, the average of the 5 year rolling average was chosen as the net migration figure to be projected into the future. The 5-year rolling averages show less variability with an average of 830 persons and therefore can be taken as a relatively stable position mid-point position for BANES over recent years.

High-trend migration

6.23 Mirroring the low-trend figure, the high-trend assumes that the highest net migration in any three year period continues into the future from 2010 onwards.

6.24 In practice, the highest net migration to BANES occurred in the period 2002-2005. This time period saw a net 1,258 persons per annum move to BANES. We would note that this period coincides with a high growth rate in house prices and a very dynamic market. The same level of migration in the future is likely to require a similarly buoyant housing market, which is unlikely for the foreseeable future.

Trend based Migration Growth Summary

6.25 Figure 43 shows a summary of the modelled projections using trend based migration scenarios. The low-trend generates a requirement for 420 dwellings per annum, while the mid-trend sees a requirement for 530 dwellings and the high trend sees 770 dwellings being required. As noted earlier, all of these figures could potentially be consistent with NPPF requirements.

Figure 43: Summary of Projections – High-trend, Mid-trend and Low-trend Migration

Components of Population Change	Low-trend migration		Mid-trend migration		High-trend migration	
	20-year Total	**Annual Average**	**20-year Total**	**Annual Average**	**20-year Total**	**Annual Average**
Number of births	36,500	1,800	37,800	1,900	40,200	2,000
Number of deaths	32,100	1,600	32,300	1,600	32,600	1,600
Natural change	**4,400**	**220**	**5,500**	**280**	**7,600**	**380**
In-migration	275,400	13,800	278,100	13,900	272,100	13,600
Out-migration	263,200	13,200	261,400	13,100	246,900	12,300
Net migration	**12,100**	**610**	**16,680**	**830**	**25,300**	**1,260**
Net population change	**16,600**	**830**	**22,200**	**1,110**	**32,800**	**1,640**
Additional households	8,050	400	10,260	510	14,760	740
Dwelling requirement	8,350	420	10,640	530	15,310	770

Employment-led projection

6.26 The employment led scenario constrains future population and household growth to the economic baseline forecast, produced by the Oxford Economics Projections 2010 for West of England Local Enterprise Partnership.. This model includes projected growth trajectories for jobs in each district, with the figures for BANES being 9,000 and 11,000 additional jobs over the next 20 years.

6.27 A key issue for employment led projections is that by 2028 the retirement age for both men and women will rise to 67 years. If current economic activity rates, early retirement rates, commuting patterns and unemployment rates continue to 2031 this will see 8,100 more employed persons in BANES, largely due to more women working much later in their life. Therefore, a growth of either 9,000 or 11,000 employed persons will not require a large change in population or household numbers because much of the growth will occur due to government policy change on retirement age.

6.28 However, it is possible to argue that the change in pensionable age will see a change in behaviour in the labour market. Currently relatively few women take early retirement compared to men. In BANES, 24% of men retire before 65 years of age, while only 7% of women retire before their 60th birthday. However, the Tequalisation of the retirement age may start to see women behave more like men in the labour market with a higher proportion taking early retirement before their 67th brithdays.

Figure 44: Retirement Age for Economically Active Population Aged 50-65 years (UK Census of Population 2001)

Age Group	Female	Males
Age 50 – 54 years	2%	3%
Age 55 - 59 years	7%	9%
Age 60 - 64 years	-	24%

6.29 Therefore, for each employment growth figure we have produced two scenarios. The first, labelled Static, assumes market participation continues at current rates. The second, labelled Change, assumes that early retirement rate for women equalise with those for men by 2031. The second scenario will see fewer current resident women from BANES working to 67 years and therefore more jobs will be filled by migrants.

6.30 The number of migrant persons within the model is allowed to vary to balance the population and households necessary to achieve the jobs growth target based upon set commuting, economic activity and unemployment rates. Therefore, this scenario is identifying how many dwellings will be required to accommodate the working population forecast by the SWFM.

6.31 When the population and household projections are constrained to the employment forecasts for BANES, the projected growth rates are much lower than those obtained from migration lead scenarios. This is due to most of the employment changes occurring due to changes in pensionable age rather than from new employees moving to BANES.

Figure 45: Summary of Projection – Employment-led

Components of Population Change	Employment-led 9,000 Job: Static		Employment-led 9,000 Job: Change		Employment-led 11,000 Job: Static		Employment-led 11,000 Job: Change	
	20-year Total	Annual Average	20-year Total	Annual Average	20-year Total	Annual Average	20-year Total	Annual Average
Number of births	35,000	1,800	35,600	1,800	36,000	1,800	36,600	1,800
Number of deaths	32,100	1,600	32,100	1,600	32,200	1,600	32,300	1,600
Natural change	**+2,900**	**+150**	**+3,500**	**+180**	**+3,800**	**+190**	**+4,200**	**+200**
In-migration	264,600	13,200	265,900	13,300	266,600	13,300	267,800	13,400
Out-migration	258,600	12,900	257,500	12,900	256,900	12,800	255,700	12,800
Net migration	**+6,020**	**+300**	**+8,420**	**+420**	**+9,700**	**+490**	**+12,100**	**+600**
Net population change	**+9,000**	**+450**	**+11,900**	**+600**	**+13,500**	**+670**	**+16,400**	**+820**
Additional households	+5,000	+250	+6,200	+310	+6,800	+340	+8,000	+400
Dwelling requirement	+5,100	+260	+6,400	+320	+7,000	+350	+8,300	+410

Overall Summary

6.32 The following two charts (Figure 46) show a comparison of all of the scenarios previously outlined.

Figure 46: Summary of Population and Household Projection Scenarios
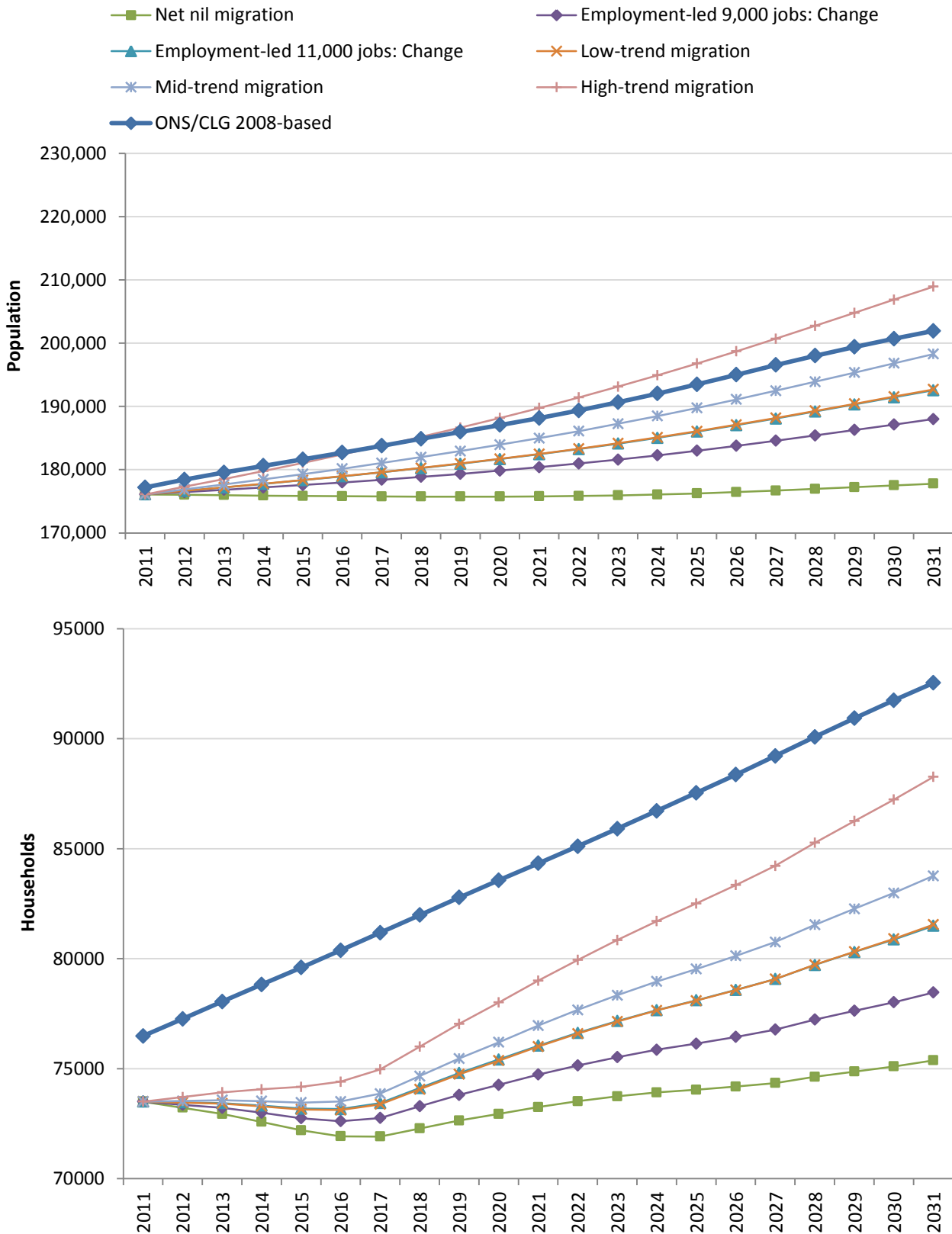
7. Welfare Reform and implications for the Private Rented Sector

7.1   This section considers the Private Rented Sector and how this might change as a result of wider benefit reform, including Housing Benefit. It is structured as follows:

» Benefit Reform and the Private Rented Sector (PRS) - Overview

» Relationship between PRS and Housing Benefit in BANES

» Benefit Reform and Specific Housing Benefit Changes

» Potential Impact of Benefit Reform on the PRS

7.2   Housing Benefit paid to private rented sector tenants has allowed the sector to meet increasing number of households on low incomes and/or in housing need (see Chapter 4). Arguably, some existing private rented stock has become a de facto part of the "affordable housing" stock. The scale of this market activity has local variations in terms of availability, cost of renting, and the size of social rented and private rented stock in an area.

7.3   However, the cost to the Treasury is significant and Housing Benefit reform is in hand; part of which is to reduce the overall cost. The Coalition Government has identified two key problems with the current overall benefits system:

» work incentives are poor, and

» the system is too complex.

7.4   As a result, new legislation has been introduced. Key changes relevant to the SHMA include:

» Welfare Reform Act 2012: the Act legislates for the biggest change to the welfare system for over 60 years, including;

– Introduction of Universal Credit from 2013: part of the Welfare Reform Act 2012 introduces a new single payment for people who are looking for work or on a low income;

– Changes to Housing Benefit with the aims of bringing stability to the market and improving incentives to work

» Localism Act 2011: introducing flexible tenancies with changes to assured tenancies

Specific Changes to Housing Benefit

Calculation of Local Housing Allowances

7.5   Local housing allowance (LHA) rates are now capped and set at the 30th percentile of local rents (previously the 50th percentile).

7.6   The change from using the 50th percentile to the 30th percentile for calculating local housing allowance rates will have a significant impact on the BANES sub-region. Figure 47 shows the local housing allowance

rates for March 2011 (based on the 50th percentile) alongside the 30th percentile rents from December 2011 which set the LHA limit.

Figure 47: Weekly Local Housing Allowance Thresholds for Broad Rental Market Areas in BANES – March 2011 and December 2011 (Source: LHA Direct)

Weekly Rent	South West BRMA				BANES BRMA			
	1 bed	2 bed	3 bed	4 bed	1 bed	2 bed	3 bed	4 bed
March 2011 LHA 50th percentile	£126.92	£161.54	£196.15	£276.92	£115.38	£150.00	£190.38	£253.85
December 2011 LHA 30th percentile	£121.15	£155.77	£184.62	£253.85	£110.77	£144.23	£180.00	£219.23

Under-occupation

7.7 The Government estimates that nearly a third of working-age social housing tenants on housing benefit are living in accommodation which is too big for their needs. The Act includes provision for where social housing tenants of working age will have their benefit reduced for having spare room(s). In England, the policy is estimated to affect 660,000 households, who will lose £14 a week on average. £430 million of savings are forecast to result.

> *Example*: *a working age couple with two adult children occupy a 3 bed social rented property and receive housing benefit. If the adult children move out of the house, the couple will technically only require a 1 bed dwelling. The policy impact is that they will no longer receive housing benefit for a 3 bedroom property but a 1 bed – they will either;*
>
> » *be required to pay the balance of rent from their own funds, or,*
>
> » *move to a small dwelling and continue to receive housing benefit.*

7.8 There are a range of possible implications arising from such a change (Note: we have excluded the ethical implications of the change):

» More households may downsize from family sized social rented dwellings into smaller units

» Some larger properties may become available for overcrowded households with children

» There may be or may not be a corresponding 'balancing effect', as larger homes and smaller homes are vacated

» Adult children may subsidise their parents to allow them to remain in the larger family home

Extending the Limit for a Single Person Receiving a Bedsit Allowance to 35 Years of Age

7.9 Any single person aged 34 years or younger is entitled to only the Share Accommodation Rate (SAR) LHA, rather than allowance for a self-contained dwelling. The SAR LHA will enable the single person only to receive a share of a dwelling.

7.10 A major impact of this change is likely to be a rise in the demand for shared accommodation within HMOs. More single persons will need to share accommodation for longer. More of the existing housing stock seems likely to be converted into HMOs.

Non-dependents

7.11 Deductions for non-dependents are now uprated on the basis of prices, which could increase pressure for non-dependents to move out.

> *Example:* *a pensioner couple with two adult children occupy a 3 bed social rented property and receive housing benefit. Increased deductions for non-dependents now rise on the basis of prices, hence reducing the amount of housing benefit received by this household. If the adult children move out of the house, the couple will be allowed to remain in their dwelling because they are not working age and will receive more housing benefit.*

7.12 The policy impact is that the financial incentive is for the adult children to leave home and seek their own independent accommodation, meaning the rate of household formation could rise.

