

Peterborough Sub-Regional Strategic Housing Market Assessment

Final Report: Appendices

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Appendices Contents

Section	Page
1 PROJECTION METHODOLOGY AND KEY DATA	5
2 DETAILED PROJECTION OUTPUTS	21
3 AFFORDABLE HOUSING DEFINITIONS	39
4 SURVEY OF ENTRY LEVEL HOUSING COSTS	41
5 CURRENT POLICY POSITION IN NEIGHBOURING AUTHORITIES	47
6 STAKEHOLDER CONSULTATION FINDINGS	51

List of Figures

FIGURE 1: OVERVIEW OF METHODOLOGY	5
FIGURE 2: POPULATION OF PETERBOROUGH HMA (5 YEAR AGE BANDS) – 2011	6
FIGURE 3: POPULATION AGE PROFILE (2011)	8
FIGURE 4: ESTIMATED ANNUAL LEVEL OF NET MIGRATION BY FIVE-YEAR AGE BAND (2011-2036)	10
FIGURE 5: PROPORTION OF POPULATION WORKING	11
FIGURE 6: UNEMPLOYMENT RATE	11
FIGURE 7: PAST TRENDS AND PROJECTED CHANGE TO ECONOMIC ACTIVITY RATES (NATIONAL)	12
FIGURE 8: PAST AND PROJECTED TRENDS IN AVERAGE HOUSEHOLD SIZE – PETERBOROUGH HMA	15
FIGURE 9: PROJECTED HOUSEHOLD FORMATION RATES BY AGE OF HEAD OF HOUSEHOLD (BOTH SEXES COMBINED)	19
FIGURE 10: DISTRIBUTION OF POPULATION 2011 AND 2036 FOR PROJ 2 (SNPP (UPDATED))	22
FIGURE 11: FORECAST POPULATION CHANGE BY AGE GROUP 2011 – 2036 (PROJ 2 – SNPP (UPDATED))	23
FIGURE 12: ENTRY-LEVEL PURCHASE PRICE	42
FIGURE 13: VOLUME OF PROPERTIES ADVERTISED FOR SALE	42
FIGURE 14: ENTRY-LEVEL PRIVATE RENTS	43

FIGURE 15:	VOLUME OF PROPERTIES ADVERTISED TO RENT	43
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List of Tables

TABLE 1:	COMPARISON OF POPULATION PROFILE IN DIFFERENT LOCAL AUTHORITIES (2011)	7
TABLE 2:	FERTILITY AND MORTALITY ASSUMPTIONS (KEY PERIODS)	9
TABLE 3:	EMPLOYMENT RATES BY AGE AND SEX	13
TABLE 4:	ESTIMATED HEADSHIP RATES BY AGE AND SEX (2011 AND 2036) – PETERBOROUGH AND RUTLAND	16
TABLE 5:	ESTIMATED HEADSHIP RATES BY AGE AND SEX (2011 AND 2036) – SOUTH HOLLAND AND SOUTH KESTEVEN	16
TABLE 6:	DESCRIPTION OF PROJECTIONS USED FOR DEMOGRAPHIC MODELLING	21
TABLE 7:	POPULATION ESTIMATES 2011 TO 2036	22
TABLE 8:	PROJ 2 (SNPP (UPDATED)) POPULATION CHANGE 2011 TO 2036 BY FIVE YEAR AGE BANDS	23
TABLE 9:	EMPLOYMENT ESTIMATES 2011 TO 2036	24
TABLE 10:	HOUSEHOLD ESTIMATES 2011 TO 2036	25
TABLE 11:	ESTIMATED HOUSING NUMBERS WITH VACANCY ALLOWANCE (TO 2036)	25
TABLE 12:	ESTIMATED HOUSING NEED IN EACH YEAR OF PROJECTION – PETERBOROUGH HMA	26
TABLE 13:	SUMMARY OF PROJECTIONS 2011 TO 2036 – ANNUAL – PETERBOROUGH	27
TABLE 14:	SUMMARY OF PROJECTIONS 2011 TO 2036 – TOTAL – PETERBOROUGH	28
TABLE 15:	PROJ 2 (SNPP (UPDATED)) POPULATION CHANGE 2011 TO 2036 BY FIVE YEAR AGE BANDS – PETERBOROUGH	28
TABLE 16:	ESTIMATED HOUSING NEED IN EACH YEAR OF PROJECTION – PETERBOROUGH	29
TABLE 17:	SUMMARY OF PROJECTIONS 2011 TO 2036 – ANNUAL – RUTLAND	30
TABLE 18:	SUMMARY OF PROJECTIONS 2011 TO 2036 – TOTAL – RUTLAND	30
TABLE 19:	PROJ 2 (SNPP (UPDATED)) POPULATION CHANGE 2011 TO 2036 BY FIVE YEAR AGE BANDS – RUTLAND	31
TABLE 20:	ESTIMATED HOUSING NEED IN EACH YEAR OF PROJECTION – RUTLAND	32

TABLE 21:	SUMMARY OF PROJECTIONS 2011 TO 2036 – ANNUAL – SOUTH HOLLAND	33
TABLE 22:	SUMMARY OF PROJECTIONS 2011 TO 2036 – TOTAL – SOUTH HOLLAND	33
TABLE 23:	PROJ 2 (SNPP (UPDATED)) POPULATION CHANGE 2011 TO 2036 BY FIVE YEAR AGE BANDS – SOUTH HOLLAND	34
TABLE 24:	ESTIMATED HOUSING NEED IN EACH YEAR OF PROJECTION – SOUTH HOLLAND	35
TABLE 25:	SUMMARY OF PROJECTIONS 2011 TO 2036 – ANNUAL – SOUTH KESTEVEN	36
TABLE 26:	SUMMARY OF PROJECTIONS 2011 TO 2036 – TOTAL – SOUTH KESTEVEN	36
TABLE 27:	PROJ 2 (SNPP (UPDATED)) POPULATION CHANGE 2011 TO 2036 BY FIVE YEAR AGE BANDS – SOUTH KESTEVEN	37
TABLE 28:	ESTIMATED HOUSING NEED IN EACH YEAR OF PROJECTION – SOUTH KESTEVEN	38
TABLE 29:	MAXIMUM LHA PAYMENTS BY SIZE AND BROAD HOUSING MARKET AREA (PER MONTH)	44
TABLE 30:	MONTHLY AVERAGE SOCIAL RENT LEVELS	45
TABLE 31:	ESTIMATED COST OF AFFORDABLE RENTED HOUSING BY SIZE AND HMA (PER MONTH)	46
TABLE 32:	REVIEW OF CURRENT AND EMERGING POLICIES FOR HOUSING PROVISION IN ADJOINING AUTHORITIES	47

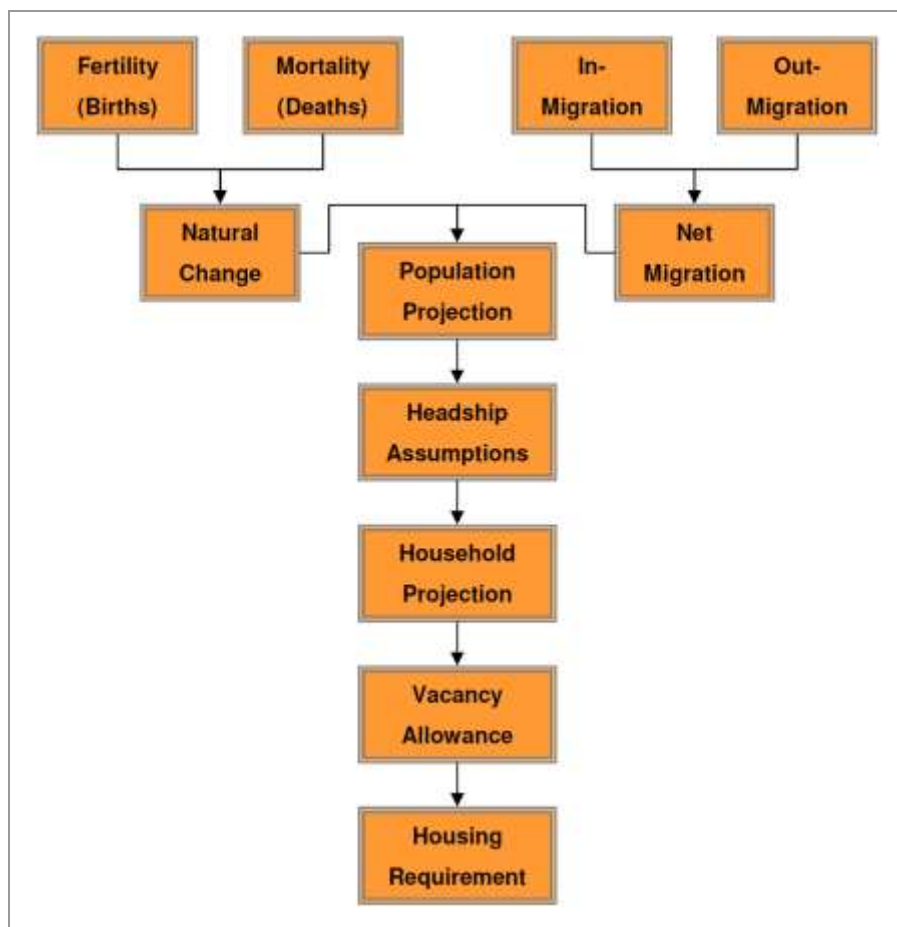
1 PROJECTION METHODOLOGY AND KEY DATA

Introduction

1.1 Our methodology used to determine population growth and hence housing requirements is based on fairly standard population projection methodology consistent with the methodology used by ONS and CLG in their population and household projections. Essentially the method establishes the current population and how will this change in the period from 2011 to 2036. This requires us to work out how likely it is that women will give birth (the fertility rate); how likely it is that people will die (the death rate) and how likely it is that people will move into or out of each local authority area. These are the principal components of population change and are used to construct our population projections.

1.2 The figure below shows the key stages of the projection analysis through to the assessment of housing requirements.

Figure 1: Overview of Methodology



Projections Run

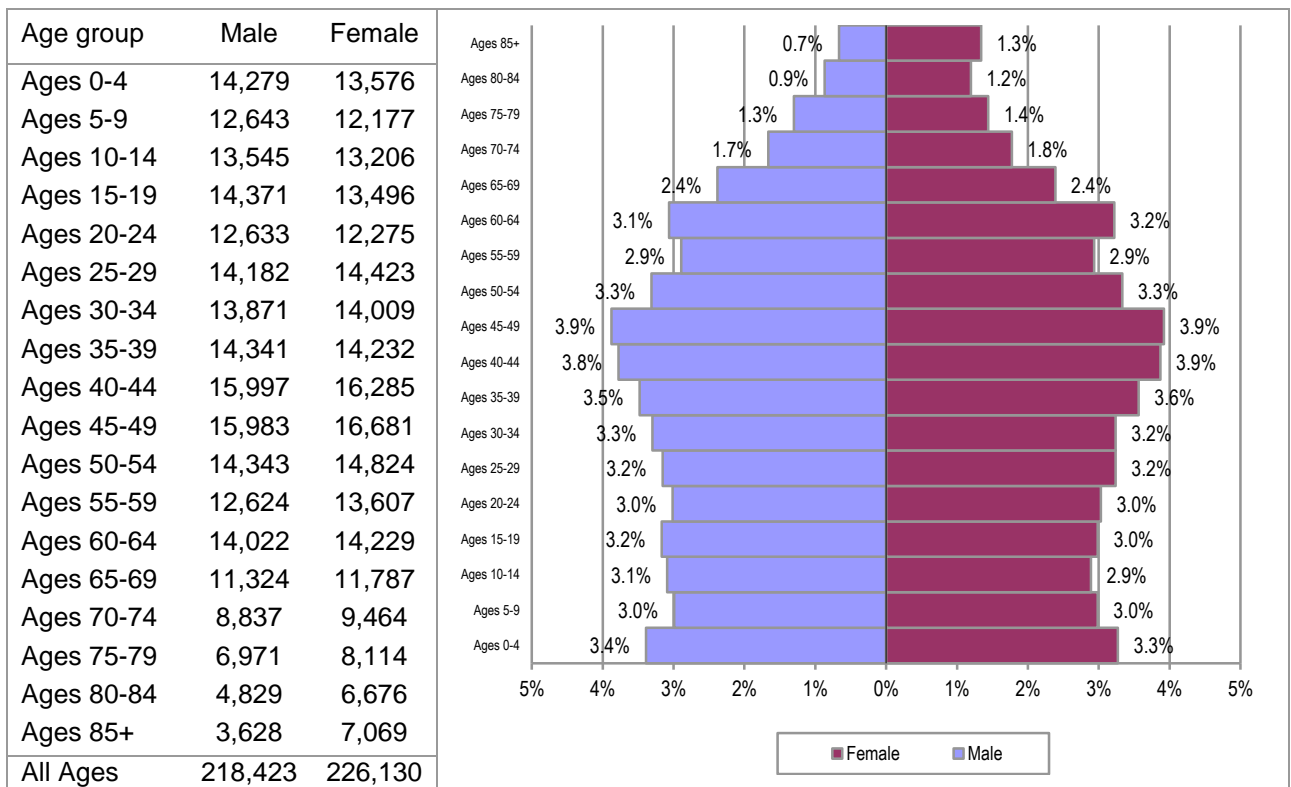
1.3 As part of this assessment we have run a number of projections to assess how the population and local economy (number of people in employment) might change under different assumptions. The projections were developed to follow the logical set of steps set out in CLG advice of August 2013 and are listed below:

- PROJ 1 (2011-based ONS and CLG projections rolled-forward to 2036)
- PROJ 2 (2011-based ONS and CLG projections updated to take account of more recent data about population growth)
- PROJ 2A (Linked to PROJ 2 above with a reduced household formation constraint)
- PROJ 3 (Linked to employment growth shown in an Experian baseline economic forecast)
- PROJ 4 (Linked to employment growth shown in an Experian baseline economic forecast with a 20% uplift)

Baseline Population

1.4 The baseline for our projections is taken to be 2011 with the projection run for each year over the period up to 2036. The estimated population profile as of 2011 has been taken from ONS mid-year population estimates. The overall population in 2011 is estimated to be 444,553 with slightly more females than males.

Figure 2: Population of Peterborough HMA (5 year age bands) – 2011



Source: Derived from ONS data

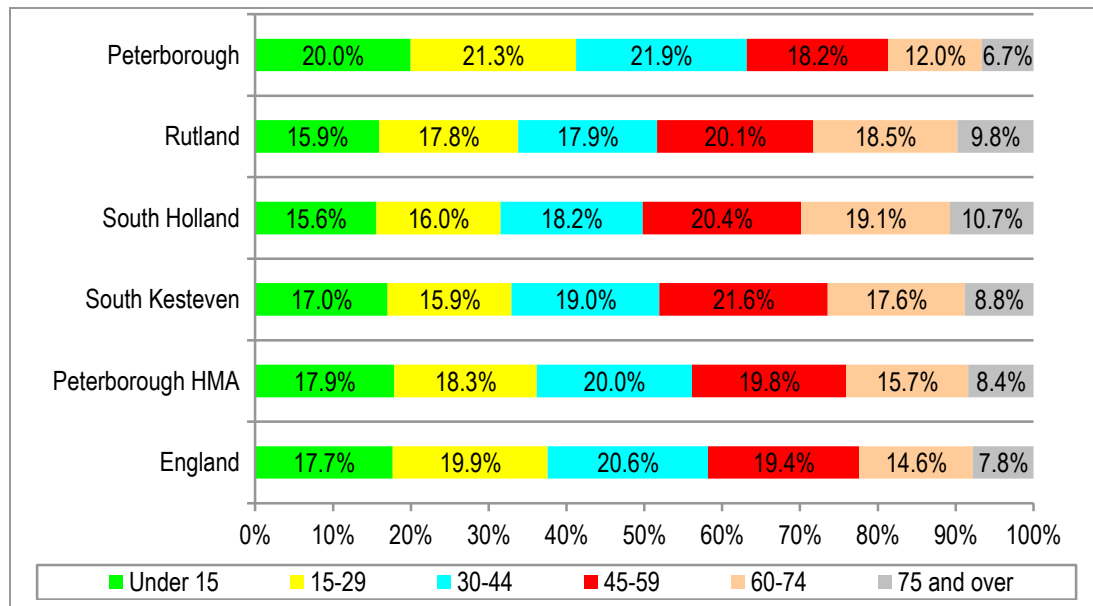
- 1.5 The table and figure below show the population distribution in each local authority area in broad 15-year age categories. The data shows the highest population (of around 184,500) to be in Peterborough with the smallest population (of about 37,600 being in Rutland).
- 1.6 When looking at the population age structure for the whole of the Peterborough HMA the data shows a slightly older profile when compared with the national average. There are however some notable differences within different local authorities. Peterborough in particular has a young population with 41% of the population aged under 30 (compared with a sub-regional average of 36%). In contrast, the other three areas have older populations. In the three areas other than Peterborough between 26% and 30% of the population is aged 60 or over compared with just 19% in Peterborough.

Table 1: Comparison of population profile in different local authorities (2011)

Age group	Peterborough	Rutland	South Holland	South Kesteven	Peterborough HMA
Under 15	36,845	5,991	13,756	22,834	79,426
15-29	39,202	6,708	14,117	21,353	81,380
30-44	40,431	6,712	16,125	25,467	88,735
45-59	33,523	7,542	18,006	28,991	88,062
60-74	22,168	6,952	16,903	23,640	69,663
75+	12,288	3,676	9,483	11,840	37,287
Total	184,457	37,581	88,390	134,125	444,553

Source: 2011-Mid-Year population estimates

Figure 3: Population age profile (2011)



Source: 2011-Mid-Year population estimates

Fertility and Mortality Rate Assumptions

- 1.7 For modelling of fertility we have used the rates contained within the ONS 2010-based population projections – in all areas fertility rates are expected to increase very slightly in the short-term before dropping quite notably moving towards the end of the projection period. We also interrogated the ONS 2010-based projections with regard to death rates which suggested that life expectancy is expected to increase over time for both males and females.
- 1.8 For most of the areas the estimates of fertility look to be of the right order of magnitude when compared with past trends in births. However, in Rutland the projected birth rates seemed very high with a total fertility rate (TFR - the expected average number of live births per woman throughout their childbearing lifespan) of 3.04 in 2011/12 (reducing slightly thereafter). This figure is significantly higher than in any other area in the sub-region which showed a range from 2.07 to 2.41. In addition the TFR figures do appear to show an unrealistically high level of births – the published TFR gives an estimated number of births in 2011/12 of 547 whereas actual ONS data shows that there were only 316. In the projection modelling we have therefore moderated the birth rate in Rutland to be around two-thirds of the rate suggested by ONS.
- 1.9 For the other areas the TFR estimates do not appear to be significantly different from what might be expected so no adjustments have been made. It should be noted that in looking at housing requirements the assumed birth rate has little impact given that very few of those born in the projection period will be expected to form independent households within the timescales used. The

assumptions around birth rates do however have some impact on the population structure of younger age groups and does feed into estimates of housing requirements (by size of accommodation) moving forward.

- 1.10 With regard to death rate assumptions, we have no evidence to suggest that mortality rate estimates used by ONS are unreasonable and note that the expected figures and changes in the sub-region are consistent with past trend data and future expected patterns as published by ONS on a national basis.
- 1.11 The table below shows figures for the TFR and life expectancy (e0) in each area for key dates at the start and end of the projection period. The data suggests higher fertility rates in Peterborough with the adjustment made for Rutland bringing it in line with South Holland and South Kesteven. Life expectancy also shows some variation between areas with Rutland in particular having the highest life expectancy and Peterborough the lowest.

Table 2: Fertility and mortality assumptions (key periods)

Age group	Peterborough	Rutland	South Holland	South Kesteven
TFR – 2011/12	2.41	2.04	2.07	2.09
TFR – 2035/36	2.19	1.85	1.87	1.87
Male e0 – 2011/12	78.2	80.2	79.0	79.5
Male e0 – 2035/36	82.3	84.7	83.4	84.0
Female e0 – 2011/12	82.1	83.5	82.4	82.9
Female e0 – 2035/36	85.7	87.4	86.5	86.8

Source: Derived from ONS 2010-based SNPP

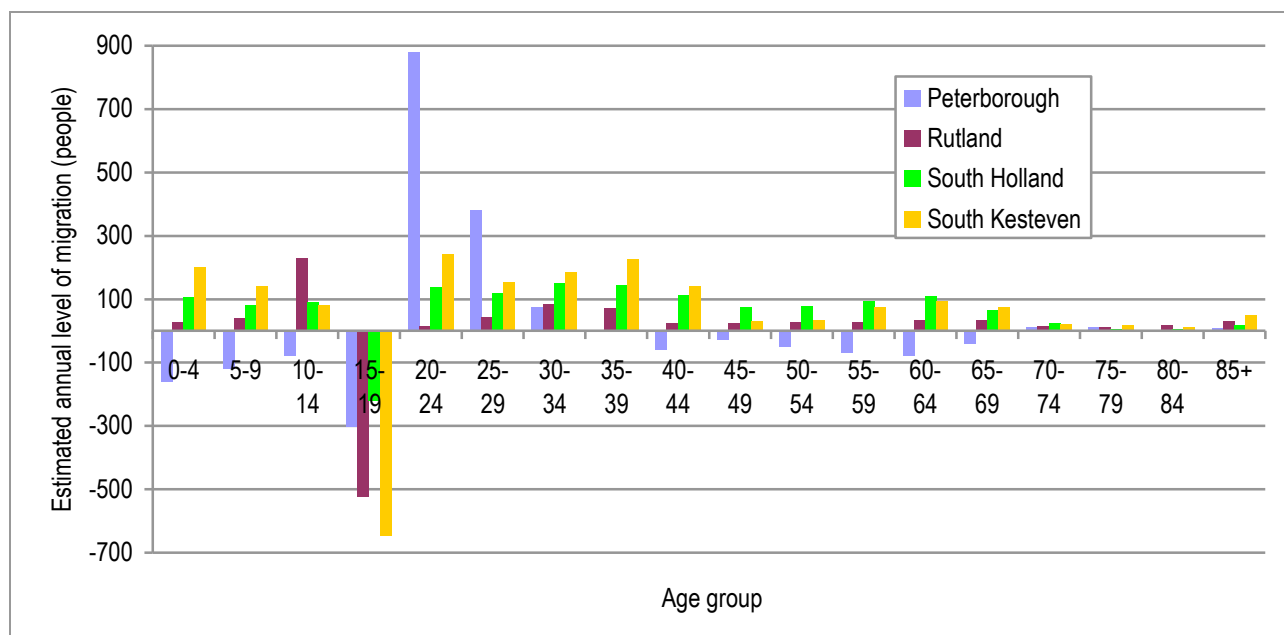
Migration Assumptions

- 1.12 For the purposes of understanding the profile of migrants we have again drawn on the ONS 2010- and 2011-based sub-national population projections. Over the period from 2011 to 2036 the data shows an average annual level of net in-migration of 2,941 people (this is based on our PROJ 2 which uses ONS data with a small adjustment due to over- or under-estimations of population growth shown in the 2011 Census. The data (shown below) clearly shows that the most important age group is from 15 to 19 which is strongly linked to student migration patterns.
- 1.13 Looking at the data it is clear that there are differences between areas. Peterborough sees strong in-migration of people aged 20-24 and 25-29 with net out-migration of many other age groups. This is linked to family households moving away from the City from ages 40 onwards (along with their children). For other areas we see levels of net in-migration for most age groups (other than 15-19)

which is likely to be lined to family households moving to such areas. The patterns tend to support a movement of families from Peterborough to other parts of the HMA.