Capping of Total Household Benefits at £500 per Week

7.13 The total level of benefit received by any household is to be capped at £500 per week. The amount of housing benefit any household can receive will be assessed after any Jobseekers Allowance, Income Support, council tax benefit, child tax credit and child benefit have been deducted.

Potential Impact of Benefit Reform on the Private Rented Sector

7.14 Changes to the LHA may mean considerable changes in the supply of dwellings available for households who require financial support in the private rented sector. The changes will not likely reduce the number of households seeking affordable or subsidised housing – however, it may increase the demand on local authorities to meet these households housing need.

7.15 The ability of authorities to meet housing need is dependent upon many issues. For example, how will private landlords respond over time? Will they be less likely to accept those households in receipt of housing benefit at the new reduced levels? Possible scenarios include:

>   » Market rent levels fall as landlords accept lower rent on their properties.

>   » If the new rent thresholds are too low then some landlords may simply not be willing to accept housing benefit dependent households.

>   » This in turn may see house prices and rents fall as more housing becomes available to buy or rent - more households may be able to meet their housing requirements in the open market.

7.16 However, if landlords are not prepared to accept households in receipt of housing benefit, where will these households have their housing needs addressed? Social housing has limited supply. Homelessness presentations may increase and overcrowding might rise. The percentage of disposable income paid to rent may rise in households seeking housing in the private sector.

Chapter 7 Summary

The potential impact of Benefit Reform on the Private Rented Sector is currently unknown.

Potentially, there could be reduced household formation rates which may reduce the number of households seeking affordable housing. However, some changes in the LHA could see formation rates rise.

The supply of private rented dwellings may change significantly, especially for households on lower incomes.

The total number of housing benefit claimants in the private rented sector is unlikely to fall, but their locations will change to lower priced areas.

Alternatively, where landlords do not accept the lower rents, more properties may return to 'pure' market housing and out of reach to households on Housing Benefit.

Local authorities may be pressed to find housing solutions for increasing demand from households who cannot resolve their own needs - homelessness presentations and overcrowding may also rise further.

8. Projecting Housing Requirements
Modelling the future need and demand for housing

8.1 Modelling future need and demand for housing requires a consideration of the future housing market from a high-level, strategic perspective; in this way an understanding of how key drivers and long-term trends impact on the structure of households and population over the full planning period can be delivered. Further, it needs to be produced in a way that is consistent, strategic and robust.

Modelling Housing Requirements

8.2 The ORS Housing Mix Model considers both housing need and overall housing requirements on a longer-term basis, providing robust and credible evidence about the required mix of housing over the full planning period and understanding how key housing market drivers (such as affordability) will impact on the appropriate housing mix.

8.3 The model uses a wide range of secondary data sources to build on existing household projections and profile how the housing stock will need to change in order to accommodate the projected future population. These secondary data sources are readily updateable as new information is published, and a range of assumptions can be varied to enable effective sensitivity testing to be undertaken. In particular, the model has been designed to help understand the key issues and provide insight into how different assumptions will impact on the required mix of housing over future planning periods.

8.4 Figure 48 provides a detailed overview of the structure of the Housing Mix Model and the way in which the different stages of the model interact.

» The left hand section of the diagram considers households in terms of the baseline population and projected household growth, and their associated affordability and housing requirements.

» The right hand section of the diagram considers the dwelling stock in terms of the tenure and housing costs for both the existing stock and the recent housing completions.

Figure 48: Detailed Overview of the ORS Housing Mix Model
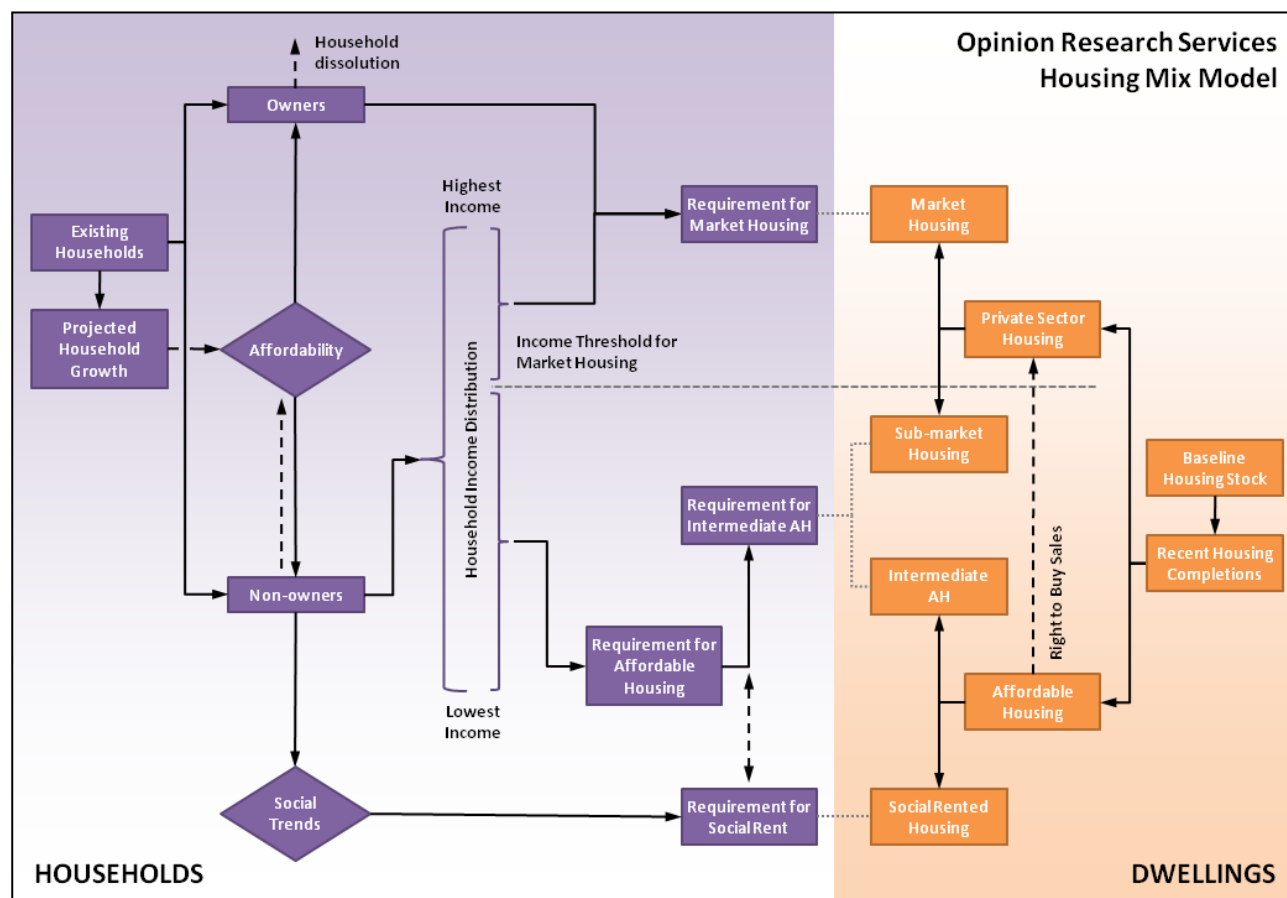
8.5   The Housing Mix Model considers the projected household population alongside the existing dwelling stock in order to establish the necessary balance between Market Housing and Affordable Housing in relation to the additional dwellings to be provided, and within the Affordable Housing dwelling provision the appropriate role of Intermediate Affordable Housing and Social Rented Housing.

8.6   The first stage of the model starts by separating households into two groups, owners and non-owners on the basis of baseline information about existing households from the 2001 Census.

8.7   Household projections do not typically provide information about changing tenure patterns so the model estimates the number of households likely to become owners and non-owners on the basis of an affordability assessment. The affordability assessment considers both the likely affordability of newly forming households and the changing affordability patterns of existing households.

8.8   The model also takes account of the dissolution of households that are existing owner occupiers that is projected to occur over the household projection period. This is based on Government Actuaries Department survival rates and 2001 Census data on the tenure mix for older households. This enables the loss of owner occupiers to be offset against any new owners identified through the affordability analysis.

8.9   The outcome is to establish the number of households who are owners and non-owners at each stage of the household projection.

8.10 In developing the Housing Model, ORS recognised the need for local level data about household incomes and secured a licence to use the CACI Paycheck data within the model. This dataset provides information at postcode level, detailing the mean and median income for the area and also the number of households in each £5,000 income band. ORS has compared this distribution to that obtained using ORS collected household survey data and has found that the results from the CACI model tend to under-estimate the proportion of households in the lower income bands. ORS has developed and applied a tool that improves the accuracy of the distribution of local household incomes.

8.11 ORS has developed an Income Model to identify the income distribution of owners and non-owners to directly inform the Housing Mix Model affordability profiling.

8.12 By taking information from the Land Registry transaction database, it is possible to profile the distribution of purchase prices for transactions over time across a given area. Combining the Land Registry data with information from the 2001 Census on the balance between owner occupiers and private renters, specific to the location and property type of each sale, the model establishes the likelihood of the transaction being a property that will be occupied by the purchaser or let privately.

8.13 The Housing Mix Model considers housing cost distribution profiles for both owned and privately rented housing in order to establish the distribution of incomes required to access all market housing. This profile is considered alongside the income distribution profile for non-owners. The household income threshold for market housing is set at the lowest level where there is sufficient market housing available. If there is less market housing available than households can afford, 'affordable' housing will be required to address the shortfall and therefore the threshold price for market housing must be set above this level.

8.14 Once the income threshold for market housing has been established, the Housing Mix Model estimates the number of households who are non-owners that can afford market housing. Combining this with the projected number of owner occupiers estimates the total number of households requiring market housing within the area.

8.15 The requirement for affordable housing is estimated by subtracting the total number of households requiring market housing from the overall household projections.

8.16 The Housing Mix Model considers the need for social rented housing on the basis of social trends. The social trends for each household type, for example, single person or single parent households, are then applied to the household projection data to establish the level of social rented requirement for future years for each type of household. The model establishes a total requirement for social rented housing.

8.17 The requirement for intermediate affordable housing is estimated by offsetting the total number of households requiring social rented housing from the projected number of households requiring affordable housing overall.

8.18 To establish the current housing stock profile, the Model considers the baseline housing stock from the 2001 Census broken down by tenure. It supplements this information with data on housing completions broken down by tenure reported in local authority annual monitoring reports. The Housing Mix Model also considers data on losses from the affordable housing stock based on right-to-buy sales, and projects the likely future losses from stock on the basis of trends in sales since the recent change in legislation.

8.19 The Housing Mix Model considers the future requirement for market housing alongside the current stock of market housing and establishes the net additional dwellings that are required as market housing.

8.20 The future requirement for intermediate affordable housing is considered alongside the stock of existing intermediate affordable housing and the stock of sub-market housing, which is affordable to households on incomes below the income threshold for market housing, to establish the net additional dwellings that are required to be provided as intermediate affordable housing.

8.21 The future requirement for social rented housing is considered alongside the stock of existing social rented housing to establish the net additional dwellings that are required to be provided as social rented housing.

8.22 The Housing Mix Model considers the size and tenure of housing that was occupied by different household types recorded by the 2001 Census. The Model recognises that many households under-occupy their homes, choosing to live in larger properties than they need on the basis of the bedroom standard set out in the Housing Act. However, housing allocation policies mean that new social tenants are less likely to under-occupy their homes.

8.23 A trend-based occupancy profile is applied to the projected household mix of households in each housing tenure to establish an overall size mix of future housing requirements. This is then set alongside information about the existing housing stock to establish the net additional dwellings that are required by size and tenure. The SHMA considers the broad scale of demand relating to neighbouring authorities, adjacent to BANES, for 2011-2031.

8.24 Any additional strategic allocation would increase the overall population and number of households, and therefore the requirements for additional housing. The need for such an allocation is therefore best considered after a local baseline is established, when it is possible to understand the extent to which migration is already being considered.

8.25 This would still leave the issue of the strategic requirements for adjoining areas (such as Bristol) which may need to be delivered in BANES and these can only be understood by comparing land capacity in those areas against their projected growth. Therefore, it is important for BANES to continue to work with its neighbouring authorities, under the Duty to Cooperate, to identify its role in meeting sub-regional housing requirements.

Housing Supply

8.26 National Planning Policy Framework March 2012 contains the following statements on the supply of new dwellings across all tenures.

» **Affordable housing**: Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.

» **Social rented housing** is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by

other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency.

» **Affordable rented housing** is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).

» **Intermediate housing** is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.

» Homes that do not meet the above definition of affordable housing, such as "low cost market" housing, may not be considered as affordable housing for planning purposes.

8.27 As will be discussed later in this report, Affordable Rent can typically be considered as another form of social rent, so is not treated separately here.

8.28 The key issue these definitions raise is how to define market housing costs. In practice the very cheapest second hand open market dwellings can be cheaper than any intermediate (and on some occasions social rented) dwelling. Therefore, for the definitions in the NPPF to have practical relevance there is a need to identify a market housing threshold price which then sets the upper limit for the cost of intermediate affordable housing products.

8.29 On this point, SHMA Practice Guidance (Chapter 3, page 27) states that for house prices, 'Entry-level prices should be approximated by lower-quartile house prices'. The cheapest available property prices should not be used since these often reflect sub-standard quality or environmental factors,' and for private rents, 'As with house prices, lower-quartile rents should be used to estimate the entry level'. Therefore SHMA Practice Guidance identifies that the threshold point for market housing commences at the lowest quartile for owner occupation and private rents. In practice private rents are more affordable in BANES than owner occupation, so it is these which define the point where market housing costs begin and act as the upper limit for intermediate affordable housing costs. This also means the threshold for market housing is dependent upon private rents, so if these rise then fewer households will be able to afford intermediate housing.

8.30 This issue is very important because the NPPF is predominantly about the delivery of new dwellings. However, while the ORS Housing Market Model is also in part about the delivery of new dwellings, the majority of households requiring accommodation will be housed in the existing housing stock of BANES. Therefore, while the NPPF sets out clear definitions for newbuild dwellings, the role of second hand housing makes the classification of dwellings by tenure much more complicated.