1.14 When projecting migration patterns for the various projection scenarios we have used the migration data and adjusted levels of net migration to match the requirements of our scenario (e.g. when testing what level of migration is required to support a workforce of a particular size). This approach has consistently been adopted across all analysis.

Figure 4: Estimated annual level of net migration by five-year age band (2011-2036)



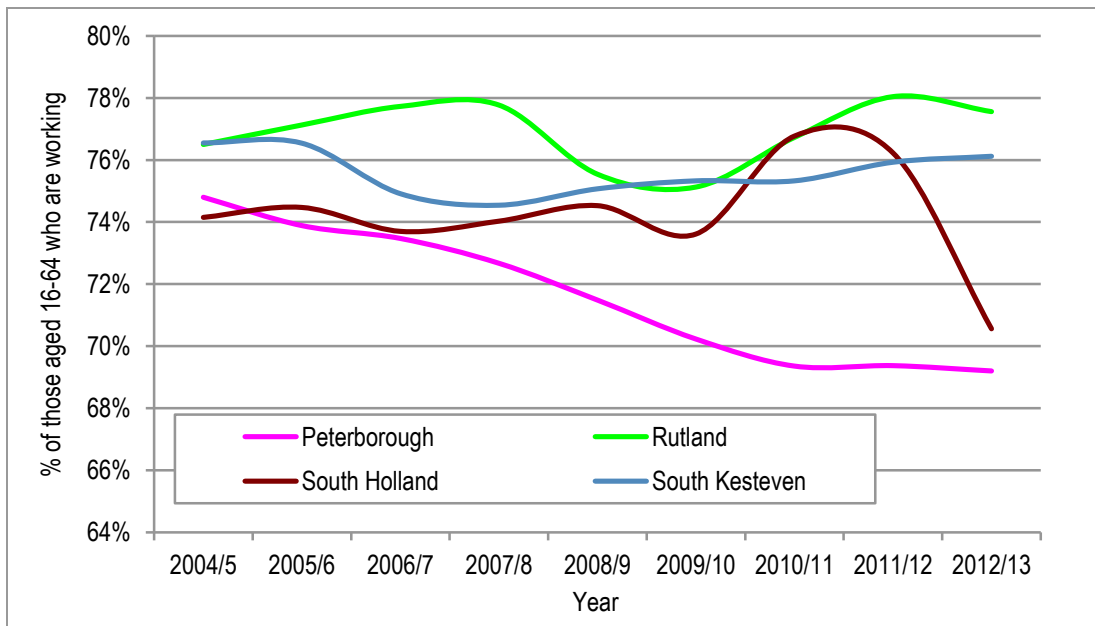
Source: Derived from ONS 2010-based population projections

Employment Rates

1.15 With the change in demographic structure will come changes in the number of people who are working (as the population of people of working age changes). The next stage of the projection process was therefore to make estimates about how employment levels would change under each of our projections and also to consider the demographic implications of different levels of employment growth.

1.16 The first stage of the process was to establish working patterns in each local authority. The figure below shows data on the proportion of people living in each area who were in employment (based on the proportion of the population aged 16-64 who are working). The data shows that overall the proportion of people working has been quite variable over time – generally the trend has been downwards although figures for 2012/13 show some improvement in the proportions of people working in South Kesteven whilst in Rutland the figure in 2012/13 is slightly higher than in 2004/5.

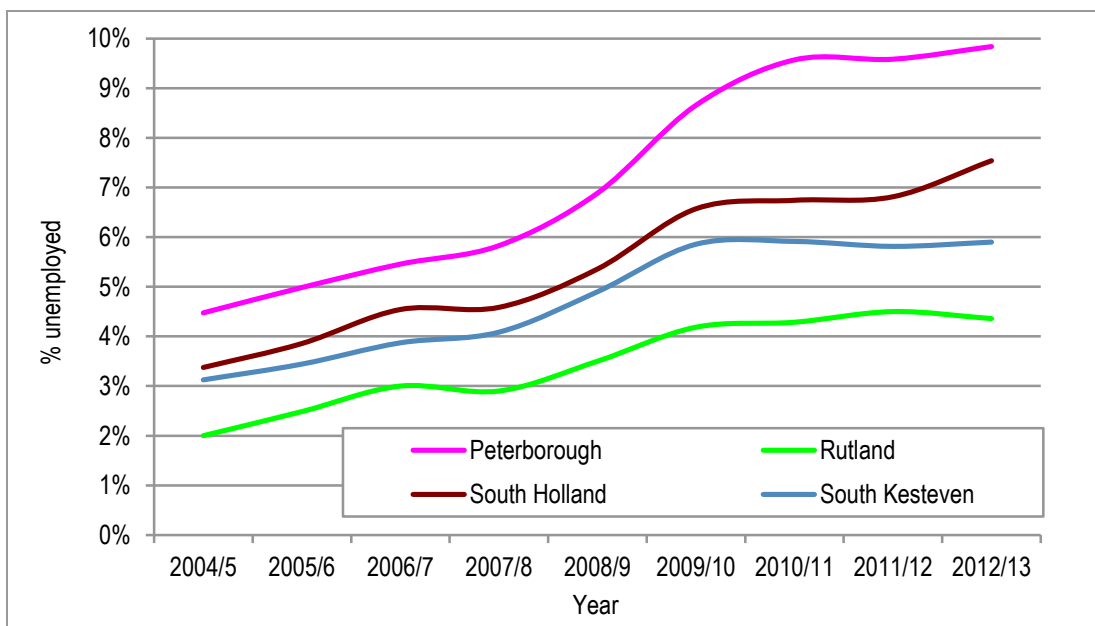
Figure 5: Proportion of Population Working



Source: Annual Population Survey

1.17 A significant problem with the Annual Population Survey source used above is that data is based on only a sample of the population and therefore figures can be quite variable at smaller area level. We have therefore also drawn on data about unemployment to give an indication of how employment rates may have changed over the past few years. This is shown in the figure below and shows that unemployment has risen from a typical pre-recession level of about 2%-4% (depending on area) to average closer to 4%-10% in recent years.

Figure 6: Unemployment Rate

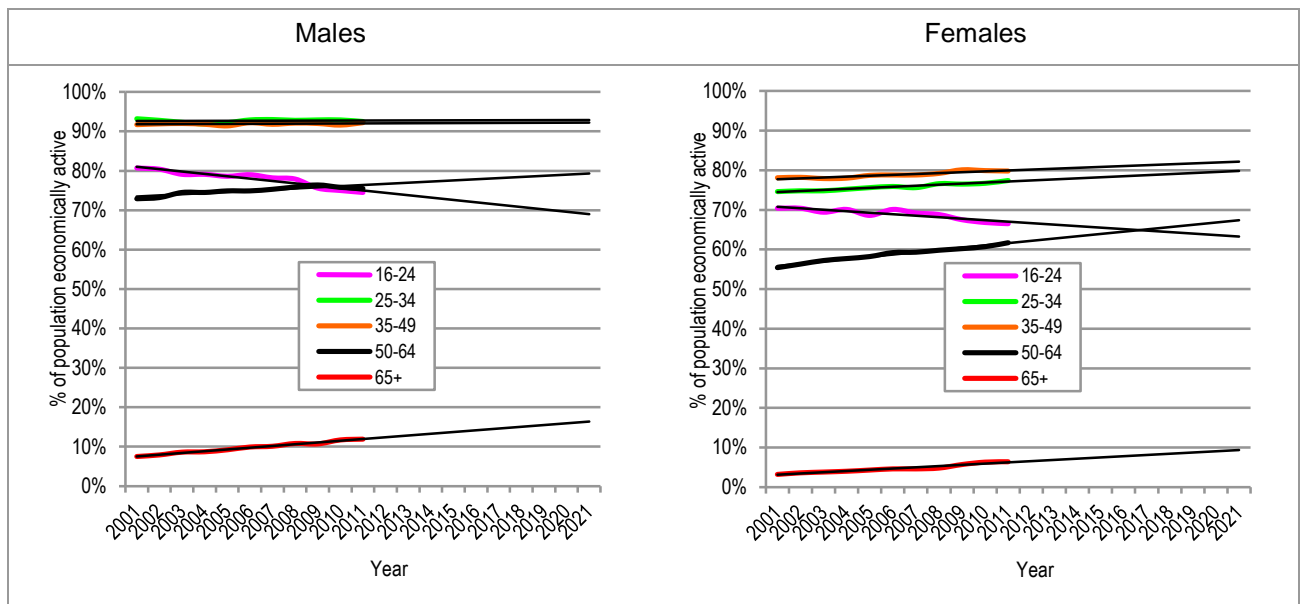


Source: Annual Population Survey (modelled data)

1.18 Using the above data to provide us with an overall picture of working patterns we also drew on 2011 Census data and information from the Annual Population Survey to inform the distribution of workers by age and sex in 2011. In projecting forward the methodology applied here includes consideration of recent trends in economic activity rates along with the likelihood that some people will work longer due to changes in pensionable age. Profiles for the proportion of people working were developed for a series of broad age groups (by sex) from 16 to 74.

1.19 The figure below shows past trends in economic activity rates (nationally) from 2001 to 2011 and the linear trend through to 2021. The data shows that there have been some notable increases in activity rates for older age groups over the past decade (and indeed for all age groups other than 16-24 in the case of females). The linear trends shown in the figure below have been applied to the projection data when looking at what might happen in the future (and continued on the linear trend up to 2036). The only exceptions to this are: a) for the 16-24 age group the decrease in economic activity rates are largely due to increased student numbers and this trend is not expected to continue; and b) the change in rates for those age 65+ have only been applied to the population aged 65-74.

Figure 7: Past trends and projected change to economic activity rates (national)



Source: Derived from Labour Force Survey (LFS) data

1.20 The table and figure below show the employment rates used for modelling from 2011 to 2036. From the population modelling exercise it was estimated that in mid-2011 there were 215,381 people in employment with an employment rate of between 72.2% (Peterborough) and 75.5% (South

Kesteven) - due to the modelled improvement in rates along with changes in pensionable age these figures rise to between 76.9% and 81.4% by 2036.

Table 3: Employment Rates by Age and Sex

			Aged 16 to 24	Aged 25 to 34	Aged 35 to 49	Aged 50 to 64	Aged 65 to 74
Peterborough	Male	2011	57.4%	86.8%	85.2%	75.3%	16.0%
		2036	57.4%	87.1%	85.7%	82.7%	27.1%
	Female	2011	54.4%	70.2%	74.4%	60.8%	10.2%
		2036	54.4%	76.9%	79.9%	75.2%	18.0%
Rutland	Male	2011	49.3%	86.6%	86.8%	81.3%	30.1%
		2036	49.3%	86.9%	87.4%	88.7%	41.1%
	Female	2011	51.2%	81.3%	82.1%	66.5%	17.0%
		2036	51.2%	88.0%	87.6%	80.9%	24.8%
South Holland	Male	2011	62.6%	93.4%	86.6%	75.5%	21.8%
		2036	62.6%	93.7%	87.1%	82.9%	32.8%
	Female	2011	59.6%	75.8%	79.8%	59.8%	10.5%
		2036	59.6%	82.6%	85.4%	74.2%	18.3%
South Kesteven	Male	2011	58.9%	90.8%	91.4%	73.2%	33.6%
		2036	58.9%	91.1%	92.0%	80.5%	44.7%
	Female	2011	61.2%	82.1%	80.6%	60.3%	20.7%
		2036	61.2%	88.9%	86.2%	74.8%	28.5%

Source: Derived from a range of data (including 2011 Census, Labour Force Survey and Annual Population Survey)

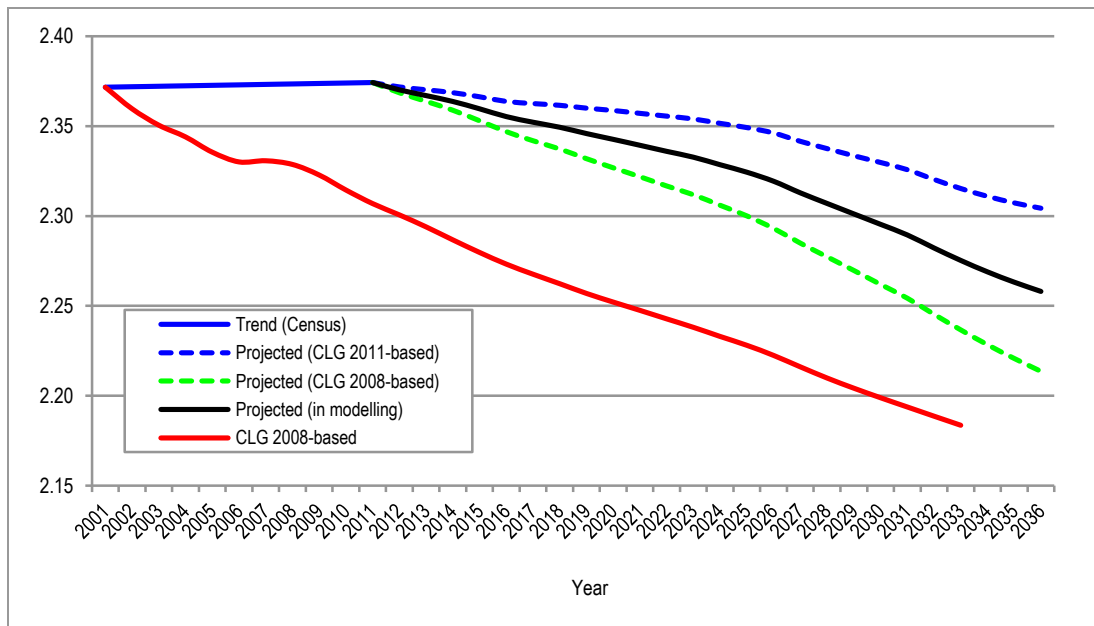
Household Formation Rates

- 1.21 Having estimated the population size and the age/sex profile of the population the next step in the process is to convert this information into estimates of the number of households in the area. To do this the concept of headship rates is used. Headship rates can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)).
- 1.22 For the purposes of this analysis the start point is data contained in the 2011-based CLG household projections about the relationship between the total population in an age group and the number of household reference persons (HRPs) in that age group. Because the 2011-based CLG household projections only go up to 2021 it has been necessary to make assumptions for the remainder of the projection period. To do this we have projected changes on a linear basis based on the headship rate assumptions in each of 2011 and 2021 in the CLG projections.
- 1.23 Whilst the 2011-based CLG household projections contain headship rates based on trends from 2001 to 2011 it is also necessary to consider the extent to which household formation in the

Peterborough HMA may have been constrained by housing market factors such as the difficulty in obtaining mortgage finance. Such a check is required by the CLG advice of August 2013.

- 1.24 We can study the extent of any suppression through a comparison between 2008- and 2011-based household projections. The 2008-base projections were produced at a time when the housing market was fairly buoyant and can be considered to provide an unconstrained view of household formation whilst the 2011-based data looked at a trend period including the economic downturn and may well therefore include some degree of constraint.
- 1.25 By looking at expected average household sizes (rebased to the same 2011 population profile) it is possible to see if household formation has fallen below what might have been expected and this does appear to be the case in the Peterborough HMA. The 2011-based projections show an average household size of 2.37 whilst the 2008-based projections were expecting a figure of 2.31. In projecting forward it is important to consider the extent to which any constraint is expected to continue and make allowances for housing market recovery where relevant.
- 1.26 However, despite there being some evidence through analysis of average household sizes of suppressed household formation it is not entirely clear to what extent this is due to households being unable to form and how much might be due to other factors. A recent (September 2013) study produced by CCHPR on behalf of the TCPA does shed some light on this issue, stating:
- “4. The central question for the household projection is whether what happened in 2001 – 11 was a structural break from a 40-year trend; or whether household formation was forced downwards by economic and housing market pressures that are likely to ease with time. At the time of the 2011 Census, the British economy was still in recession and the housing market was depressed. The working assumption in this study is that a considerable part but not all of the 375,000 shortfall of households relative to trend was due to the state of the economy and the housing market. 200,000 is attributed to over-projection of households due to the much larger proportion of recent immigrants in the population, whose household formation rates are lower than for the population as a whole. This effect will not be reversed. The other 175,000 is attributed to the economy and the state of the housing market and is assumed to gradually reverse.”*
- 1.27 On the basis of this analysis it can broadly be suggested that half of the lack of expected households is due to market factors with roughly half attributable to other issues (notably international migration). In modelling data for Peterborough HMA (and individual local authorities) we have taken the pragmatic approach that future household formation will fall somewhere between figures in the 2011-based CLG projections (which appear to project forward a trend of constraint) and the data in the 2008-based figures (which are largely unconstrained). This is shown in the figure below – the main demographic modelling sees the average household size drop from 2.37 in 2011 to 2.26 in 2036.

Figure 8: Past and projected trends in Average Household Size – Peterborough HMA



Source: Derived from ONS and CLG data

- 1.28 Whilst a mid-point headship rate between data in the 2011- and 2008-based CLG projections has been chosen it should be noted that evidence of constraint under the household size measure is not the same in all areas – Peterborough and South Holland saw a notable increase in household sizes from 2001 to 2011 with decreases seen in the other two areas. It is arguable moving forward that some additional moderation could be applied to the data to take account of these area differences, however in projecting forward it is difficult to say for any given area how household formation rates might develop and therefore the mid-point position can be considered as the most robust. A sensitivity analysis looking at alternative approaches is set out below.
- 1.29 The projection modelling does however by implication take account of different past trends with the start points in the projections for Peterborough and South Holland showing a higher level of constraint than in the other two areas. For these reasons it is considered that a consistent approach across the whole sub-region is appropriate.
- 1.30 The tables below shows headship rates derived from the analysis for each of the key periods of 2011 and 2036. The data shows that whilst most headship rates remain at a fairly constant level over time there are a number of groups where notable changes are projected to occur (both in an upward and downward direction and particularly in relation to females). Generally, headship rates are projected to increase in the future; this is consistent with trends in the increasing number of single person households seen over the past few years.

Table 4: Estimated Headship Rates by Age and Sex (2011 and 2036) – Peterborough and Rutland

Age group	Peterborough				Rutland			
	Male		Female		Male		Female	
	2011	2036	2011	2036	2011	2036	2011	2036
Ages 15-19	3.7%	3.7%	3.1%	3.9%	2.1%	2.0%	0.7%	0.8%
Ages 20-24	33.1%	32.1%	22.1%	26.3%	19.6%	33.8%	9.8%	10.9%
Ages 25-29	56.0%	49.2%	28.4%	32.6%	58.2%	50.1%	10.5%	9.5%
Ages 30-34	72.7%	65.8%	30.5%	36.2%	80.6%	72.3%	17.1%	21.8%
Ages 35-39	86.6%	86.3%	27.5%	31.2%	91.3%	87.9%	17.5%	21.3%
Ages 40-44	90.7%	90.0%	23.1%	23.9%	90.0%	84.6%	16.0%	13.5%
Ages 45-49	92.5%	91.3%	24.0%	21.9%	94.4%	91.3%	17.5%	17.2%
Ages 50-54	94.4%	92.6%	24.8%	28.8%	95.0%	91.2%	20.3%	20.3%
Ages 55-59	95.6%	94.7%	24.9%	30.8%	98.3%	96.4%	19.8%	26.0%
Ages 60-64	95.8%	94.1%	26.6%	30.4%	97.8%	95.3%	22.2%	30.1%
Ages 65-69	97.0%	96.0%	29.5%	32.9%	99.2%	97.7%	26.2%	29.6%
Ages 70-74	97.9%	98.1%	36.3%	35.0%	99.1%	98.9%	35.2%	33.1%
Ages 75-79	97.0%	97.3%	46.5%	36.3%	99.6%	99.6%	48.6%	33.4%
Ages 80-84	97.3%	98.4%	62.1%	50.0%	99.8%	99.9%	60.7%	41.4%
Ages 85+	95.4%	96.3%	76.9%	65.4%	97.8%	99.3%	80.2%	67.8%

Source: Derived from CLG 2008- and 2011-based household projections

Table 5: Estimated Headship Rates by Age and Sex (2011 and 2036) – South Holland and South Kesteven