8.31 Such an example is for housing which is available to those who can afford no more than Social Target Rents. For this group, it is possible to consider the supply to comprise of dedicated supply such as Council and RSL lettings, but also housing benefit supported private rented dwellings. The rationale for this is to recall the NPPF definition of households in housing need (as outlined in Chapter 5 of SHMA Practice Guidance) and the requirement for financial assistance within the definition:

» **Housing need is:** 'Households who are lacking their own housing or who are living in housing which is judged to be inadequate or unsuitable, who are unlikely to be able to meet their own housing needs in the market without some financial assistance.'

8.32 Whilst housing benefit supported private rent does not have the same tenancy rights as full social rent, it nevertheless contributes to the effective supply of affordable housing in that it is affordable to households who require social housing. In practical terms there is a shortage of social rented housing and households unable to access it will seek housing in the private rented sector with housing benefit support.

8.33 Similarly further supply assumptions can be considered for intermediate affordable housing. The current supply of dedicated intermediate housing products in BANES as defined by the NPPF is relatively small. However, BANES has a large private rented sector. The lower quartile private rented sector falls below the entry threshold for 'market' housing as defined by the NPPF and SHMA Practice guidance. While not enjoying the same tenancy or ownership rights as dedicated intermediate affordable housing products, cheaper (lower quartile) private rented properties are affordable to households within the intermediate affordable housing income band and are counted as part of the supply to this group of households in a number of the scenarios set out below.

8.34 Support for these positions can be found in SHMA Practice Guidance where is it noted, (Chapter 5, Stage 4: The Housing Requirements of Households in Need Page 49) 'Furthermore, some households in need may choose to live in the private rented sector (possibly with the use of housing benefit) or housing that would be classified as unsuitable, even though they are eligible for affordable housing.

8.35 This leads to a conclusion there are a number of private sector dwellings which are not market housing under the NPPF and SHMA Practice Guidance definitions because they are below market rents thresholds. Similarly, they are not intermediate or social supply under the NPPF definition because they are not a dedicated supply of affordable housing.

8.36 However, lower quartile private rented and housing benefit supported private rented sector dwellings will continue to be occupied by households despite not meeting the definition of market, intermediate or social housing in the NPPF. When considering the appropriate housing supply, the following sources of supply are therefore considered within the model;

» **Social rented housing** – social housing provided to rent from local authorities and Registered Social Landlords, Affordable Rent with housing benefit support and housing benefit supported private rented accommodation at 2011 levels;

» **Intermediate housing** – dedicated intermediate housing products (such as shared ownership, discount market sale, sub-market rent but not shared equity sales), Affordable Rent without housing benefit support and a proportion of the housing in the private rented sector with rents below the market rent threshold (i.e. within the lowest quartile); and

» **Market housing –** owner-occupied housing and housing in the private rented sector above market rent thresholds.

Understanding Housing Requirements

8.37 Using the NPPF and SHMA Practice Guidance definitions, affordability tests are used to apportion households to specific housing tenures;

> » **Social rented housing** – for those households unable to afford any more than social rents;

> » **Intermediate housing** – for those households able to afford more than social rents, but unable to afford to buy owner-occupied housing or to rent privately at the market rent threshold; and

> » **Market housing** – for those households able to afford to buy owner-occupied housing or able to afford to rent privately at rents at or above the market rent threshold.

8.38 The requirement for housing is therefore defined purely on affordability grounds with those who have incomes above market housing thresholds being identified as requiring market housing. It is also the case that those with incomes below market housing thresholds who report no difficulties with their housing costs are also identified as requiring market housing because using the NPPF definition:

> » **Housing need** is households who are lacking their own housing or who are living in housing which is judged to be inadequate or unsuitable, who are unlikely to be able to meet their own housing needs in the market without some financial assistance.

8.39 On this basis households meeting their own housing requirements in the market are deemed to be suitably housed, do not require financial assistance and are not in housing need.

Affordability of the Dwelling Stock

8.40 Next we have modelled local incomes of existing households to determine the income distribution of those households without existing equity (non-owners). This enables us to start to distinguish between households who may have no choice but to seek affordable housing and those who can afford market housing. It is assumed that most households with equity who intend to move have the means to access market housing whether owned or rented. This is because equity extends the spending power of households when they are seeking to move home.

8.41 Analysis of the income distribution of non owners shows some interesting results. Figure 49 reveals that 63.9% of non-owners in BANES have incomes of under £20,000 per annum and these households can typically only afford social rent housing, or dwellings with housing benefit support. The distribution is heavily skewed toward the lower income groups.

Figure 49: Income distribution of non-owners in BANES (Model based on Modelled Income for Non-Owners)
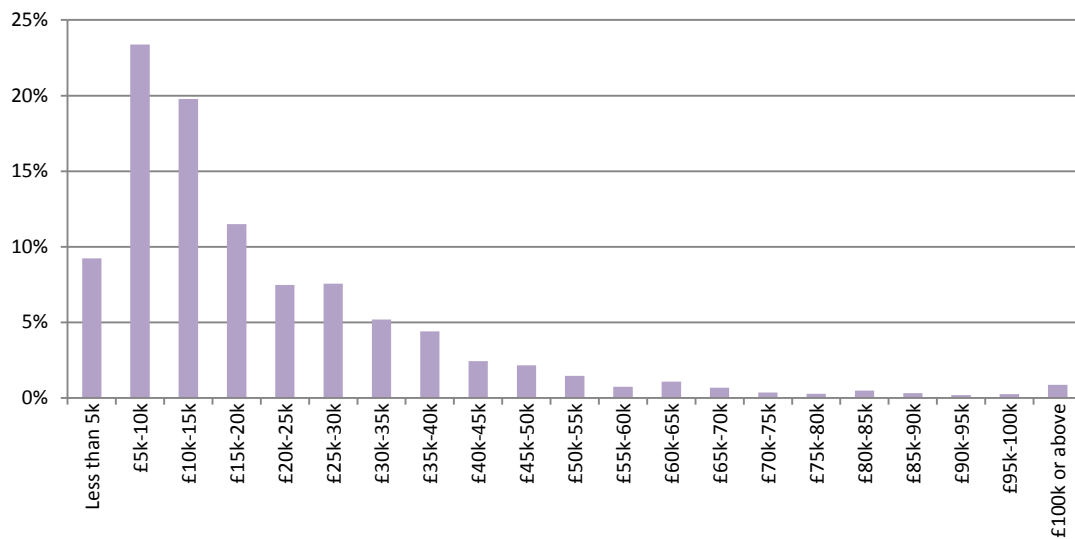
Core Modelling Assumptions

8.42 For the current document we wish to be explicit on the assumptions which underlie the model. For the results presented, the following assumptions are contained within the model:

» The housing stock is held at its configuration at the time of the 2001 Census. The private rented sector and number of converted dwellings and HMOs are both held at this level initially to highlight the importance of changes which have occurred since 2001 in the later modelling.

» Mortgage multiplier used is 3.5%, so households are able to borrow up to 3.5 times their household income;

» Households can spend up to 25% of their income for rent in accordance with CLG Practice Guidance recommendations;

» The annual rental yield for private rented dwellings is 5.9%. This is the rate of return on private rented dwellings so a property valued at £100,000 is assumed to yield a rent of £5,900 per annum. There are no official statistical sources for rental yields, so the figure used in the model is taken from a 2012 survey of 500 buy to let landlords conducted by the National Landlords Association.

» House prices are set as a baseline rate of their levels for the period September 2011-August 2012.

» A vacancy rate on households to dwellings of 3.5%. Therefore, at any point in time 3.5% of dwellings will be vacant including new build dwellings. This figure is consistent with the 2011 Census for BANES.

» It is assumed that any right to buy/right to acquire sales since 2001 are required to be replaced within the model by additional new build of social rented dwellings. This is due a right to buy/right to acquire sales representing a loss of a social rented dwelling without any reduction in the number of households seeking social rent, so each sale require a new build to replace it.

Projected right to buy/right to acquire sales are based upon average number of sales since 2008.

» The number of households receiving housing benefit in the private rented sector is assumed to remain at May 2012 levels. This assumption is sensitivity tested in the model;

» Intermediate affordable housing is housing whose cost is above target social rents, but below the cost of market housing (rent or owner occupier). Therefore, intermediate affordable housing it must be cheaper than the cost of renting a dwelling at the lower quartile of private rents.

» The private rented sector is held at its 2001 Census level

» The number of converted dwellings are held at their 2001 Census levels

» Combined rents on a converted dwelling are the same as they would be if let to one households

» The period for results is 2011-2031.

» All figures are rounded to the nearest 100.

Key Finding: 2011 to 2031

8.43 To model the housing requirements of BANES we initially run the model based on affordability at 2011/12 average price levels and with the housing stock in its 2001 configuration can therefore be summarised as in the following figures. The technical details of this calculation are omitted at this stage to allow for a clearer narrative.

8.44 **Please note that these are not the main modelling outputs for BANES. They have been produced to illustrate the importance of changes which have occurred in the housing market since 2001 in the private rented sector and HMOs which will be subsequently incorporated in the model.**

8.45 It should be understood that, within the definitions set out in the National Planning Policy Framework, intermediate affordable housing is housing at prices and rents above those of social rent, but below market price or rents.

8.46 Figure 50 shows the modelled outputs based upon a range of households projects based upon migration and employment patterns for BANES. The models shows that providing fewer dwellings will marginally reduce the requirement for social and intermediate housing, but will mainly impact on the market housing requirement. The reason behind this result is that a lower level of completions will not significantly impact upon the requirements of those seeking affordable housing as these low income households do not typically have options to move elsewhere. However, higher levels of development will attract more migrants who typically occupy market sector dwellings. Therefore, lower levels of development will provide fewer options to in-migrants.

Figure 50: Overall Housing Requirement 2011-2031 based upon a Range of Scenarios and Housing Tenure and Conversions Held at 2001 Levels (Note: Figures may not sum due to rounding)

	Tenure	Requirement	%
2011-2031 Net Nil Projections			
	Market Housing	-10,200	-534.5%
	Intermediate Affordable Housing	10,200	532.4%
	Social Rented/Affordable Rent Housing	1,900	102.1%
	Overall Housing Requirement	**1,900**	**100.0%**
2011-2031 Low Migration			
	Market Housing	-6,400	-77.1%
	Intermediate Affordable Housing	11,700	141.2%
	Social Rented/Affordable Rent Housing	3,000	35.9%
	Overall Housing Requirement	**8,300**	**100.0%**
2011-2031 Average Migration			
	Market Housing	-5,100	-47.6%
	Intermediate Affordable Housing	12,300	115.9%
	Social Rented/Affordable Rent Housing	3,400	31.7%
	Overall Housing Requirement	**10,600**	**100.0%**
2011-2031 High Migration			
	Market Housing	-2,300	-14.9%
	Intermediate Affordable Housing	13,400	87.9%
	Social Rented/Affordable Rent Housing	4,100	27.0%
	Overall Housing Requirement	**15,300**	**100.0%**
2011-2031 9,000 Jobs, Static Female Retirement Pattern			
	Market Housing	-8,300	-162.4%
	Intermediate Affordable Housing	11,000	214.2%
	Social Rented/Affordable Rent Housing	2,400	48.3%
	Overall Housing Requirement	**5,100**	**100.0%**
2011-2031 11,000 Jobs, Changed Female Retirement Pattern			
	Market Housing	-7,600	-119.5%
	Intermediate Affordable Housing	11,300	177.4%
	Social Rented/Affordable Rent Housing	2,700	42.1%
	Overall Housing Requirement	**6,400**	**100.0%**
2011-2031 11,000 Jobs, Static Female Retirement Pattern			
	Market Housing	-7,200	-102.0%
	Intermediate Affordable Housing	11,400	162.4%
	Social Rented/Affordable Rent Housing	2,800	39.5%
	Overall Housing Requirement	**7,000**	**100.0%**
2011-2031 11,000 Jobs, Changed Female Retirement Pattern			
	Market Housing	-6,600	-78.1%
	Intermediate Affordable Housing	11,600	142.0%
	Social Rented/Affordable Rent Housing	3,000	36.1%
	Overall Housing Requirement	**8,300**	**100.0%**

8.47 It is important to understand the implications of a surplus of market housing. The market housing requirement does not represent the requirement for new build housing. Instead, it represents the

number of units which market housing could potentially fall by in the next 20 years in Bath and North East Somerset. The distinction between these two points can be illustrated by a simple example.

8.48 Taking a scenario where a newbuild dwelling is bought by a household who are currently occupying an existing owner occupied property, the key question is what happens to the dwelling they vacate. If it is bought by another household who occupy the dwelling the total market housing stock has been increased by one unit (the newbuild dwelling). However, if the dwelling is bought by a landlord who subsequently rents the property to a household receiving housing benefit this effectively becomes part of the affordable housing supply. Therefore, completing one newbuild dwelling can see the market housing supply remain unchanged, but the affordable housing supply rise as part of the second hand stock finds its way into the affordable housing sector.

8.49 This situation has been common as newbuild dwelling are occupied as market housing, but parts of the second hand stock have been turned over to housing benefit receipt private rent or sub-divided and let as lower quartile private rent. The implication is that while the market housing requirement is identified does not necessarily equate to the newbuild market requirement. If more of the second hand stock becomes part of the effective affordable supply then potentially more units of newbuild could be required. However, if sufficient genuine affordable housing can be provided, units of current effective affordable supply can be returned to the market sector: i.e. households could vacate the lower quartile or housing benefit supported private rent and these dwelling could return to being part of the market supply.

8.50 It is also important not to view the large requirement for small intermediate housing as a dwelling target. In practice there is an identified surplus of large market dwellings, which is balanced by the requirement for smaller intermediate housing. In practice the model is projecting that dwellings occupied by a single households will gradually become HMOs or converted dwellings which will met the requirements of more than one household who are unable to afford market prices, but can afford to meet part of the cost of a market property.