Age group	South Holland				South Kesteven			
	Male		Female		Male		Female	
	2011	2036	2011	2036	2011	2036	2011	2036
Ages 15-19	1.6%	1.6%	1.2%	1.6%	2.0%	1.8%	1.5%	1.8%
Ages 20-24	28.9%	28.0%	10.9%	12.8%	29.2%	29.4%	14.1%	15.8%
Ages 25-29	61.0%	58.6%	17.9%	21.9%	60.7%	55.6%	20.9%	24.5%
Ages 30-34	77.5%	70.0%	17.8%	22.9%	81.7%	73.3%	19.4%	23.7%
Ages 35-39	84.5%	80.3%	18.4%	22.9%	90.0%	87.4%	18.8%	21.3%
Ages 40-44	91.1%	90.6%	16.2%	16.9%	94.4%	94.0%	18.9%	20.1%
Ages 45-49	93.1%	90.7%	15.1%	17.1%	94.9%	94.7%	20.0%	19.8%
Ages 50-54	93.9%	89.6%	16.7%	19.8%	95.4%	93.3%	20.8%	23.8%
Ages 55-59	95.6%	94.0%	14.9%	15.4%	97.0%	95.8%	20.9%	25.5%
Ages 60-64	96.8%	95.4%	17.7%	18.8%	97.7%	97.3%	22.3%	25.8%
Ages 65-69	98.8%	99.2%	20.6%	19.5%	98.4%	97.7%	28.7%	29.3%
Ages 70-74	99.0%	99.4%	29.9%	26.4%	98.8%	98.8%	34.7%	31.1%
Ages 75-79	98.6%	98.5%	41.2%	29.3%	99.3%	99.6%	46.8%	34.6%
Ages 80-84	98.8%	99.1%	64.9%	49.5%	99.3%	99.3%	67.2%	49.5%
Ages 85+	96.4%	98.7%	77.4%	63.6%	98.7%	99.8%	80.8%	67.1%

Source: Derived from CLG 2008- and 2011-based household projections

- 1.31 When applying these headship rates to the population an estimated number of households in 2011 of 184,231 is derived. This figure is consistent with the number of households shown in the 2011 Census and the 2011-based household projections (CLG).
- 1.32 In converting an estimated number of households into requirements for additional dwellings we have also factored in a small vacancy allowance which is normal to allow for movement of households between properties. For the analysis we have taken information from the 2011 Census about the number of unoccupied household spaces to derive the vacancy figure. This source suggests a vacancy rate of 3.6% in Peterborough and 3.7% for each of South Holland and South Kesteven. In Rutland the Census source showed a figure of 6.7%, however, analysis carried out by the Council suggested that this higher figure was in part due to military housing and also affected by higher vacancy levels in areas which are not expected to see significant housing development in the future. On this basis a rate for vacant and second homes of 5.4% was used for analysis.

Alternative Methodologies for Headship Rate Calculations

- 1.33 The core analysis in the SHMA report basis the main projections on taking a midpoint between 2011- and 2008-based headship rates although two alternative methodologies are also explored. Below we have provide more detail about the additional methods used.
- 1.34 We consider there are two main alternative ways to look at this issue a) Part return to trend (this is the methodology used by CCHPR and looks to return headship rates back towards those in the 2008-based projections) and b) using 2011-based rates to 2021 and then 2008-based rates (suitably rebased) thereafter. This method has been used by a number of consultants and appears to be an accepted approach of the inspector in Lichfield recently.

Part return to trend

- 1.35 One method to look at household formation rates (carried out by CCHPR and used in areas such as West Northamptonshire) is to project for there to be some return to the long-term trends shown in the 2008-based CLG household projections. Essentially for a number of (particularly younger) age groups there has been a significant shift away from long-term trends (as included in the 2008-based projection) which in part is considered to be due to market conditions such as difficulties in obtaining mortgage finance. The methodology employed has been based on the CCHPR work for West Northamptonshire although there are some small differences in the detail:
- 1.36 CCHPR make the following assumption:

A 'Partial return to trend' Projection. *This assumes that after 2015 household formation rates recover towards the 2008-based rates, reaching the mid-way point by 2025. Thereafter, they are assumed to remain half-way between the two until 2031. There is no particular science behind the 'half-way' assumption: it is an assumption chosen on the basis that it is unlikely that there will no move back towards the previous trend and improbable that there will be a full return to that trend in the foreseeable future.*

1.37 Our analysis follows this approach but differs by considering the rates beginning to recover from 2011 and that they reach the 'midpoint' by 2036 (which is the end of the projection period covered in the report). In line with CCHPR research all analysis is applied for individual age (and sex) groups.

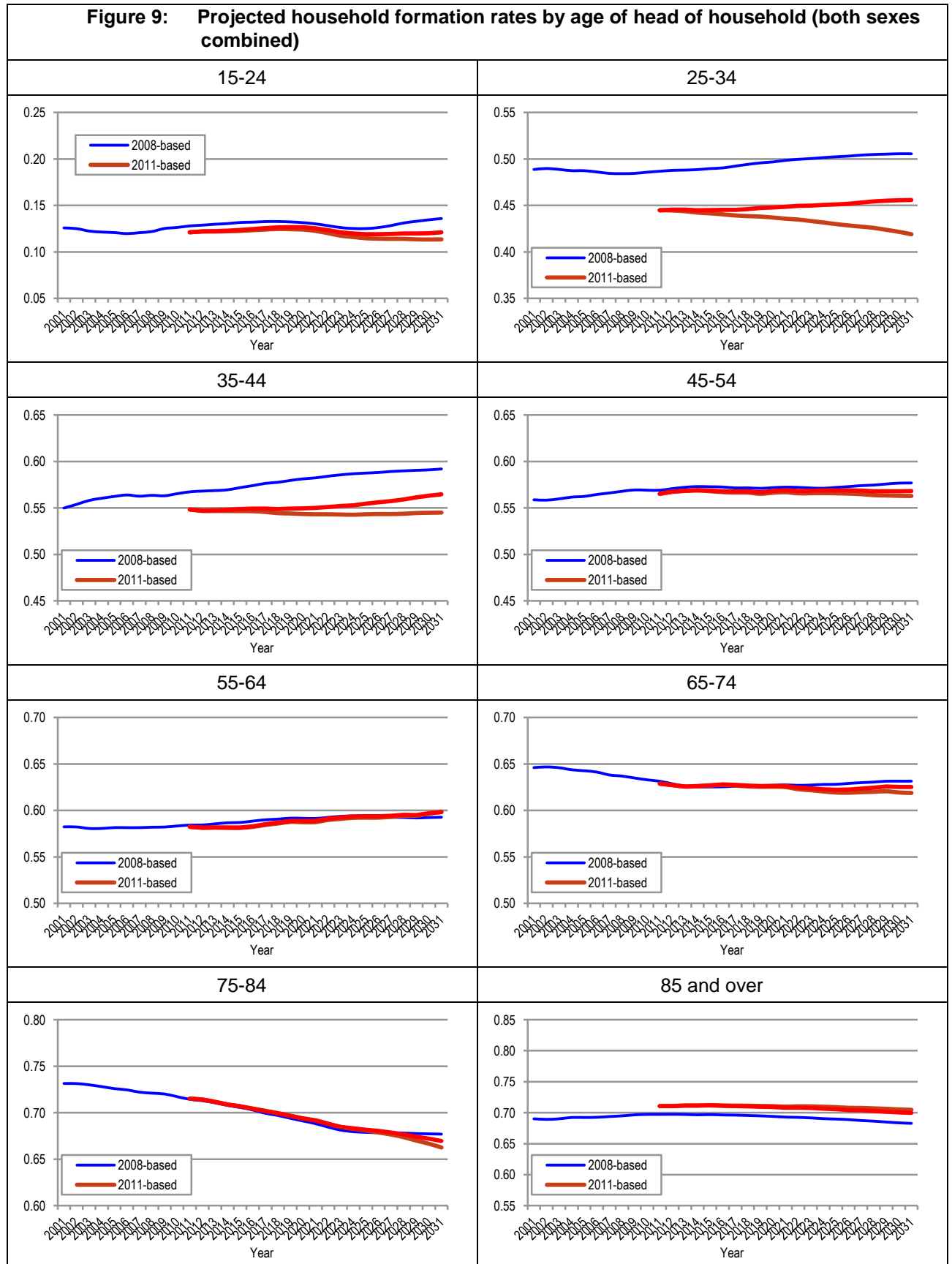
1.38 As noted in the CCHPR report:

It is our assumption that a full return to trend is highly unlikely over the plan period in part because economic improvement is expected to be slow and in part because there are structural factors suggesting some slowdown in formation rates.

1.39 A key aspect of this projection is understanding the impact on different age groups. For the analysis below we have combined males and females and used broad 10-year age categories. The population element of the figures provided include the institutional population although this will make no notable difference to the trends observed. In the analysis carried out headship rates have been derived for 5-year age groups, for both sexes and with the exclusion of the institutional population. For all charts below the scale is different but in all cases the range is 0.2 to allow relative differences between age groups to be easily compared.

1.40 The data confirms that differences between 2008- and 2011-based projections are mainly in the younger age groups with all age groups up to 44 showing lower rates in the 2011-based projections when compared with 2008-based figures. The most notable differences are for the 25-34 and 35-44 age groups and the analysis below shows that in both cases the part return projection sees an expected increase in household formation rates against a backdrop where the 2011-based rates expected household formation to either fall or remain largely unchanged.

1.41 For all other age groups difference between the 2011- and 2008-based figures are pretty minor. It is however interesting to note that the 2011-based projections actually expected a higher headship rate amongst those aged 85 and over than was observed in the 2008-based projections.



- 1.42 The rates above (in their more refined form in terms of age/sex groups) can be run through our demographic analysis. The outputs in terms of housing numbers are shown in the main report and are also summarised in the following Appendix.

Using 2008-based Rates post 2021

- 1.43 The second alternative view of headship rates is slightly more simplistic and is based on using the 2011-based rates up to 2021 (which is the full length of time those projections are available for) and then using 2008-based trends thereafter (rebased to a 2021 start point). This methodology essentially assumes some degree of constrained household formation in the early part of the projection (up to 2021) with a recovery in line with long-term trends thereafter.
- 1.44 The outputs of this projection are again summarised in the main report and also provide in the next Appendix.

2 DETAILED PROJECTION OUTPUTS

Introduction

- 2.1 This section provides detailed outputs of the modelling under each of the four scenarios run to look at population growth, employment change and housing requirements. All the projections look at the period from 2011 to 2036 with outputs available for each year of the projection (although these have generally been summarised for five year periods). The projections run are summarised in the table below.

Table 6: Description of Projections used for Demographic Modelling

Projection	Description
PROJ 1	Based on the 2011-based ONS and CLG projections rolled-forward to 2036
PROJ 2	Based on 2011-based ONS and CLG projections updated to take account of more recent data about population growth
PROJ 2A	Linked to PROJ 2 above with a reduced household formation constraint
PROJ 3	Linked to employment growth shown in an Experian baseline economic forecast
PROJ 4	Linked to employment growth shown in an Experian baseline economic forecast with a 20% uplift

Population Projections

- 2.2 The table below shows the expected growth in population under each of the scenarios (PROJ 2 and 2A are not shown separately due to population growth figures being exactly the same under these two projections). Under demographic assumptions linked to the SNPP (PROJ 1 and 2) the population is expected to increase by between 115,000 and 120,700 people over the 25-year period – this represents population growth of 26%-27%. The difference between the two projections is largely driven by a reduced fertility assumption for Rutland although adjustments to migration assumptions also have a small downward impact in moving from PROJ 1 to PROJ 2.
- 2.3 With housing delivery in line with the Experian baseline employment growth forecast (PROJ 3) we see a slightly lower level of population growth whilst employment based projections with an uplift to job growth figures (PROJ 4) suggests a population growth of 93,800 people from 2011 to 2036 (21% or 0.8% per annum).

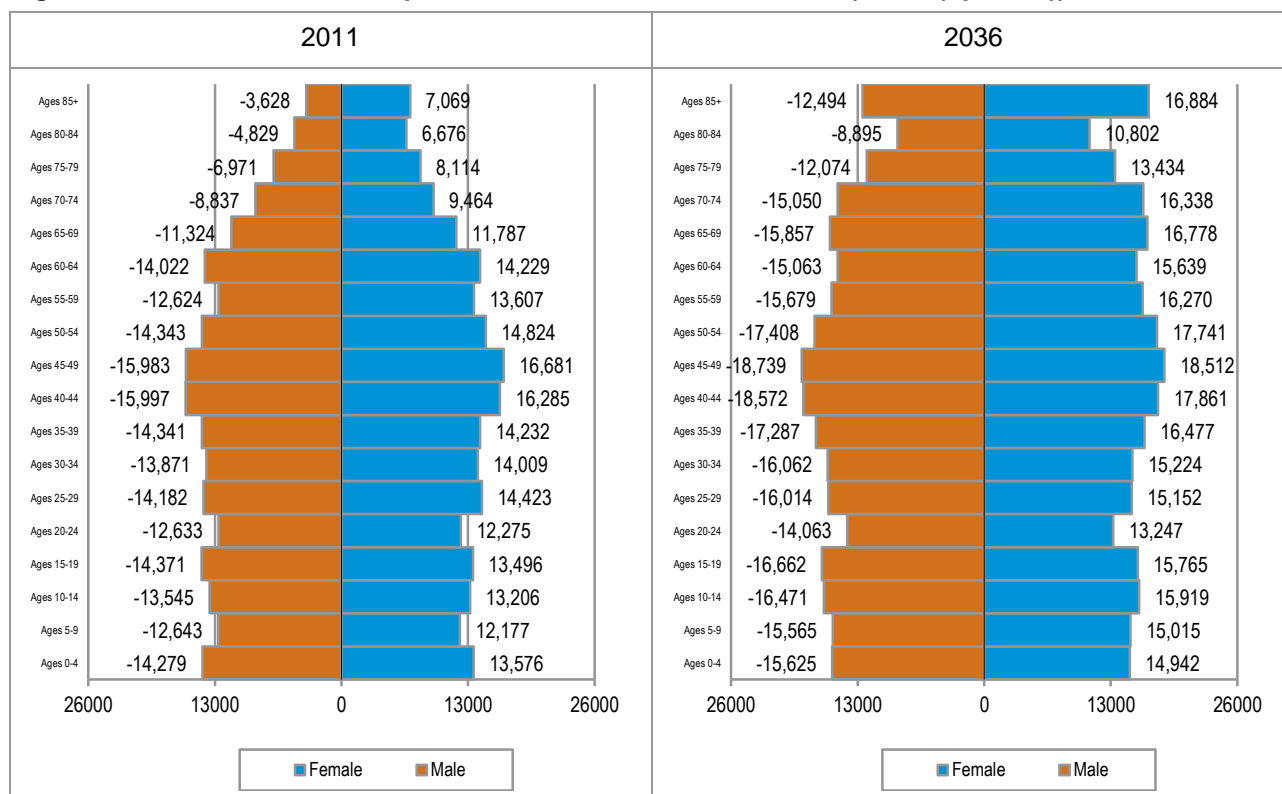
Table 7: Population Estimates 2011 to 2036

	2011	2016	2021	2026	2031	2036
PROJ 1 (2011-based SNPP)	444,553	473,292	501,154	526,019	546,872	565,214
	0.0%	6.5%	12.7%	18.3%	23.0%	27.1%
PROJ 2 (2011-based SNPP (updated))	444,553	472,147	498,871	522,647	542,427	559,582
	0.0%	6.2%	12.2%	17.6%	22.0%	25.9%
PROJ 3 (Experian job-led)	444,553	469,359	492,095	507,105	516,534	524,491
	0.0%	5.6%	10.7%	14.1%	16.2%	18.0%
PROJ 4 (Experian job-led with uplift)	444,553	473,084	499,382	516,995	528,574	538,352
	0.0%	6.4%	12.3%	16.3%	18.9%	21.1%

Population Change Dynamics

2.4 The figure below shows population pyramids for 2011 and 2036 under the projection linked to ONS/CLG trends (as updated) – PROJ 2. The ‘pyramids’ clearly show the growth in population overall and highlight the ageing of the population with a greater proportion of the population expected to be in age groups aged 60 and over (and even more so for older age groups) - in particular the oldest age group (85+) shows an increase from 10,697 people to 29,378.

Figure 10: Distribution of Population 2011 and 2036 for PROJ 2 (SNPP (updated))



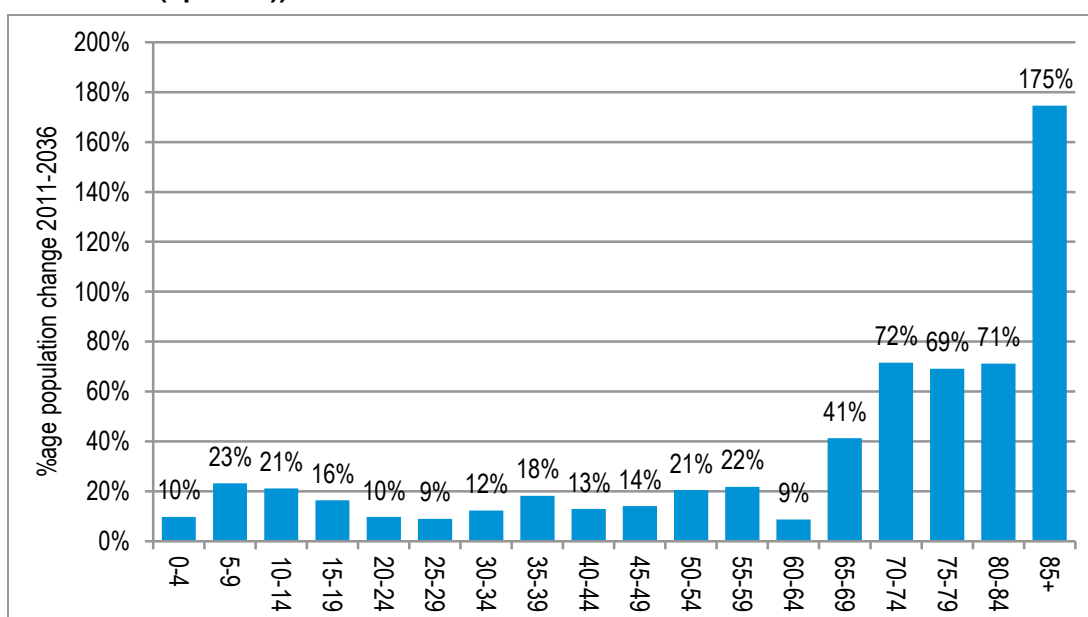
2.5 The table below summarises the findings for key (15 year) age groups under PROJ 2 (SNPP (updated)). The largest growth will be in people aged over 60. In 2036 it is estimated that there will be 169,300 people aged 60 and over. This is an increase of 62,400 from 2011, representing growth of 58%. The population aged 75 and over is projected to increase by an even greater proportion, 100%. Looking at the other end of the age spectrum the data shows that there are projected to be around 18% more people aged under 15 with increases also shown for other age groups.

Table 8: PROJ 2 (SNPP (updated)) population change 2011 to 2036 by five year age bands

Age group	Population 2011	Population 2036	Change in population	% change from 2011
Under 15	79,426	93,538	14,112	17.8%
15-29	81,380	90,903	9,523	11.7%
30-44	88,735	101,485	12,750	14.4%
45-59	88,062	104,350	16,288	18.5%
60-74	69,663	94,726	25,063	36.0%
75+	37,287	74,581	37,294	100.0%
Total	444,553	559,582	115,029	25.9%

2.6 The figure below shows the percentage changes for each five year age group. The most stark trend is the increase in the population aged 85 and over (up 175%) which may have implications for future housing delivery as many of this group may require some form of specialist housing. In contrast, the data shows more moderate increases in groups up to age 65.

Figure 11: Forecast Population Change by Age Group 2011 – 2036 (PROJ 2 – SNPP (updated))



Changes in Labour Supply/ Employment

2.7 The table below shows the estimated number of people living in the Peterborough HMA who are working under each of the projections (again only PROJ 2 is shown as the figures are identical to those in PROJ 2A). The data shows under demographic based assumptions (PROJ 1 & 2) that the number of people working is projected to increase by 56,100 to 57,500 from 2011 to 2036. The projections linked to Experian job growth forecasts show a slightly lower workforce increase of between 37,100 and 44,500 over the period.

Table 9: Employment Estimates 2011 to 2036

	2011	2016	2021	2026	2031	2036
PROJ 1 (2011-based SNPP)	215,381	227,635	239,440	250,600	261,996	272,840
	0.0%	5.7%	11.2%	16.4%	21.6%	26.7%
PROJ 2 (2011-based SNPP (updated))	215,381	227,526	239,205	250,248	261,168	271,438
	0.0%	5.6%	11.1%	16.2%	21.3%	26.0%
PROJ 3 (Experian job-led)	215,381	225,903	235,513	241,831	247,165	252,452
	0.0%	4.9%	9.3%	12.3%	14.8%	17.2%
PROJ 4 (Experian job-led with uplift)	215,381	228,013	239,543	247,131	253,531	259,866
	0.0%	5.9%	11.2%	14.7%	17.7%	20.7%

Household Growth

2.8 The table below shows the projected growth in the number of households under each of the scenarios. The SNPP-based projection (PROJ 1) shows household growth of about 30% over the 25-year period whilst our updating of this projection (PROJ 2) to take account of more recent data shows a very similar figure. With the same projection and an adjustment for suppressed household formation (PROJ 2A) the household growth comes out slightly higher (a 32% increase) – this equates to 59,300 more households (2,370 per annum).

2.9 The projection linked to the Experian baseline forecast (PROJ 3) shows a 25% increase in households whilst the same projection but with an uplift in job growth (PROJ 4) suggests a higher level of household growth – 28% over 25-years (an additional 51,100 households).