8.51 This potential pattern of market housing decline reflects recent trends in BANES. The number of owner occupiers has fallen by 2,000 in the 2011 Census when compared to the 2001 Census, while the 2011 Private Sector Stock Condition Survey shows that the number of HMOs has doubled as previous market dwellings meet the needs of those who would otherwise require intermediate or social housing.

8.52 For social housing, the requirement identified is that which would be necessary to prevent the number of households in the private rented sector with housing benefit support from rising. Recent policy changes will encourage more social housing requirements to be met in the private rented sector. These include:

Extending the Limit for a Single Person Receiving a Bedsit Allowance to 35 Years of Age

8.53 Currently, any single person aged 24 years or younger is entitled to only the bedsit LHA, rather the allowance for a self-contained dwelling. In October 2010 it was announced that this would be extended to any single person aged 34 years or younger.

8.54 The bedsit allowance will enable the single person only to receive a share of a dwelling. Therefore, a major impact of this change is likely to be a rise in the demand for shared accommodation within HMOs. More single persons will be forced to share accommodation for longer and this is likely to see more of the existing housing stock turned over to HMOs.

Priority Need Homeless No Longer Able to Refuse Private Sector Housing

8.55 Whilst local authorities can currently offer homeless people (who they have a duty to house under Part 7 of the Housing Act 1996) private sector accommodation, the applicant can refuse this offer. Under new proposals, priority need households will no longer be able to refuse the offer of a private sector dwelling.

8.56 The main aim of this proposal is to reduce the pressures on the social housing stock as most priority need is currently met in social rent. However, the indirect result of the change is that there will be further demands placed upon the private rented sector as Councils increasingly seek to house their priority need households outside the social rented sector.

Updated Core Modelling Assumptions

8.57 As noted above we have a large amount of information on the growth in the private rented sector, HMOs and conversion in BANES. These changes can be incorporated into the model and we have done so below. For clarity the only differences in assumptions for the modelling results presented below to those presented above are

» The private rented sector has been increased by 35% of its 2001 Census levels

» The number of converted dwellings has been increased by 100% on their 2001 Census levels.

» A converted dwelling has a 20% uplift on the rent it receives. Therefore, the landlord receives 20% more rent if they let their property as an HMO or they formally convert the dwelling than if they let in the private rented sector to one household.

Updated Key Finding: 2011 to 2031

8.58 The updated overall housing tenure mix required for BANES can therefore be summarised as in the following figures. Clearly the growth which has already occurred in the private rented sector, HMOs and conversions has helped to absorb all the intermediate housing requirement. Meanwhile, when the changes are applied this bring down the amount of market stock available in BANES. However, the number of households who can afford market housing in BANES has not changed. Therefore, there is now a market housing requirement in BANES. However, we would note that this positive requirement is only in the context that market housing stock has been converted or let as HMOs and occupied by households requiring intermediate housing.

Figure 51: Updated Overall Housing Requirement Including Growth in Private Rented Sector, Conversions and HMOs to 2011
(Note: Figures may not sum due to rounding)

	Tenure	Requirement	%
2011-2031 Net Nil Projections			
	Market Housing	0	-2.1%
	Intermediate Affordable Housing	0	0.0%
	Social Rented/Affordable Rent Housing	1,900	102.1%
	Overall Housing Requirement	**1,900**	**100.0%**
2011-2031 Low Migration			
	Market Housing	5,300	64.1%
	Intermediate Affordable Housing	0	0.0%
	Social Rented/Affordable Rent Housing	3,000	35.9%
	Overall Housing Requirement	**8,300**	**100.0%**
2011-2031 Average Migration			
	Market Housing	7,200	67.9%
	Intermediate Affordable Housing	0	0.0%
	Social Rented/Affordable Rent Housing	3,400	32.1%
	Overall Housing Requirement	**10,600**	**100.0%**
2011-2031 High Migration			
	Market Housing	11,200	73.0%
	Intermediate Affordable Housing	0	0.0%
	Social Rented/Affordable Rent Housing	4,100	27.0%
	Overall Housing Requirement	**15,300**	**100.0%**
2011-2031 9,000 Jobs, Static Female Retirement Pattern			
	Market Housing	2,600	51.7%
	Intermediate Affordable Housing	0	0.0%
	Social Rented/Affordable Rent Housing	2,500	48.3%
	Overall Housing Requirement	**5,100**	**100.0%**
2011-2031 11,000 Jobs, Changed Female Retirement Pattern			
	Market Housing	3,700	57.9%
	Intermediate Affordable Housing	0	0.0%
	Social Rented/Affordable Rent Housing	2,700	42.1%
	Overall Housing Requirement	**6,400**	**100.0%**
2011-2031 11,000 Jobs, Static Female Retirement Pattern			
	Market Housing	4,200	60.5%
	Intermediate Affordable Housing	0	0.0%
	Social Rented/Affordable Rent Housing	2,800	39.5%
	Overall Housing Requirement	**7,000**	**100.0%**
2011-2031 11,000 Jobs, Changed Female Retirement Pattern			
	Market Housing	5,300	63.9%
	Intermediate Affordable Housing	0	0.0%
	Social Rented/Affordable Rent Housing	3,000	36.1%
	Overall Housing Requirement	**8,300**	**100.0%**

8.59 The most striking result is the lack of a requirement for intermediate housing. This is due to the high growth in the number of converted dwellings and HMOs in BANES since 2001. As there is sufficient cheap dwellings available in the private sector, the ORS Housing Model identifies that no intermediate affordable housing is required from a solely affordability-based perspective.

8.60 It is important to note that consistent with the definitions set out in the NPPF and SHMA Practice Guidance, market housing includes housing available to either buy or rent at market prices – so the demand for market housing includes households able to afford local rents as well as those able to buy. Nevertheless, there will be a number of households that can afford to rent privately but cannot afford to buy their own home. Whilst these households are not considered within the affordability analysis as a need for intermediate housing, they still create a demand for intermediate housing in the context of various forms of low cost home ownership.

8.61 Therefore, although the affordability analysis does not identify a strict need for intermediate affordable housing, there is likely to be a continued demand for suitable low cost home ownership products which should help to ease the growing pressure on the private rented sector and this is explored in more detail below.

Estimate of the Size of Housing Required

8.62 The model also estimated the size mix for all tenures and shows the market requirement is more heavily focused on 3 bedroom properties, while a range of dwelling sizes are required in the social sector. We have produced the outputs based upon the low trend migration scenario, but all scenarios show a similar distribution.

Figure 52: Size Mix of Housing Requirement to 2031 Based Upon Mid trend Migration (Note: The "Social" category would include Social Rented Housing as well as any other forms of Affordable Housing for rent which would be eligible for housing benefit support. All figures rounded to the nearest 100. Figures represented by "-" show any shortfall or surplus which is less than 50, although this will normally be greater than 0. Figures may not sum due to rounding)

Housing Size	Number of Dwellings Required			
	Market Housing	Affordable Housing		TOTAL
		Intermediate Affordable	Social/Affordable Rent	
Net Requirement 2011-2031				
1 bedroom	1100		1700	2800
2 bedrooms	2300		1100	3400
3 bedrooms	3100		600	3700
4+ bedrooms	700		100	800
Total	**7,200**	**-**	**3,400**	**10,600**

Scenario Testing

8.63   SHMA Practice Guidance notes that that outputs from modelling the housing market should be sensitivity tested. Within the ORS Housing Model it is possible to vary many characteristics. Below we have chosen to illustrate these with two examples. The first has implications for the required volume of social rent while the second has implications for the role of shared ownership.

The Role of Social Rent

8.64   The requirement for social rent to this point has been underwritten by the tenure of housing that was occupied by different household types recorded by the 2001 Census. The social renting rates for each household type, for example, single person or single parent households, have been applied to the household projection data to establish the level of social rented requirement for future years for each type of household.

8.65   This therefore sees social renting rates being strongly linked to past behaviour as reflected in the 2001 Census. However, it has become increasingly difficult to obtain social tenancies over time. Figure 53, overleaf, reflect this change and models on the assumption that it will become increasing difficult for households to access social rent, so only the households with the greatest need will obtain this form of tenure.

8.66   Clearly, it can be argued that there is a certain degree of circularity in this modelling in that social rent has become harder to obtain for households and we are modelling that because fewer households obtain social rent then this should continue into the future. However it does also reflect an allocation of scarce resources. As the social rented sector has come under more pressure it has been the case that households obtaining social tenancies have the greatest priority. It has become increasingly difficult for single persons and couple households to become social tenants due to a lack of stock. The model shown in Figure 53 reflects that social housing has increasing become a tenure for households with higher needs and therefore a lower proportion is required in the future.

Figure 53: Overall Housing Requirement 2011-2031 with Social Renting Rates Declining Over Time (Note: Figures may not sum due to rounding)

	Tenure	Requirement	%
2011-2031 Net Nil Projections			
	Market Housing	1,300	68.4%
	Intermediate Affordable Housing	0	0.0%
	Social Rented/Affordable Rent Housing	600	31.6%
	Overall Housing Requirement	**1,900**	**100.0%**
2011-2031 Low Migration			
	Market Housing	6,800	81.9%
	Intermediate Affordable Housing	0	0.0%
	Social Rented/Affordable Rent Housing	1,500	18.1%
	Overall Housing Requirement	**8,300**	**100.0%**
2011-2031 Average Migration			
	Market Housing	8,700	82.1%
	Intermediate Affordable Housing	0	-
	Social Rented/Affordable Rent Housing	1,900	17.9%
	Overall Housing Requirement	**10,600**	**100.0%**
2011-2031 High Migration			
	Market Housing	12,800	83.7%
	Intermediate Affordable Housing	0	-
	Social Rented/Affordable Rent Housing	2,500	16.3%
	Overall Housing Requirement	**15,300**	**100.0%**
2011-2031 9,000 Jobs, Static Female Retirement Pattern			
	Market Housing	4,000	78.4%
	Intermediate Affordable Housing	0	-
	Social Rented/Affordable Rent Housing	1,100	21.6%
	Overall Housing Requirement	**5,100**	**100.0%**
2011-2031 11,000 Jobs, Changed Female Retirement Pattern			
	Market Housing	5,100	79.4%
	Intermediate Affordable Housing	0	-
	Social Rented/Affordable Rent Housing	1,300	20.6%
	Overall Housing Requirement	**6,400**	**100.0%**
2011-2031 11,000 Jobs, Static Female Retirement Pattern			
	Market Housing	5,600	80.0%
	Intermediate Affordable Housing	0	-
	Social Rented/Affordable Rent Housing	1,400	20.0%
	Overall Housing Requirement	**7,000**	**100.0%**
2011-2031 11,000 Jobs, Changed Female Retirement Pattern			
	Market Housing	6,800	81.7%
	Intermediate Affordable Housing	0	-
	Social Rented/Affordable Rent Housing	1,500	18.3%
	Overall Housing Requirement	**8,300**	**100.0%**

The Role of Shared Ownership

8.67 As noted above, there is no clear gap in BANES for intermediate housing based upon current levels of affordability and the ability of cheaper private rented dwellings to accommodate those who would otherwise require affordable housing. However, this does not preclude the role of additional shared ownership dwellings within the BANES housing market.

8.68 As was noted in Figure 20, owner occupation has fallen by 4.6% as a share of the dwelling stock in BANES. There are now 900 fewer owner occupiers in BANES than there were in 2001. The market housing requirement identified by the ORS Housing Model includes both market rent and owner occupation. The model is able to split these two components out to show projections for owner occupation and market rent. This is done in Figure 54 for mid-trend migration.

8.69 This shows that the model is projecting a further decline in owner occupation to 2031 with a sharp rise in market renting. Therefore, although the affordability analysis does not identify a strict need for intermediate affordable housing, there is likely to be a continued demand for suitable low cost home ownership products which should help to ease the growing pressure on the private rented sector.

8.70 Providing intermediate affordable housing in the form of low cost home ownership may be particularly relevant in large-scale new developments, where there is no existing older and less expensive housing stock already available in the area. With any intermediate affordable housing, there is a risk that the new development would only provide housing for two groups of households, namely:

» Households with relatively high incomes (or current homeowners with large amounts of existing equity) that can afford full ownership, and

» Households who are most disadvantaged (or existing social tenants) that are therefore likely to be allocated affordable housing for rent.

8.71 It is unlikely that working households on relatively low or moderate incomes could afford to purchase homes in such new developments, yet they would be unlikely to be allocated affordable housing for rent. Therefore, an element of intermediate affordable housing in larger-scale developments is likely to contribute to establishing more mixed and balanced communities in these areas.

Figure 54: Overall Housing Requirement 2011-2031 Based Upon Mid trend Migration Including Owner Occupation and market Rent (Note: Figures may not sum due to rounding)

	Tenure	Requirement	%
2011-2031 Average Migration			
	Owner occupied	-800	-7.5%
		9,500	89.6%
	Intermediate Affordable Housing	0	-
	Social Rented/Affordable Rent Housing	1,900	17.9%
	Overall Housing Requirement	**10,600**	**100.0%**

Distribution by Housing Market Area

8.72 Chapter 2 highlighted that there are two housing market area operating in BANES, namely the Bath housing market area and the Bristol housing market area. One possibility being considered by BANES is a a job led housing scenario with 11,000 additional jobs. Using the scenario where female retirement pattern become closer to male ones, this would see an extra 8,300 dwellings required in BANES to 2031. 68% of these jobs are anticipated to be in Bath, with the remianeder distributed across BANES. Figure 55 below provided modelled outputs for each area on the basis that 68% of all additional jobs are located in Bath.