2.10 The final two sets of data in the table below show the outputs from the alternative headship rate calculations.

Table 10: Household Estimates 2011 to 2036

	2011	2016	2021	2026	2031	2036
PROJ 1 (2011-based SNPP)	184,231	196,635	208,419	219,353	229,566	239,190
	0.0%	6.7%	13.1%	19.1%	24.6%	29.8%
PROJ 2 (2011-based SNPP (updated))	184,231	196,610	208,350	219,234	229,385	238,676
	0.0%	6.7%	13.1%	19.0%	24.5%	29.6%
PROJ 2A (reduced household formation constraint)	184,231	197,314	209,931	221,771	233,021	243,567
	0.0%	7.1%	14.0%	20.4%	26.5%	32.2%
PROJ 3 (Experian job-led)	184,231	196,171	207,289	215,788	223,050	230,004
	0.0%	6.5%	12.5%	17.1%	21.1%	24.8%
PROJ 4 (Experian job-led with uplift)	184,231	197,574	210,053	219,530	227,604	235,304
	0.0%	7.2%	14.0%	19.2%	23.5%	27.7%
Part return to trend (linked to PROJ 2 population data)	184,231	197,246	210,018	222,334	234,402	246,263
	0.0%	7.1%	14.0%	20.7%	27.2%	33.7%
2011- then 2008- (linked to PROJ 2 population data)	184,231	196,610	208,350	221,115	233,453	245,183
	0.0%	6.7%	13.1%	20.0%	26.7%	33.1%

Dwelling Growth

2.11 The analysis above concentrated on the number of additional households. In reality there are always likely to be some vacant homes in the area and so the number of properties required to house all of these households will be slightly greater than the projected household numbers. A vacancy allowance of between 3.6% and 6.7% (depending on location) has therefore been applied to all of the above figures to make estimated housing requirements; the resulting figures are shown in the table below.

Table 11: Estimated housing numbers with vacancy allowance (to 2036)

Projection variant	Annual household growth	Annual requirement with vacancy allowance	Requirement over 25-years
PROJ 1 (2011-based SNPP)	2,198	2,284	57,098
PROJ 2 (2011-based SNPP (updated))	2,178	2,261	56,527
PROJ 2A (reduced household formation constraint)	2,373	2,464	61,603
PROJ 3 (Experian job-led)	1,831	1,903	47,572
PROJ 4 (Experian job-led with uplift)	2,043	2,123	53,073

2.12 The table below develops this information to show estimated housing need for each year of the projection along with a summary for every five years.

Table 12: Estimated housing need in each year of projection – Peterborough HMA

Period	PROJ 1 (2011-based SNPP)	PROJ 2 (2011-based SNPP (updated))	PROJ 2A (reduced household formation constraint)	PROJ 3 (Experian job-led)	PROJ 4 (Experian job-led with uplift)
2011/12	2,551	2,548	2,680	2,464	2,733
2012/13	2,550	2,545	2,679	2,453	2,733
2013/14	2,569	2,562	2,707	2,470	2,761
2014/15	2,606	2,599	2,758	2,513	2,816
2015/16	2,610	2,601	2,761	2,508	2,820
2011-16	12,886	12,855	13,585	12,408	13,864
2016/17	2,492	2,484	2,665	2,364	2,635
2017/18	2,444	2,433	2,608	2,306	2,583
2018/19	2,462	2,450	2,637	2,327	2,611
2019/20	2,422	2,411	2,603	2,286	2,575
2020/21	2,424	2,413	2,589	2,266	2,557
2016-21	12,243	12,191	13,102	11,549	12,961
2021/22	2,353	2,343	2,535	1,869	2,070
2022/23	2,290	2,277	2,458	1,783	1,986
2023/24	2,304	2,292	2,482	1,790	1,993
2024/25	2,217	2,205	2,408	1,702	1,905
2025/26	2,196	2,185	2,410	1,691	1,896
2021-26	11,359	11,302	12,293	8,835	9,850
2026/27	2,261	2,248	2,463	1,662	1,828
2027/28	2,177	2,162	2,379	1,567	1,735
2028/29	2,103	2,089	2,313	1,488	1,657
2029/30	2,049	2,035	2,285	1,445	1,614
2030/31	2,020	2,005	2,239	1,389	1,559
2026-31	10,610	10,539	11,680	7,551	8,394
2031/32	2,124	2,058	2,296	1,575	1,723
2032/33	2,093	2,024	2,270	1,538	1,690
2033/34	2,021	1,948	2,211	1,468	1,623
2034/35	1,939	1,864	2,136	1,380	1,538
2035/36	1,822	1,745	2,030	1,268	1,429
2031-36	10,000	9,639	10,943	7,229	8,004
2011-36	57,098	56,527	61,603	47,572	53,073

Summary of Projections by Local Authority

2.13 The series of tables below show summary outputs for each local authority under each of the projection scenarios. In each case the first table shows annual figures with the second one showing data for the full 25-year period. Additional information has been provided about the changing population age structure (based on the SNPP (updated) projection – PROJ 2) to show the extent of population ageing in each area.

Peterborough

2.14 In Peterborough the data shows a housing requirement for 883 homes per annum using the 2011-based CLG projections extended through to 2036. This figure increases to 1,001 per annum once the projection is updated to take account of more recent data releases and increases further with revised headship rates to take account of suppressed household formation (to 1,107). To meet the job growth forecasts would require between 739 and 844 additional homes depending on the assumptions made around future job growth.

2.15 The lower figures for employment growth can to some degree be explained by the population profile and how this is expected to change. With the trend-based position Peterborough is expected to see some ageing of the population although there is still a notable level of population increase in key working-age groups – this will enhance the ability of the City to create increases in the resident working population.

Table 13: Summary of projections 2011 to 2036 – annual – Peterborough

Projection	Population growth		Housing numbers		Employment growth	
	Per annum	% change	Per annum	% change	Per annum	% change
PROJ 1 (2011-based SNPP)	1,856	1.0%	883	1.1%	1,030	1.2%
PROJ 2 (2011-based SNPP (updated))	2,164	1.2%	1,001	1.3%	1,193	1.3%
PROJ 2A (reduced hh formation constraint)	2,164	1.2%	1,107	1.4%	1,193	1.3%
PROJ 3 (Experian job-led)	1,237	0.7%	739	1.0%	702	0.8%
PROJ 4 (Experian job-led with uplift)	1,501	0.8%	844	1.1%	842	1.0%

Table 14: Summary of projections 2011 to 2036 – total – Peterborough

Projection	Population growth		Housing numbers		Employment growth	
	Total	% change	Total	% change	Total	% change
PROJ 1 (2011-based SNPP)	46,391	25.2%	22,068	28.7%	25,758	29.1%
PROJ 2 (2011-based SNPP (updated))	54,105	29.3%	25,028	32.5%	29,835	33.7%
PROJ 2A (reduced hh formation constraint)	54,105	29.3%	27,670	35.9%	29,835	33.7%
PROJ 3 (Experian job-led)	30,913	16.8%	18,482	24.0%	17,544	19.8%
PROJ 4 (Experian job-led with uplift)	37,522	20.3%	21,098	27.4%	21,045	23.8%

Table 15: PROJ 2 (SNPP (updated)) population change 2011 to 2036 by five year age bands – Peterborough

Age group	Population 2011	Population 2036	Change in population	% change from 2011
Under 15	36,845	45,208	8,363	22.7%
15-29	39,202	45,610	6,408	16.3%
30-44	40,431	49,332	8,901	22.0%
45-59	33,523	44,320	10,797	32.2%
60-74	22,168	32,119	9,951	44.9%
75+	12,288	21,974	9,686	78.8%
Total	184,457	238,562	54,105	29.3%

2.16 The table below develops this information to show estimated housing requirements for each year of the projection along with a summary for every five years.

Table 16: Estimated housing need in each year of projection – Peterborough

Period	PROJ 1 (2011-based SNPP)	PROJ 2 (2011-based SNPP (updated))	PROJ 2A (reduced household formation constraint)	PROJ 3 (Experian job-led)	PROJ 4 (Experian job-led with uplift)
2011/12	1,042	1,136	1,217	864	970
2012/13	1,051	1,149	1,240	872	983
2013/14	1,051	1,152	1,238	854	969
2014/15	1,057	1,160	1,254	853	974
2015/16	1,046	1,152	1,259	846	970
2011-16	5,248	5,751	6,208	4,289	4,865
2016/17	982	1,090	1,197	849	960
2017/18	963	1,073	1,178	824	937
2018/19	953	1,065	1,176	813	929
2019/20	933	1,047	1,161	793	910
2020/21	925	1,040	1,146	773	892
2016-21	4,757	5,316	5,858	4,052	4,629
2021/22	892	1,009	1,110	708	808
2022/23	859	977	1,078	671	771
2023/24	869	989	1,084	672	772
2024/25	832	953	1,052	635	736
2025/26	823	945	1,052	630	732
2021-26	4,275	4,873	5,376	3,316	3,818
2026/27	852	975	1,078	731	829
2027/28	810	935	1,039	691	789
2028/29	793	918	1,026	674	774
2029/30	764	891	1,008	654	754
2030/31	745	873	988	631	732
2026-31	3,964	4,592	5,139	3,381	3,878
2031/32	802	932	1,046	732	820
2032/33	789	921	1,037	716	807
2033/34	782	917	1,034	706	798
2034/35	742	879	1,000	662	758
2035/36	708	848	972	628	725
2031-36	3,824	4,496	5,089	3,445	3,909
2011-36	22,068	25,028	27,670	18,482	21,098

Rutland

- 2.17 In Rutland the data shows a housing requirement for 180 homes per annum using the 2011-based CLG projections extended through to 2036. This figure decreases to 130 per annum when account is taken of more recent ONS data about population change but then rises slightly (to 140 per annum) with revised headship rates to take account of suppressed household formation.
- 2.18 To meet the job growth forecasts would require between 175 and 186 additional homes depending on the scenario studied. The higher figures for employment growth can to some degree be explained by the population profile and how this is expected to change. With the trend-based position Rutland is expected to see a significant ageing of the population with a loss of population in all broad age groups up to age 59 – this will inhibit the ability of the County to create increases in the resident working population.

Table 17: Summary of projections 2011 to 2036 – annual – Rutland

Projection	Population growth		Housing numbers		Employment growth	
	Per annum	% change	Per annum	% change	Per annum	% change
PROJ 1 (2011-based SNPP)	463	1.2%	178	1.1%	120	0.7%
PROJ 2 (2011-based SNPP (updated))	166	0.4%	129	0.8%	31	0.2%
PROJ 2A (reduced hh formation constraint)	166	0.4%	138	0.9%	31	0.2%
PROJ 3 (Experian job-led)	263	0.7%	173	1.1%	82	0.5%
PROJ 4 (Experian job-led with uplift)	294	0.8%	184	1.2%	98	0.5%

Table 18: Summary of projections 2011 to 2036 – total – Rutland

Projection	Population growth		Housing numbers		Employment growth	
	Total	% change	Total	% change	Total	% change
PROJ 1 (2011-based SNPP)	11,572	30.8%	4,450	27.9%	2,990	16.4%
PROJ 2 (2011-based SNPP (updated))	4,143	11.0%	3,225	20.2%	767	4.2%
PROJ 2A (reduced hh formation constraint)	4,143	11.0%	3,450	21.6%	767	4.2%
PROJ 3 (Experian job-led)	6,565	17.5%	4,325	27.1%	2,048	11.3%
PROJ 4 (Experian job-led with uplift)	7,340	19.5%	4,600	28.8%	2,458	13.5%

Table 19: PROJ 2 (SNPP (updated)) population change 2011 to 2036 by five year age bands – Rutland

Age group	Population 2011	Population 2036	Change in population	% change from 2011
Under 15	5,991	5,679	-312	-5.2%
15-29	6,708	5,311	-1,397	-20.8%
30-44	6,712	6,221	-491	-7.3%
45-59	7,542	7,446	-96	-1.3%
60-74	6,952	8,507	1,555	22.4%
75+	3,676	8,561	4,885	132.9%
Total	37,581	41,724	4,143	11.0%

2.19 The table below develops this information to show estimated housing requirements for each year of the projection along with a summary for every five years.