Figure 55: Housing Requirement to 2031 Based Upon 11,000 Additional Jobs With Changed Female Retirement Pattern Scenario (Note: The "Social" category would include Social Rented Housing as well as any other forms of Affordable Housing for rent which would be eligible for housing benefit support. All figures rounded to the nearest 100. Figures represented by "-" show any shortfall or surplus which is less than 50, although this will normally be greater than 0. Figures may not sum due to rounding)

Housing Size		Number of Dwellings Required			
		Market Housing	Affordable Housing		TOTAL
			Intermediate Affordable	Social/Affordable Rent	
BATH HMA					
	1 bedroom	700	0	1,200	1,900
	2 bedrooms	1,200	0	600	1,900
	3 bedrooms	1,400	0	300	1,700
	4+ bedrooms	100	0	0	100
	Total	**3,400**	**-**	**2,200**	**5,600**
BRISTOL HMA					
	1 bedroom	100	100	400	600
	2 bedrooms	400	200	200	900
	3 bedrooms	800	100	200	1,100
	4+ bedrooms	200	-	-	200
	Total	**1,600**	**300**	**800**	**2,700**

9. Older People

The UK's Ageing population

9.1   The UK faces a significant challenge as people live longer. 'Living Well At Home - 2011' (All Party Parliamentary Group on Housing and Care For Older People) identified the older population will grow from 10.1m to 16.7m by 2036 for the over 65's, and from 1.3m to 3.3m by 2033 for the over 85's. Already over half of NHS spending is on people over 65.

BANES and Older People

9.2   In BANES, population projections show higher Older People populations than England in all cohorts over 60 years of age (see Figure 2).

9.3   National Health and Adult Social Care reform is underpinned by a principle of sustaining people at home for as long as possible, thereby avoiding expensive hospital and care home services. However, there remains a need for specialist housing as the population ages.

9.4   The local strategic issues relating to Older People are contained in:

»   Housing and Well Being Strategy 2010-15

»   Housing strategy for Older People 2008-13

»   Joint Strategic Needs Assessment (latest version 19/06/12)

9.5   The current requirements for specialist accommodation for older people are set out in the latest BANES JSNA (Version 19/06/12). BANES has a higher than average number of people aged 65 and over who are permanent residents of residential and nursing care homes (92 people per 10,000, 2009/10). The JSNA also reports rates of medium or urgent housing need are much higher amongst older people.

9.6   Further, the JSNA notes 'more evidence is needed about the impact of BANES ageing population on local housing supply' and 'change in aspirations about the sort of housing needed and requirement for independence (room for carers/key ring schemes/community hubs)'

National Planning Policy Framework 2012

9.7   The National Planning and Policy Framework Paragraph 159 says *'the Local planning authorities should have a clear understanding of housing needs in their area'* and that this need for *'all types of housing'* should include *'Older People'*.

9.8   In addition, the Framework contains a useful definition of older people in its glossary:

'People over retirement age, including the active, newly-retired through to the very frail elderly, whose housing needs can encompass accessible, adaptable general needs housing for those looking to downsize from family housing and the full range of retirement and specialised housing for those with support or care needs'.

9.9 In addition, in 'Laying the Foundations – A Housing Strategy for England' (HM Government 2011), local authorities are encouraged to make provision for a wide range of housing types across all tenures, including accessible and adaptable general-needs retirement housing, and specialised housing options including sheltered and Extra Care Housing

9.10 The advantages of providing specialist housing provision for older people have been highlighted often, usually in terms of:

» **Financial benefits of specialist accommodation for other services**: for example, Research into the financial benefits of the Supporting People programme, 2009; Capgemini for CLG (2009) showed that £258.7 million spent on housing-related support in sheltered housing for older people produced £1.1 billion of benefits, including savings in social care and health.

» **Specialist accommodation releasing general housing:** for example, HAPPI2 (Housing our Ageing Population; Plan for Implementation – 2012) identified how developing more retirement housing could reduce under-occupancy and make more family homes available for younger people**.** Further, more retirement housing may mitigate against the impact of the government's bedroom tax, which will penalise people living in homes considered too large for their needs.

9.11 In relatively affluent areas, developers report considerable interest in the specialist older peoples market and investment funds for these are available. Schemes with a full range of provision from private sale through to hospice units are likely to be more viable in the current market.

9.12 There is some Government funding to support schemes via the Care and Support Specialised Housing Fund (see below).

Connecting Health and Social Care with Housing and Planning

9.13 Both Health and Adult Social Care are currently undergoing significant reform. The Health & Social Care Act 2012 has initiated Health reforms which 'go live' from April 2012 with the establishment of Adult Health and Well Being Boards and Clinical Commissioning Groups. A draft Care and Support Bill 2012 is currently before Parliament.

9.14 Housing and Planning Strategy will need to respond to these reforms by forging closer relationships with Health and Adult Social Care colleagues. In particular, there is a need to connect health and social care strategies with housing and planning regarding new specialist accommodation, as there may be new opportunities to bid for funding.

Example: New funding opportunities following Health and Adult Social Care Reform

- Care and Support Specialised Housing Fund: £160m of NHS funding for specialised housing to run for 5 years from 2013/14. Programme managed by the HCA. Bidding closed in January 2013).

9.15 The SHMA should also link with the Joint Strategic Needs Assessment (JSNA) and Joint Health and Well-being Strategy (JHWS) to ensure the requirements for new housing, and support needs to Older People in existing stock, are met.

Modelling Older People's housing Requirements

9.16 For BANES, a key policy issue is how the current projected Older People population growth translates into a requirement for new provision of specialist accommodation.

9.17 Many models have been produced to calculate specialist housing requirements based on population increase and these continue to mature. They tend to be in a helpful toolkit form to aid local authorities in planning for housing their ageing population. They also highlight the benefits of specialist housing and encourage planners to join up housing, planning and social care policies.

9.18 Two key examples are:

» *More Choice, Greater Voice (CLG, Housing LIN, Care Services Improvement Partnership - 2008)*

» *Housing in later life: planning ahead for specialist housing for older people* (National Housing Federation, McCarthy and Stone, Housing LIN, Contact Consulting and Tetlow King Planning; 2012)

9.19 The challenge of calculating specialist housing requirements can be seen by the variation in population to accommodation ratios in different models (Figure 43).

Figure 56: Benchmark Figures for Specialist Accommodation

	'More Choice, Greater Voice' 2008		Strategic Housing for Older People Resource pack (Housing LIN, ADASS, IPC) 2012	
	Places per 1,000 population aged 75+	Tenure split		Tenure split
Extra care	25		45	30 sale 15 rent
Supported housing	125	50 rent 75 sale		
Sheltered 'plus'	20		20	10 sale 10 rent
Dementia	10		6	
LSE			120	

Older Peoples Aspirations

9.20 Although the modelling of housing requirements has matured, one area of risk concerns demand for specialist schemes and whether older people will actually aspire to live in them.

9.21 ORS undertook a study for the House Builders Federation Retirement Housing Group – Modelling the Housing Requirements for Older People (2010) - which considered specialist requirements using the 'More Choice, Greater Voice' ratio's as a starting point. The study concluded that many requirements for extra care and residential care could be overstated due to these not factoring in wider demand issues such as the propensity of older people to actually move to any new schemes.

9.22 Further, an increase in support needs for older people may seem likely (and may well come to pass) given the ageing population driver. However, caution should be taken in view of the reasons for the growth in older population and people's recent relative longevity compared to past centuries; increased lifespan is often driven by better health plus associated improvements in quality of life. Therefore, the

relative health of older people in 2001 is unlikely to be representative of people of the same age by 2031.

Planning Policy and Older People

'Housing in later life: planning ahead for specialist housing for older people' (2012) contains detailed advice in Chapter 6 regarding '*tools to help officers plan for this form of housing in their local policies and strategies'* and headlines are given below:

- **Incorporate specialist housing for older people into local plans**
  o **Planners:** Seek to include policies that encourage the delivery of specialist housing for older people where the need is identified, in their local plans.
  o **Adult social care officers:** Look to work with officers compiling local plans to join up thinking about remodelling existing specialist housing for older people across local and neighbourhood plans.

- **Local strategies for older people**
  o **Planners:** Engage with providers and older people at an early stage to produce Supplementary Planning Documents that reflects the needs illustrated in the local authority's housing and accommodation strategy for older people.

- **Connect health and social care strategies with housing and planning**
  o Help to ensure that the JSNA and the Health and Well-being Boards link with the objectives of planning and housing.
  o Seek cross-departmental agreement and support between housing, health and planning on procurement, asset management and any land disposals to meet the strategic needs of the local authority.

Example policy wording for Local Plans

'Housing in later life: planning ahead for specialist housing for older people' (2012) also contains a suggested Policy wording for Local Plans:

Excerpt Chapter 6: Housing in Later Life

'No one planning approach will be appropriate for all areas, but the following provides an example policy wording that could be included in a local plan where a need for specialist housing has been identified:

"The Council will encourage the provision of specialist housing for older people across all tenures in sustainable locations.

"The Council aims to ensure that older people are able to secure and sustain their independence in a home appropriate to their circumstances and to actively encourage developers to build new homes to the 'Lifetime Homes' standard so that they can be readily adapted to meet the needs of those with disabilities and the elderly as well as assisting independent living at home.

"The Council will, through the identification of sites, allowing for windfall developments, and/or granting of planning consents in sustainable locations, provide for the development of retirement accommodation, residential care homes, close care, Extra Care and assisted care housing

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Chapter 9 Summary

In taking forward the implications of the ageing population in BANES, the Council should:

- Work closely with colleagues in Health and Adult Social Care, and with the new Health and Well Being Board and Clinical Commissioning Group(s) locally regarding new specialised accommodation for Older People

- Consider the modelling of specialist housing requirements in the light of recent approaches and ratio's and consider wider older people demand issues, including the propensity to move

- Consider the Planning Policy recommendations from '*Housing in later life: planning ahead for specialist housing for older people' (2012) and incorporate, where appropriate, Planning policies to support the specialist housing provision.*

10. Housing Delivery

Introduction

10.1 The BANES SHMA Update indicates a substantial requirement for new housing to be delivered for the period 2011-2031. New housing delivery would both help meet both housing requirements and the needs of local people, as well as providing a significant contribution to the local economy. However, new supply is constrained in the current market and the construction sector has been in downturn since 2007. Housing delivery is therefore, a challenge for BANES and this chapter considers what can be done to stimulate supply.

10.2 Housing delivery is important for two key reasons:

- **New Housing helps meet housing requirements and needs locally:** Chapter 6 of the SHMA shows a significant housing requirement for BANES against a range of scenarios.

- **Housing delivery provides a boost to the local economy:** Figure10 of the SHMA shows 7% of local BANES employment is in the construction sector. House building and construction make a positive contribution to both national and local economies.

10.3 The Montague Report *(Review of the barriers to institutional investment in private rented homes 2012)* showed house building nationally having a direct impact on economic output (on average 3% of GDP over the last 10 years). It supports more jobs than investment in many other sectors of the economy: every £1m spent on house building supports 12 new jobs and for every £1 invested in construction, £2.60 is generated elsewhere in the supply chain.

10.4 One key strategic issue, therefore, is how housing supply can be delivered given current constraints in the market, to both boost delivery and support the local economy.

Market Housing in the UK

10.5 Housing delivery in the UK has been at relatively low levels since 2008. Various forecasts have been made trying to predict when the construction sector will recover to pre-2008 levels.

10.6 The most recent HBF Pipeline Report (Dec 2012) showed 33,881 approvals in England during Q3 of 2012, an increase of 36 per cent on the previous quarter, and 17 per cent on the same period last year. However, the number is *'still well short of the 60,000 per quarter needed to meet demand, or the 64,500 that were being granted on average during 2006/07'*.

10.7 A Construction Skills Network report (Dec 2012) predicts that it will be 2022 before 2007 delivery levels are restored. The sector lost a further 60,000 jobs in 2012, while output fell 9%, in large part because of public spending cuts. Construction employment is expected to continue to fall every year until 2016.

Attempts to stimulate delivery of market housing

10.8 There have been several Government initiatives to stimulate the delivery of new homes.

10.9 In September 2012, the Government launched a housing and planning stimulus package that aims to deliver up to 70,000 new homes (including affordable housing and first-time buyers) by relaxing

planning requirements, a 140,000 jobs boost to the construction sector and a £40 billion guarantee scheme for major infrastructure projects (including £10 billion for new homes).

10.10 In the Autumn Statement 2012, the government committed a further £225 million to support the development of 50,000 homes on top of the stimulus package. The initiatives from the stimulus package and from other initiatives included:

- **Relaxation of planning rules:** initially, a relaxation of planning rules (e.g. for home and business extensions), in January 2013 and a further relaxation that will make it easier to turn empty offices into homes (following a proposal in the 2011 Budget).

- **Relaxing requirements for affordable housing on s106 sites:** the Government has suggested councils could help deliver more homes by being willing to negotiate the affordable homes requirement on those s106 schemes which have become unviable due to the economic climate. This could deliver the 75,000 stalled homes identified in the stimulus package.

  LGA research (November 2012) suggested c.80% of local authorities may now negotiate affordable house building in a bid to kickstart stalled sites, with 41% already having done so. However, there are concerns that such flexibility may reduce affordable housing delivery.

- **Using the New Homes Bonus to support housing delivery:** since April 2011, New Homes Bonus sees the government match the council tax on any new properties for their first six years, and thereby incentivise communities to support development by providing or improving local facilities. As at December 2012, Councils had received £1.3 billion through the scheme (CLG). However, a survey by Inside Housing in January 2012, showed that more than 70 per cent of councils in England have used the bonus to support their General Fund.

- **Using the LEP single funding pot for housing:** The Autumn Statement 2012 increased the proportion of spending awarded through the single funding pot to LEPs from April 2015. The pot can be used for housing although has to compete with other strategic proposals (including funding for local transport, schemes to get people back into work, skills and any additional local growth funding, as well as housing). There are questions, therefore, regarding whether the pot will include any ring-fencing for housing and whether there will be flexibility to move funds to areas of housing need.

10.11   Although the stimulus package is significant, the NHF commented *'It is at a much smaller scale than we expected',* and timescales for delivery of the targets are not known.

Affordable Housing

10.12 Delivery of affordable housing is also an important source of new UK housing supply and a key means to meet new and existing housing need.

10.13 The 'model' for affordable housing delivery since the 1988 Housing Act was to shift to lower capital subsidy (via lower grants rates) and move to higher revenue subsidy (via Housing Benefit). RP's have historically filled any viability 'gap' this model creates by cross subsidising from other forms of tenure (e.g. sales) and private finance. This model is becoming less viable given the current Benefit reform programme, grant changes and the appetite of RP's for risk. Overall, many RP's forecast new affordable housing supply to be limited as a result.

10.14 CLG figures show how the number of affordable homes provided in England fell by 4 per cent in 2011:

- » 57,950 new affordable homes were built in 2011/12 – compared to 60,430 in 2010/11.

» 930 of the new homes were as part of Year 1 of the £1.8 billion affordable homes programme.

» 19,490 homes were provided as intermediate housing schemes (including shared ownership and shared equity) down by 10 per cent on 2010/11.

Government Funding of Affordable Housing

10.15 There are several Government funding streams delivered via the HCA, the key ones being:

» **Affordable Housing Programme 2011-15**: the flagship HCA £4.5bn programme for affordable homes. The AHP programme is changing: it was opened to non-registered RP providers for the first time in 2011. In addition, there has been considerable debate within the RP sector, and many historic providers have scaled back their programmes to mitigate perceived risks. The Future of the AHP post 2015 is currently unknown although the Government has indicated (January 2013) that they are keen to speedily clarify post 2015 plans

» **Get Britain Building package:** a £570m programme launched as part of the Government's Housing Strategy for England (November 2011), aiming to unlock locally-backed stalled sites holding planning permission and deliver up to 16,000 new homes. Based on recoverable funding in a shared risk approach, EoI's for the current round close in February 2103.

» **Care and Support Specialised Housing Fund:** £160m NHS funding to be used to accelerate the development of the specialised housing market and which will run for 5 years from 2013/14. Bidding closed in January 2013

10.16 It seems likely that further initiatives could be launched during the life of this Parliament and BANES may wish to participate to monitor these for opportunities to bring forward new affordable homes.

Other Issues Affecting Delivery of New Affordable Homes

10.17 **Registered Providers:** many RP's have become more risk averse in their approach to developing new homes in the new AHP era. The move to affordable as opposed to social housing and the resultant reduction in grant rates has made delivery and viability issues more pronounced.

10.18 **Benefit Reform:** Most stakeholders (including private landlords, house builders and RP's) are concerned at the impact of benefit reform.

» RP's highlight how the introduction of Universal Credit poses a risk to revenue. Credit rating agency Moody's (December 2012) - who rate 26 UK RP's - highlighted the risks posed by Benefit Reform to RP revenues, and to RP's who have exposure to variable rate debt.

» RP's and PRS landlords identify Housing Benefit reform as a risk in terms of housing suitability and availability to lower income households . PRS landlords are reported as already ending tenancies for Housing Benefit households

» Further, new caps on non-housing benefits announced in the Autumn Statement 2012 could lead to higher arrears and bad debts

10.19 **Affordable Housing Programme Delivery;** The AHP 2011-15 has been slow in delivery in its initial phases, arguably as a result of RP caution over the delivery model and programme management arrangements (e.g. new AHP contracts). Throughout 2012/13, some concerns have been expressed that the full HCA AHP may not deliver its target by 2015. However, an alternative view is that, historically, the HCA has delivered its porgramme even in recent challenging years 2010/11 and 2011/12.

10.20 Future AHP Funding Uncertainty Post 2015: The NHF/HBF (November 2012) as part of their submissions for the Autumn Statement highlighted how RP's are increasingly reluctant to buy section 106 homes from developers as they do not know what funding will be in place once the current AHP ends in 2015. This makes it difficult for private developers to forecast affordable housing obligations and revenues, which in turn is preventing them from buying land, creating a potential future shortage of available sites for future programmes.

10.21 Council's building more new homes: there had been lobbying of Government to lift the cap on local authority borrowing in advance of the Autumn Statement. Considerable latent potential for increased supply was identified to deliver a further 60,000 homes over 5 years ('Let's get building'; National Federation of ALMO's - 2012). However, nothing was forthcoming in the Autumn Statement although the proposal seems likely to continue to be promoted.

10.22 Social Housing Real Estate Investment Trust (REITs): although some stakeholders suggested REITs as a possible means to deliver more affordable homes, the Government (December 2012) has ruled out dedicated support for social housing REITs.

10.23 Sale and Leaseback; an initiative whereby investors buy a PRS portfolio and then lease it to RP's who then collect rent and manages the properties on a leaseback arrangement. One of the first was recently announced by Genesis for 401 homes in a 35 year deal. However, almost immediately, the HCA expressed concerns on the risk of sale and leaseback (especially on the Index-linked loans used to set them up).

10.24 New 'for profit' providers: 18 'for profit' providers to deliver AHP homes have so far registered with the HCA in order to deliver non grant affordable housing. At this stage, the homes have been shared ownership or intermediate homes delivered until concerns about affordable homes for rent are resolved (the main concern is around 'asset stripping' where 'for profit' providers might sell affordable homes on). However, arguably, there is potential for increased supply of affordable homes for rent by 'for profit' providers.

10.25 Stock rationalisation by RP's: the new regulatory framework for RP's places an emphasis on economic regulation. This could, potentially, reduce current supply of affordable housing. Already, sector trends indicate many associations are identifying under performing stock with a view to rationalisation. two examples have occurred in the South West (Western Challenge to Sovereign; Knightstone to Spectrum) Most activity relates to deals between RP's only but there is the potential for different approaches. In some housing markets, this may have longer term implications on affordable housing supply.

10.26 Co-operative Housing: Given current delivery constraints, co-operative housing has been identified as a further alternative supply for households unable to access ownership or affordable housing. The Confederation of Co-operative Housing, working in partnership with RP's, is currently trying to bring schemes forward. The HCA have held back funding in the current AHP for Cooperative Housing.

Chapter 10 Summary

Delivery of new housing in the current market is challenging and tends to reward the proactive. BANES, therefore, may wish to enhance further its approach to ensure future delivery. Possible initiatives might include:

- Enhance Joint working

    o More effective delivery management, especially on the Affordable Housing and related programmes

    o Regular reviews of viability drivers such as land values and build costs

    o Enhance lobbying for changes that might improve delivery

- Seek new funding from new programmes

    o Work with LEP's regarding possible housing funding

    o Work closely with NHS and Adult Social Services regarding specialist provision for older people and bids for new funding programmes

    o Work with affordable housing providers regarding potential bids for schemes under post 2015 Affordable Housing Programme arrangements

- Develop relationships with new affordable housing providers

    o Develop relationships towards 'with profit' providers

    o Support development of new housing co-operatives

- Seek to improve scheme viability

    o Review flexibility towards affordable housing requirements on s106 sites

    o Consider approach to use of any New Homes Bonus

    o Consider use of land holdings to improve viability

11. Private Rent Sector

Introduction

11.1   The growth of the Private Rented Sector (PRS) has become a key feature of the BANES housing stock and a significant driver in the local housing market.

11.2   Nationally, there has been recognition that Private Rent offers a viable future tenure for many UK households, including those in housing need or on lower incomes. Around 25% of low to middle income families are currently unable to access home ownership, and many households in housing need are unable to access affordable rent homes. This group of 'households in the middle' represent a significant market for an alternative housing offer.

11.3   The number of people renting homes in England from private landlords has almost doubled in 10 years, from 1.9 million in 2001 to 3.6 million in 2011 – a rise of 88 per cent (Census 2011). Indeed, the number of households living in the private rented sector has risen to the same level as those in social housing (English Housing Survey 2011/12).

11.4   PRS rents appear to be increasing in the current market even though benefit reform was hoped to depress rises. The LSL Property Services Buy to Let index showed rents had increased 3.2% between December 2011 and December 2012, albeit with the usual small seasonal fall for Xmas.

11.5   Migration is a key driver of the PRS market. The population of England and Wales has increased 7% between 2001 and 2011, with 55 per cent of this increase being due to migration (Census 2011).

11.6   The sector is still relatively immature in that most landlords have small portfolios. Only 1% of PRS landlords own more than 10 properties. There has yet been no significant entry into the sector by Institutional investors or organisations assembling large portfolios, similar to that seen in other EU states.

11.7   Further, the PRS has not contributed to new housing supply being reliant for growth on the tenure conversion of existing owner occupied stock. There is, however, considerable current interest in attracting institutional investment to boost new build PRS supply

11.8   Housing stakeholders, generally, are relatively well disposed towards the sector, seeing a possible way of meeting housing need and delivering new supply. However, there is some caution around the quality of existing management (in terms of length of tenure, security of tenure and rent levels) as well as some quality issues with existing stock. Further, for any new supply, there are issues around keeping PRS stock available for rent and that any public investment in PRS may deflect much needed investment away from Affordable Housing supply.

Policy Developments

11.9   Policy for the PRS has, arguably, been slow to respond to the relatively fundamental change in tenure that has occurred nationally, especially in London and the greater south east. Two key recent reviews have focussed on issues within the sector:

» The Private Rented Sector: Its Contribution and Potential (Rugg and Rhodes 2008) considered how the sector was changing and growing. Key themes from the research highlighted the impact of buy-to-let, the challenge of institutional investment, the professionalism and quality of property management, and the potential of the sector to meet housing need.

» Review of the barriers to institutional investment in private rented homes (David Montague August 2012) considered the sector further, especially how new investment might be attracted to boost supply.

Benefit Reform

As highlighted in the SHMA, there are several implications for the PRS from benefit reform that need to be considered:

» Possible reduction in PRS supply: Landlords may remove properties from the Housing Benefit supported 'pool'

» Redistribution of PRS tenants from other areas: there may be a move by HB households out of Bristol and into HMO properties in BANES

» Increased demand on local authority housing advice: pressure on Local Authorities from increases in homeless presentations and from 'households in the middle'

11.10 The response of PRS landlords is as yet unknown although discussions with stakeholders indicate that they are keenly aware of the reforms and some landlords are already responding by serving notice on households they see as over occupying.

Existing Housing Supply and the PRS

11.11 Elsewhere, a key change that has occurred in local markets is the conversion rate of existing privately owned stock to private rent and, further, the rate of conversion of PRS to Houses in Multiple Occupation (HMO).

11.12 Experience in London may provide an indication of how the PRS may develop further, especially in higher value and/or high demand areas. In some London authorities, the conversion rate to PRS has been swift: half of all households in London now rent.

11.13 In a recent ORS South London study we were able to show how rapid changes to PRS can be: the charts below show the spatial distribution of the private rented sector across South East London between 2001-2008.

Figure 57: Distribution of Private Rented Housing by Middle-level Super Output Area 2001 (Source: UK Census of Population 2001)
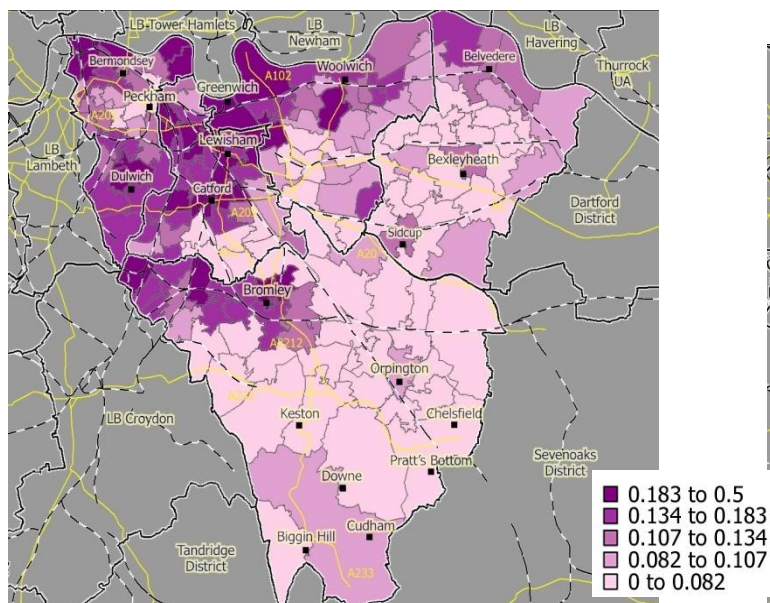
Figure 58: Distribution of Private Rented Housing by Middle-level Super Output Area 2008 (Source: South East London Household Survey 2007-08)
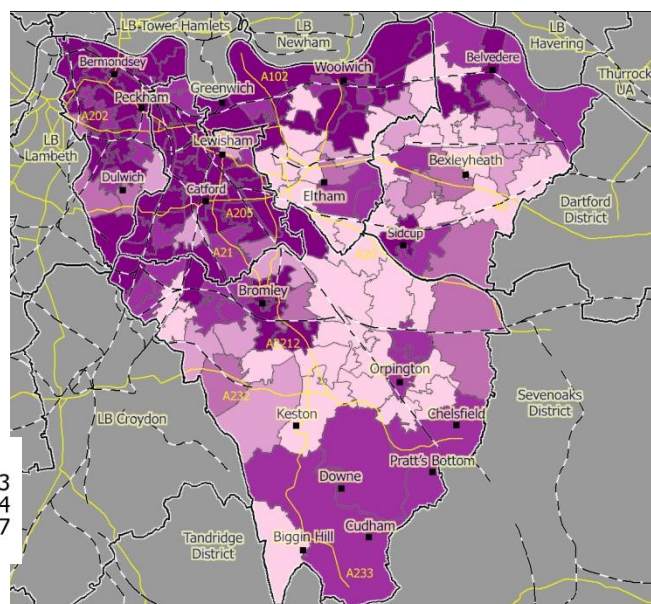
11.14 At the same time, PRS occupation levels have increased; essentially, households form at a faster rate than new supply so existing stock has to accommodate them. Hometrack analysis (December 2012) found 50 per cent of London's PRS homes were fully occupied and commented *'The luxury of a spare room is a thing of the past for many London tenants'*.

Strategy Responses – Existing Stock

11.15 Housing strategists have primarily responded to the PRS change in existing stock by seeking to improve management and property standards via Licensing or self-regulation schemes,

» Self-regulation by Landlords to an agreed standard: for example, London (GLA) is aiming to improve conditions via self-regulation in a London Rental Standard.

» Licensing and accreditation schemes: other authorities are introducing formal licensing schemes (e.g. Liverpool)

11.16 In addition, authorities are improving their monitoring of HMO conversion rates: The introduction of Green Deal/ECO in January 2013 has seen a shift to improving PRS homes, via programmes to tackle fuel poverty and improve energy efficiency for eligible PRS households.

New PRS Supply

11.17 Previous Governments have wrestled with the challenge of encouraging institutions to invest in new PRS development on a large scale, seeing this as a very attractive solution to the UK's housing requirements.

11.18 Previous initiatives have met with little success; the HCA launched a private rented sector initiative in 2009 but it met with limited interest and has since been dropped.

11.19 More recently, commentators have indicated that Institutional investors are more inclined in developing Private Rented Schemes (especially in London) but there are perceived barriers around tax, viability, scale and yield.

11.20 Currently, the options to increase supply are varied, and range from Policy type responses (arising from the Montague Review) or via market or RP responses to opportunity. These are highlighted below.

Government

11.21 Following the Montague Review recommendations, the Government is currently establishing a private rented sector task force to encourage and support build-to-let investment from the private sector, and to develop voluntary standards that future landlords would meet and tenants could expect. In addition, bids for the HCA Build to Rent Fund (a £200m fund in response to Montague) seeks Expressions of Interest by February 2013.

11.22 However, an increase in PRS new build delivery will likely means increased HB cost to Treasury where the homes target lower income households who may qualify for Housing Benefit. This may yet act as a brake on policy towards future supply which targets HB eligible households.

Councils

11.23 Several options have been identified whereby Councils could enable new PRS supply to come forward and some Councils are moving this forward; for example, Manchester City Council is considering a scheme to use pension fund money to build 240 new private rented homes.

11.24 Other options for Councils include:

» **More planning flexibility:** one option is for local authorities to make greater use of their flexibilities in the planning system to encourage new private rented supply, including allowing reduced delivery of affordable homes through planning obligations. Not all authorities will find this an attractive option – however, given current historic lows in housing supply this may prove tempting in some areas to deliver 'some' homes rather than 'none'.

» **Land investment:** A further option is for government and local authorities to "invest" land they own with private developers or RP's to improve viability. These agencies often find they can raise money to build homes but cannot afford to buy land as well. However, whether public sector land could be released quickly enough is a risk, given the restrictions public bodies face when selling assets.

» **Financial support:** Councils could offer loan guarantees (similar to the 'Get Britain Building' fund) to support larger scale new-build private rented developments. However, again there may be barriers to this (such as borrowing limitations).

Registered Providers

11.25 RP's are potential key players in the delivery of new PRS supply and have taken a more interest in the sector:

» **RP's delivering new PRS homes:** A recent Resolution Foundation report (Making Institutional Investment in the Private Rent Sector Work, 2012) recognised that new build-to-let developments could be funded by institutional investors, such as pension and life funds.

However, institutions were dis-incentivised by the development phase for projects (as this can often last in excess of two years). Consequently it foresees a role for RP's to build new PRS units which would then be sold on to an investment fund enabling social housing providers to build further new homes and, possibly, retain management of the PRS stock. Sale and leaseback arrangements are also possible although this may attract Regulatory concern.

» **RP's acquiring new PRS portfolio's from existing stock:** Several larger RP's are currently considering building up a PRS portfolio from existing private stock. London and Quadrant is looking at spending £250 million on a 1,000-home private rented sector portfolio, with institutional investor backing. Hyde Group is looking at a REIT to deliver off-balance sheet private rented housing. Home Group bought a private rented sector property management business for £15.9 million in November 2012 (Home have had a PRS subsidiary since 1999). Thames Valley are also set to expand their activity in the sector. Places for People Places recently acquired a portfolio of 925 private rented homes and seems set to expand this further. Arguably, these initiatives are focused on high value and/or high yield areas; there may be viability issues in BANES.

Local Enterprise Partnerships (LEP's)

11.26 The Autumn Statement 2012 increased the proportion of spending which is awarded through a single funding pot to LEPs from April 2015. The pot can be used for housing. Any funding will reflect the quality of strategic proposals put forward by LEPs, and is likely to include funding for local transport, schemes to get people back into work, skills and any additional local growth funding, as well as housing. There are questions, however, regarding whether the pot will include any ring-fencing for housing and whether there will be flexibility to move funds to areas of housing need.

11.27 Potentially, LEP's could enable new PRS housing delivery and some attempts have been made in this regard to increase supply. For example, the Sheffield City Region LEP is currently considering how to bring in up to £100 million of institutional investment to boost their PRS.

Other Barriers

11.28 While new build PRS may be attractive in some areas, there are barriers that have historically restricted supply and these still offer a challenge to new schemes:

» **Tax**: for investment institutions, commercial property enjoys tax advantages over residential in terms of stamp duty, capital gains and VAT. If new PRS is to come forward, it seems likely that this imbalance will need to be remedied by Government.

The Labour Party have recently indicated they may offer private landlords tax incentives in order to persuade them to provide longer-term tenancies and predictable rents to families *(Private rented housing: providing stability and affordability for renters and families - December 2012).

» **Guarantees that new build PRS will remain in the sector:** Montague identified that any reduced obligations must be backed by guarantees that homes will be available for private rent in the longer term rather than being sold. For example, one proposal is that Authorities could use s106 agreements to treat 'market rent' dwellings as affordable housing through a covenant that all units on a development will be rented for a minimum period of 10 years from first occupation

Chapter 11 Summary

The PRS sector in BANES has changed in the past decade and can be expected to grow further. In responding to the challenge this fundamental change is making, BANES has various options to consider by way of response:

- Existing provision

    o   Monitor the impact of Benefit reform
    o   Consider the role of RP's in developing the PRS locally
    o   Consider the overall approach to licensing or self-regulation schemes for Landlords
    o   Maximise opportunities to improve property condition via the Green Deal and ECO schemes

- New provision: Take a view whether to actively engage in seeking new PRS supply and, if so, the most effective routes to do so including accessing new funding programmes

12. Key Findings and Conclusions
Future policy implications for the authorities to consider

Introduction

12.1 This chapter considers the main policy issues that have arisen from the SHMA Update and their implications. The SHMA report has been published at a time of uncertainty:

> » The impact of the current economic climate is noted in several places in the report: These implications are brought together here as an added dimension to identified policy issues;

> » The housing market is at a low point in its cycle and the rate of recovery remains uncertain;

> » Modelled future housing requirements, especially intermediate affordable housing products, are sensitive to market dynamics (e.g. house price change), and this is acknowledged

National Economy

12.2 Inevitably, the performance of the national economy is key to recovery for the UK housing market and a more benign housing delivery environment. Currently, national economic performance is weak and recovery and growth are the subject of considerable debate. The Government strategy to reduce the national deficit is, arguably, under pressure; for example, the Institute for Fiscal Studies 'Green Budget' (February 2013) suggests that Government spending will continue to rise, even after the 2015 Election, mainly as a result of social security spending pressures. Whether Government responds via further reductions in public spending or increased taxes or a slower rate of deficit reduction is, as yet, unknown.

12.3 Financial markets are still recovering from 2007, and the availability of finance for housing related activity is severely constrained. However, housing delivery is still seen as a key mechanism to stimulate economic growth. Mortgage and development finance is still much reduced from peak market levels in 2007. However, the Bank of England quarterly lender survey (Q4 2012), said that the availability of credit to households 'increased significantly' in the three months to mid-December 2012, with 'a further significant increase' expected in the coming quarter.

12.4 Overall, this backdrop suggests that the Housing market will continue to be weak and the delivery of new homes will receive limited further Government support from investment programmes either in housing or related sectors, such as infrastructure.

Housing and the SHMA

12.5 England has an identified shortage of housing and delivery of supply has been a key policy aspiration of successive governments. Various initiatives and programmes to encourage housing delivery via key supply side agencies (land owners, developers, investors, Registered Providers and Local Authorities) have been put in place. However, the current economic downturn has had a significant impact on delivery – this presents a considerable challenge in achieving delivery of new homes.

12.6   First time buyers are a key driver of market activity. The House Builders Federation (Broken Ladder report; 2013) says the number of first-time buyers has fallen sharply in recent years, from an average of 543,000 in the five years to 2002 to an average of 197,000 in the five years to 2012. The HBF estimates that first-time buyers need to save for 10 years (London 24 years) before they can get on the housing ladder. A potential first-time buyer in England would on average need to set aside half their net income after council tax, rent, energy and water bills for a decade to get together the deposit needed to buy a home.

12.7   Local Authorities have a major role in enabling the delivery of additional housing. A key output of the SHMA Update is to provide the evidence base to support Local Planning's affordable housing policies. The SHMA Update evidence can inform the size, type and tenure mix of what should be built to meet the housing requirements of future generations.

12.8   The SHMA, however, goes further. It also considers the needs of vulnerable groups – those who have fewer options in the housing market and are often heavily dependent on affordable housing and local support services, particularly Older People.

12.9   The SHMA Update, therefore, arrives at important conclusions about the size and nature of the future housing requirement, set within a deeper understanding of the local housing market and positioning this within the wider policy and economic landscape current in 2013.

12.10   The SHMA is also cognisant of the requirements of the National Planning Policy Framework 2012.

Overview

12.11   The SHMA has considered various factors regarding the housing market in BANES. It is intended to update the current evidence base and inform housing and planning policies for the BANES area. The issues are similar to those identified in the 2010 SHMA Update although many of the issues identified then have continued to develop.

12.12   In terms of the drivers to the housing market, these can be split between those factors driving the current housing market and longer terms strategic issues where a co-ordinated response is required.

Market Drivers

   Household and population growth

   Housing need

   Local Economy

   Benefit reform and households in housing need

Strategic Issues

   Ageing population

   Private rent sector growth

   Housing delivery constraints

Housing Market Areas

12.13 The review of the Housing Market areas has considered the degree of connectivity and self-containment between the various urban centres around BANES and Bristol. From this it can be seen that the current HMA area is still relevant and robust.

Socio Economic Factors

12.14 The SHMA has identified key features regarding the local population and the local economy.

Population

12.15 The local population increased by 4% between 2001-2011 although average household size has remained constant.

12.16 Numbers of Young People aged 15-24 are relatively higher than England although this is likely due to the 20,000+ students attending the two local universities. Students have a significant impact on the Private Rented Sector and any increase in student numbers would impact on this part of the housing market.

12.17 Numbers of Older People aged 60+ are relatively higher than England. 35% have a Limiting Long Term Illness at age 60-69 and this increases to 80% for those aged over 90.

12.18 There has been an increase in the Black and Minority Ethnic population between 2001-2011 with high relative increases in the Asian and White Other groups. The key originating countries for international migrants are Poland, China and India.

Economy

12.19 The local economy has seen an 8% increase in people who are economically active and a 2% increase in those economically inactive. 74% of the increase in economically active is amongst part time and self-employed people.

12.20 Unemployment fell for the period 1993-2007 but then increased to c.2% since 2011 (compared to an England level of 3.6%).

12.21 The Occupation profile shows Professional occupations increased by 22% while Managers, Associate Professional and Administrative occupations all decreased. The Proportion of Employees by Industry shows the relative importance of the Education sector to the local economy.

12.22 Earnings figures show a difference between those who live and work in BANES and those who work here: resident workers earn slightly more than those who live outside the area.

Housing Stock

12.23 In terms of the local housing stock, certain key features have been identified:

Dwellings

12.24 The area has a similar property type profile to England although with slightly more terraced homes. Most stock was built post 1945 although c.29% is pre-1900.

Tenure

12.25 The area has higher levels of owner occupation relative to England although this declined by 4.6% between 2001-2011. The Private Rented Sector has grown 4.4% in the same period via conversions of owner occupied stock to private rent. Social rent is a minority tenure at 14.4% of all stock.

Prices

12.26 House prices effectively doubled between 200-2012. Prices have been rising since 2011 and are currently outperforming national trends.

Communal establishments

12.27 The area has slightly more communal establishments (3.4%) relative to England (1.7%), with slightly more medical/care homes.

Local Housing Market

12.28 The local housing market has considerable change regarding its operation in recent years:

Migration

12.29 The area had a net migration gain of 6,100 between 2006-2010. While net UK migration 2005-10 was a modest +100 annual average gain, international migration was more significant at +1,100. The largest in migration age group(s) were 0-15 and 16-24 years, the largest net out migration age group were 25-44.

12.30 Most UK migrants who come to or leave the area do so from within the South West region, mostly moving to and from adjacent local authorities.

Housing Delivery

12.31 Housing delivery in the area has been relatively constant since 2001 even though significant changes have happened in the wider economy and the construction sector.

Sales Turnover

12.32 While the number of sales transactions is lower than in the peak market (c.1,000 per quarter: 2007) they have recovered to c.600 in 2012.

Affordability

12.33 Affordability declined 2003-2007 but then improved to 2009. More recently, affordability has declined again and (in 2012) is almost back to the peak of the market in 2007.

Housing Benefit in the Private Rented Sector

12.34 The number of Households on low incomes in the private rented sector increased between 2009-2012. Although the increase is lower than for other authorities in the region, this could reflect lack of housing stock available for Housing Benefit claimants rather than suggesting lower levels of need. To reduce the number of households claiming housing benefit in the private rented sector, more affordable housing would need to be provided.

Homelessness

12.35 Although the long term trend is downwards, more recently homeless claims and acceptances have begun to rise.

Welfare Reform

12.36 A key risk for the local housing market concerns Welfare reform and, in particular, how this might impact on the Private Rented Sector. The potential impact of Benefit Reform on the Private Rented Sector is currently unknown.

12.37 Potentially, there could be reduced household formation rates which may reduce the number of households seeking affordable housing. However, some changes in the LHA could see formation rates rise.

12.38 The supply of private rented dwellings may change significantly, especially for households on lower incomes.

12.39 The total number of housing benefit claimants in the private rented sector is unlikely to fall, but their locations will change to lower priced areas.

12.40 Alternatively, where landlords do not accept the lower rents, more properties may return to 'pure' market housing and out of reach to households on Housing Benefit.

12.41 Local authorities may be pressed to find housing solutions for increasing demand from households who cannot resolve their own needs - homelessness presentations and overcrowding may also rise further.

Future housing requirements and the affordable housing target

12.42 The SHMA has estimated the following housing requirement to 2031 for the BANES local authorities based upon a range of household projection scenarios.

Figure 59: Summary of Housing Requirement for BANES 2011-31 for all scenarios (Note: All figures rounded to the nearest 100. Figures may not sum due to rounding)

Household Projection Scenario	BANES	
	Total Housing	% Affordable
Net nil migration	1900	102.1%
Low migration	8300	35.9%
Average migration	10600	31.7%
High migration	15300	27.0%
9,000 jobs Static Female Retirement Pattern	5100	48.3%
9,000 jobs changed Female Retirement Pattern	6400	42.1%
11,000 jobs Static Female Retirement Pattern	7000	39.5%
11,000 jobs changed Female Retirement Pattern	8300	36.1%
TOTAL	**72,800**	**36%**

12.43 This highlights the significant need for additional housing in BANES and also the significant need for additional affordable housing. Without sufficient affordable housing, there will be continued pressure

on the private rented sector and associated need for additional housing benefit support for households otherwise unable to afford local housing costs.

12.44 As outlined earlier in this report, the housing benefit supported private rented sector has already grown substantially in recent years and it plays a key role in meeting housing need in the areas. The modelling analysis assumes that the number of claimants already receiving housing benefit support to live in the private rented sector remains constant. Any attempt to reduce the number of housing benefit claimants in the private rented sector would require a significant increase in affordable housing, above the percentages shown above.

12.45 However, the above results are also based on the relationship between house prices and incomes remaining constant. If house prices were to fall relative to incomes, there would be notable reduction in the need for affordable housing – but an increase in relative prices would increase affordable housing requirements.

Size Mix

12.46 The size mix requirements for housing in BANES are set out in Chapter 6. In summary:

Figure 60: Size Mix of Housing Requirement to 2031 Based Upon Low trend Migration

Housing Size		Number of Dwellings Required		
	Market Housing	Affordable Housing		TOTAL
		Intermediate Affordable	Social/Affordable Rent	
Net Requirement 2011-2031				
1 bedroom	1000	-	1500	**2,500**
2 bedrooms	1800	-	900	**2,700**
3 bedrooms	2200	-	500	**2,700**
4+ bedrooms	300	-	100	**400**
Total	**5,100**	**-**	**3,200**	**8,300**

12.47 The BANES SHMA Update Market housing size mix findings are more in step with how households in this sector have occupied market housing in the past - however the following points are noteworthy;

» Owner occupiers of higher priced new build housing tend to buy much more space than they need. It should be pointed out that there is a chain of events from this purchase that will ultimately lead to a smaller, cheaper dwelling appearing somewhere in the market for sale or rent;

» Increasingly young people are sharing market housing in the short term to make it affordable. This represents an efficient market response to dwelling shortages, but can in itself lead to difficulties with sustaining communities if too many dwellings are occupied in this way.

12.48 Providers of affordable rented housing have traditionally not allocated more space than a household needs and the SHMA findings have been based upon this approach.

12.49 Translating the housing requirement for one bedroom housing into priorities for new build affordable housing needs careful consideration:

>   » Many younger households aspire to a spare bedroom to enable the size of their household to grow without triggering the need to move home.

>   » Older households value a spare bedroom to enable children, guests and carers to stay occasionally.

12.50 **Therefore, a policy aim of seeking to build a greater proportion of 2 bedroom homes would have significant benefits in sustaining communities and should be considered, as far as finance will permit.**

However, we would note the changes to regulations on under-occupation where households only receive LHA up to the number of bedrooms they require may make this policy more difficult to implement in the future.

12.51 **A further priority for new build affordable housing should be to help alleviate overcrowding.**

Whilst the number of households in these circumstances is relatively small the degree of housing need can be acute. This problem is more acute within some minority ethnic households. There are health and wellbeing benefits for these households if properly housed. In addition, other smaller households will benefit from the dwellings these households vacate.

Housing Delivery

12.52 NPPF Paragraph 14 says 'local planning authorities should positively seek opportunities to meet the development needs of their area';

12.53 Dwelling delivery targets are challenging currently given the issues relating to the current economic climate – these seem likely to reduce dwelling delivery in the short to medium term, with implications for the scale of delivery in the long term:

>   » Lower supply of dwellings in any area will marginally reduce the requirement for social and intermediate housing, but will mainly impact on the market housing requirement.

>   » A lower level of completions will not significantly impact upon the requirements of those seeking affordable housing.

12.54 Chapter 8 considers the delivery issues for new homes (both market and affordable) and the tools available to increase supply. Given the state of the market, it should be noted that achieving delivery tends to reward the proactive. BANES may, therefore, wish to enhance its current approach and possible initiatives might include:

- **Enhance Joint working**

    o   More effective delivery management, especially on the Affordable Housing and related programmes

    o   Regular reviews of viability drivers such as land values and build costs

    o   Enhance lobbying for changes that might improve delivery

- **Seek new funding from new programmes**

    o   Work with LEP's regarding possible housing funding

- Work closely with NHS and Adult Social Services regarding specialist provision for older people and bids for new funding programmes

- Work with affordable housing providers regarding potential bids for schemes under post 2015 Affordable Housing Programme arrangements

- **Develop relationships with new affordable housing providers**

  - Develop relationships towards 'with profit' providers

  - Support development of new housing co-operatives

- **Seek to improve scheme viability**

  - Review flexibility towards affordable housing requirements on s106 sites

  - Consider approach to use of any New Homes Bonus

  - Consider use of land holdings to improve viability

Meeting the housing requirements of Older People

12.55 Chapter 7 considers the current position regarding the housing requirements of Older People. BANES faces a significant future challenge from its ageing population.

12.56 NPPF Paragraph 159 says *'the Local planning authorities should have a clear understanding of housing needs in their area'* and that this need for *'all types of housing'* should include Older People.

12.57 Reforms in Health and Adult Social Care offer both risk and opportunity for Housing and Planning to work collaboratively to develop their understanding of future Older People's housing requirements.

12.58 The estimated requirement for specialist housing for Older People (including both market and affordable options) represents a potentially significant proportion of the total housing requirement.

12.59 In taking forward the implications of the ageing population, BANES may wish to:

  » **Work closely with colleagues in related sectors:** for example, Health and Adult Social Care, and with the new Health and Well Being Board(s) and Clinical Commissioning Group(s) locally regarding new specialised accommodation for Older People

  » **Review specialist housing requirement**: BANES could revisit requirements in the light of more recent approaches and ratio's and consider wider older people demand issues, including the propensity to move

  » **Consider recent Good Practice developments:** Consider the Planning Policy recommendations from '*Housing in later life: planning ahead for specialist housing for older people' (2012)* and incorporate, where appropriate, Planning policies to support the specialist housing provision

The Private Rented Sector

12.60 The PRS sector in BANES has changed significantly in the past decade and can be expected to grow further. In responding to the challenge this change is making, BANES has various options to consider by way of response:

- **Existing provision**

- o   Monitor the impact of Benefit reform
- o   Consider the role of RP's in developing the PRS locally
- o   Consider the overall approach to licensing or self-regulation schemes for Landlords
- o   Maximise opportunities to improve property condition via the Green Deal and ECO schemes

- **New provision:** Take a view whether to actively engage in seeking new PRS supply and, if so, the most effective routes to do so

Appendix A

Planning Policy

Excerpts from the National Planning Policy Framework

Paragraph 159 on cross boundary working and the scale/mix of requirements:

Local planning authorities should have a clear understanding of housing needs in their area. They should:

•   prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which:

–   meets household and population projections, taking account of migration and demographic change;

–   addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes); and

–   caters for housing demand and the scale of housing supply necessary to meet this demand;"

Paragraph 14 on needs:

"local planning authorities should positively seek opportunities to meet the development needs of their area; Local Plans should meet objectively assessed needs, with sufficient flexibility to adapt to rapid change."

Paragraph 47 regarding supply:

"identify and update annually a supply of specific deliverable sites sufficient to provide five years worth of housing against their housing requirements with an additional buffer of 5% (moved forward from later in the plan period) to ensure choice and competition in the market for land. Where there has been a record of persistent under delivery of housing, local planning authorities should increase the buffer to 20% (moved forward from later in the plan period) to provide a realistic prospect of achieving the planned supply and to ensure choice and competition in the market for land;"

National Planning Policy Framework 2012 Annex 2

Affordable housing: *Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.*

Social rented housing is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency.

Affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable). Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.

Homes that do not meet the above definition of affordable housing, such as "low cost market" housing, may not be considered as affordable housing for planning purposes.

Appendix B
Glossary of Terms

Definitions

Affordability is a measure of whether housing may be afforded by certain groups of households.

Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. For the purpose of this report we have used the definition in the National Planning Policy Framework 2012

Census Output Area is the smallest area for which UK Census of Population statistics are produced. Each Census Output Area had a population of around 250 people with around 100 dwellings at the time of the 2001 Census.

ECO Underpins the Green Deal and places obligations on energy companies to facilitate installation of energy efficiency measures in homes. ECO fits within the Green Deal framework where Green Deal finance alone is not enough.

Equity is the difference between the selling price of a house and the value of the outstanding mortgage.

Green Deal is a market led framework that will allow individuals and businesses to make energy efficiency improvements to their buildings at no upfront cost. Finance needed for the improvements is repaid, in installments, attached to an electricity bill.

A household is one person living alone, or two or more people living together at the same address who share at least one meal a day together or who share a living room.

Household formation refers to the process whereby individuals in the population form separate households. 'Gross' or 'new' household formation refers to households that form over a period of time, conventionally one year. This is equal to the number of households existing at the end of the year that did not exist as separate households at the beginning of the year (not counting 'successor' households, when the former head of household dies or departs). 'Net' household formation is the net growth in households resulting from new households forming less the number of existing households dissolving (e.g. through death or joining up with other households).

A Housing Association or **Registered Provider** is an independent not-for-profit body that primarily provide low-cost "social or affordable housing" for people in housing need.

Housing demand is the quantity of housing that households are willing and able to buy or rent.

Household income includes all salaries, benefits and pensions – before deductions such as tax and National Insurance.

100

Housing market areas are geographical areas in which a substantial majority of the employed population both live and work and where those moving house without changing employment choose to stay.

Housing need is the quantity of housing required for households who are unable to access suitable housing without financial assistance.

Housing requirements encompasses both housing demand and housing need, and is therefore the quantity of housing necessary for all households to have access to suitable housing, irrespective of their ability to pay.

Housing type refers to the type of dwelling, for example, flat, house, specialist accommodation.

Intermediate affordable housing is housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria for affordable housing set out above. These include shared equity products (e.g. HomeBuy), other low cost home ownership products and intermediate rent.

Lending multiplier is the number of times a household's gross annual income a mortgage lender will normally be willing to lend. The most common multipliers quoted are 3.5 times income for a one-income household and 2.9 times total income for dual income households.

Low cost home ownership or **Shared ownership** is intermediate affordable housing designed to help people who wish to buy their own home, but cannot afford to buy outright (with a mortgage). Through this type of scheme you buy a share in the property with a Housing Association or other organisation.

Lower quartile means the value below which one quarter of the cases falls. In relation to house prices, it means the price of the house that is one-quarter of the way up the ranking from the cheapest to the most expensive.

Lower Super Output Area is a group of around 5-6 Census Output Areas and is the smallest geography for many Government statistics. Each Lower Super Output Area had a population of around 1,250 people with around 500 dwellings at the time of the 2001 Census.

Market housing is private housing for rent or for sale, where the price is set in the open market.

Migration is the movement of people between geographical areas. In this context it could be either local authority districts, or wider housing market areas. The rate of migration is usually measured as an annual number of individuals, living in the defined area at a point in time, who were not resident there one year earlier. Gross migration refers to the number of individuals moving into or out of the authority. Net migration is the difference between gross in-migration and gross out-migration.

A projection of housing needs or requirements is a calculation of numbers expected in some future year or years based on the extrapolation of existing conditions and assumptions. For example, household projections calculate the number and composition of households expected at some future date(s) given the projected number of residents, broken down by age, sex and marital status, and an extrapolation of recent trends in the propensity of different groups to form separate households.

Registered Social Landlord/Registered Provider see Housing Association.

Secondary data is existing information that someone else has collected. Data from administrative systems and some research projects are made available for others to summarise and analyse for their own purposes (e.g. Census, national surveys).

Shared ownership see Low Cost Home Ownership.

Social rented housing is provided by social landlords and rented for less than would be paid if renting privately.

Specialised housing refers to specially designed housing (such as mobility or wheelchair accommodation, hostels or group homes) or housing specifically designated for particular groups (such as retirement housing).

Acronyms and Initials

ASHE   Annual Survey of Hours and Earnings

BME   Black and Minority Ethnic

CACI   Private sector company providing modelled data

CORE   The Continuous Recording System (for Housing Association and Local Authority lettings)

DEFRA   Department for Environment, Food and Rural Affairs

DWP   Department of Work & Pensions

GIS   Geographical Information Systems

HBF   House Builders Federation

HMO   House in Multiple Occupation

IMD   Indices of Multiple Deprivation

LA   Local Authority

LDF   Local Development Framework

LDP   Local Development Plan

LHA   Local Housing Allowance

NHSCR   National Health Service Central Register

NPPF   National Planning Policy Framework

ONS   Office for National Statistics

ORS   Opinion Research Services

POPPI   Projecting Older Person Population Information

REIT   Real Estate Investment Trust

RSL   Registered Social Landlord

SAR   Share Accommodation Rate

SHMA   Strategic Housing Market Assessment

UDP   Unitary Development Plan

Appendix C
Table of figures