Table 20: Estimated housing need in each year of projection – Rutland

Period	PROJ 1 (2011-based SNPP)	PROJ 2 (2011-based SNPP (updated))	PROJ 2A (reduced household formation constraint)	PROJ 3 (Experian job-led)	PROJ 4 (Experian job-led with uplift)
2011/12	197	174	171	211	220
2012/13	192	166	164	206	216
2013/14	196	168	169	213	224
2014/15	189	160	167	214	225
2015/16	203	172	176	226	237
2011-16	979	841	848	1,070	1,122
2016/17	194	162	167	169	177
2017/18	198	165	163	168	177
2018/19	193	158	165	171	180
2019/20	189	154	159	164	173
2020/21	197	161	162	167	176
2016-21	971	800	816	838	882
2021/22	190	154	163	184	195
2022/23	178	140	148	172	184
2023/24	184	145	149	173	184
2024/25	171	132	144	168	180
2025/26	166	126	135	159	171
2021-26	889	697	740	856	914
2026/27	169	128	142	182	195
2027/28	165	121	133	176	189
2028/29	160	117	130	173	186
2029/30	154	110	124	168	181
2030/31	151	106	115	160	174
2026-31	800	581	644	860	925
2031/32	176	80	98	155	167
2032/33	175	74	93	151	164
2033/34	180	73	96	157	170
2034/35	174	64	86	149	162
2035/36	157	43	69	132	146
2031-36	862	333	442	744	808
2011-36	4,502	3,252	3,489	4,367	4,652

South Holland

2.20 In South Holland the data shows a housing requirement for 551 homes per annum using the 2011-based CLG projections extended through to 2036. This figure decreases to 515 per annum once the projection is updated to take account of more recent data releases but then increases with revised headship rates to take account of suppressed household formation (to 558). To meet the job growth forecasts would require between 347 and 387 additional homes depending on the assumptions made around future job growth.

2.21 The lower figures for employment growth can to some degree be explained by the population profile and how this is expected to change. With the trend-based position South Holland is expected to see some ageing of the population although there is still a notable level of population increase in key working-age groups – this will enhance the ability of the District to create increases in the resident working population.

Table 21: Summary of projections 2011 to 2036 – annual – South Holland

Projection	Population growth		Housing numbers		Employment growth	
	Per annum	% change	Per annum	% change	Per annum	% change
PROJ 1 (2011-based SNPP)	1,219	1.4%	551	1.4%	605	1.4%
PROJ 2 (2011-based SNPP (updated))	1,121	1.3%	515	1.3%	553	1.3%
PROJ 2A (reduced hh formation constraint)	1,121	1.3%	558	1.4%	553	1.3%
PROJ 3 (Experian job-led)	591	0.7%	347	0.9%	264	0.6%
PROJ 4 (Experian job-led with uplift)	691	0.8%	387	1.0%	317	0.8%

Table 22: Summary of projections 2011 to 2036 – total – South Holland

Projection	Population growth		Housing numbers		Employment growth	
	Total	% change	Total	% change	Total	% change
PROJ 1 (2011-based SNPP)	30,475	34.5%	13,786	35.7%	15,134	36.2%
PROJ 2 (2011-based SNPP (updated))	28,033	31.7%	12,864	33.3%	13,814	33.0%
PROJ 2A (reduced hh formation constraint)	28,033	31.7%	13,961	36.1%	13,814	33.0%
PROJ 3 (Experian job-led)	14,772	16.7%	8,681	22.5%	6,609	15.8%
PROJ 4 (Experian job-led with uplift)	17,264	19.5%	9,675	25.0%	7,933	19.0%

Table 23: PROJ 2 (SNPP (updated)) population change 2011 to 2036 by five year age bands – South Holland

Age group	Population 2011	Population 2036	Change in population	% change from 2011
Under 15	13,756	17,204	3,448	25.1%
15-29	14,117	17,117	3,000	21.2%
30-44	16,125	19,246	3,121	19.4%
45-59	18,006	22,299	4,293	23.8%
60-74	16,903	22,743	5,840	34.5%
75+	9,483	17,814	8,331	87.8%
Total	88,390	116,423	28,033	31.7%

2.22 The table below develops this information to show estimated housing requirements for each year of the projection along with a summary for every five years.

Table 24: Estimated housing need in each year of projection – South Holland

Period	PROJ 1 (2011-based SNPP)	PROJ 2 (2011-based SNPP (updated))	PROJ 2A (reduced household formation constraint)	PROJ 3 (Experian job-led)	PROJ 4 (Experian job-led with uplift)
2011/12	565	535	560	549	622
2012/13	605	573	593	581	657
2013/14	588	556	581	568	647
2014/15	608	574	604	591	673
2015/16	597	563	591	578	662
2011-16	2,963	2,801	2,929	2,866	3,261
2016/17	579	545	584	391	435
2017/18	586	551	584	387	431
2018/19	593	557	588	384	429
2019/20	584	548	584	373	419
2020/21	591	554	585	370	415
2016-21	2,933	2,754	2,925	1,904	2,130
2021/22	557	520	561	296	326
2022/23	567	530	566	296	326
2023/24	558	521	567	291	321
2024/25	546	508	554	274	303
2025/26	548	510	563	278	307
2021-26	2,776	2,589	2,811	1,435	1,583
2026/27	560	522	574	291	315
2027/28	554	516	565	278	302
2028/29	522	484	534	243	267
2029/30	515	476	537	242	265
2030/31	510	471	526	227	251
2026-31	2,661	2,468	2,736	1,281	1,400
2031/32	511	471	526	258	278
2032/33	525	485	542	271	292
2033/34	491	451	513	239	260
2034/35	473	432	499	222	244
2035/36	454	413	481	204	226
2031-36	2,453	2,252	2,559	1,194	1,301
2011-36	13,786	12,864	13,961	8,681	9,675

South Kesteven

- 2.23 In South Kesteven the data shows a housing requirement for 670 homes per annum using the 2011-based CLG projections extended through to 2036. This figure decreases to 615 per annum when account is taken of more recent ONS data about population change but then rises slightly (to 659 per annum) with revised headship rates to take account of suppressed household formation.
- 2.24 To meet the job growth forecasts would require between 642 and 706 additional homes depending on the scenario studied. The slightly higher figures for employment growth can to some degree be explained by the population profile and how this is expected to change. With the trend-based position South Kesteven is expected to see a notable ageing of the population with only small increases in the population in key working-age groups.

Table 25: Summary of projections 2011 to 2036 – annual – South Kesteven

Projection	Population growth		Housing numbers		Employment growth	
	Per annum	% change	Per annum	% change	Per annum	% change
PROJ 1 (2011-based SNPP)	1,289	1.0%	670	1.1%	543	0.8%
PROJ 2 (2011-based SNPP (updated))	1,150	0.9%	615	1.0%	466	0.7%
PROJ 2A (reduced hh formation constraint)	1,150	0.9%	659	1.1%	466	0.7%
PROJ 3 (Experian job-led)	1,108	0.8%	642	1.1%	435	0.6%
PROJ 4 (Experian job-led with uplift)	1,267	0.9%	706	1.2%	522	0.8%

Table 26: Summary of projections 2011 to 2036 – total – South Kesteven

Projection	Population growth		Housing numbers		Employment growth	
	Total	% change	Total	% change	Total	% change
PROJ 1 (2011-based SNPP)	32,223	24.0%	16,742	28.1%	13,577	20.3%
PROJ 2 (2011-based SNPP (updated))	28,748	21.4%	15,383	25.8%	11,641	17.4%
PROJ 2A (reduced hh formation constraint)	28,748	21.4%	16,483	27.7%	11,641	17.4%
PROJ 3 (Experian job-led)	27,688	20.6%	16,042	26.9%	10,870	16.2%
PROJ 4 (Experian job-led with uplift)	31,673	23.6%	17,649	29.6%	13,048	19.5%

Table 27: PROJ 2 (SNPP (updated)) population change 2011 to 2036 by five year age bands – South Kesteven

Age group	Population 2011	Population 2036	Change in population	% change from 2011
Under 15	22,834	25,447	2,613	11.4%
15-29	21,353	22,865	1,512	7.1%
30-44	25,467	26,686	1,219	4.8%
45-59	28,991	30,285	1,294	4.5%
60-74	23,640	31,357	7,717	32.6%
75+	11,840	26,233	14,393	121.6%
Total	134,125	162,873	28,748	21.4%

2.25

2.26 The table below develops this information to show estimated housing requirements for each year of the projection along with a summary for every five years.

Table 28: Estimated housing need in each year of projection – South Kesteven

Period	PROJ 1 (2011-based SNPP)	PROJ 2 (2011-based SNPP (updated))	PROJ 2A (reduced household formation constraint)	PROJ 3 (Experian job-led)	PROJ 4 (Experian job-led with uplift)
2011/12	746	703	732	840	921
2012/13	702	656	682	794	878
2013/14	733	686	718	835	921
2014/15	752	704	733	855	945
2015/16	763	714	735	859	951
2011-16	3,696	3,463	3,601	4,183	4,616
2016/17	736	687	718	955	1,063
2017/18	696	645	682	927	1,039
2018/19	723	670	708	959	1,073
2019/20	716	662	699	957	1,072
2020/21	711	657	695	956	1,073
2016-21	3,582	3,322	3,502	4,755	5,320
2021/22	714	660	701	680	741
2022/23	686	631	667	644	706
2023/24	692	637	682	654	716
2024/25	667	612	658	625	686
2025/26	659	604	660	625	686
2021-26	3,419	3,143	3,366	3,228	3,534
2026/27	680	624	670	458	490
2027/28	648	591	641	422	455
2028/29	628	570	623	398	430
2029/30	616	558	615	381	414
2030/31	613	555	610	371	403
2026-31	3,185	2,897	3,160	2,030	2,192
2031/32	635	576	627	431	458
2032/33	605	545	598	399	427
2033/34	568	507	568	367	395
2034/35	550	489	551	346	375
2035/36	503	441	508	303	332
2031-36	2,860	2,558	2,853	1,846	1,987
2011-36	16,742	15,383	16,483	16,042	17,649

3 AFFORDABLE HOUSING DEFINITIONS

- 3.1 This appendix sets out key definitions relating to housing need, affordability and affordable housing.
- 3.2 **Housing Need:** Housing need is defined as the number of households who lack their own housing or who live in unsuitable housing and who cannot afford to meet their housing needs in the market.
- 3.3 **Newly-Arising Need:** Newly-arising (or future) need is a measure of the number of households who are expected to have an affordable housing need at some point in the future. In this assessment we have used trend data from CORE along with demographic projections about the number of new households forming (along with affordability) to estimate future needs.
- 3.4 **Supply of Affordable Housing:** An estimate of the likely future supply of affordable housing is also made (drawing on secondary data sources about past lettings). The future supply of affordable housing is subtracted from the newly-arising need to make an assessment of the net future need for affordable housing.
- 3.5 **Affordability:** Affordability is assessed by comparing household incomes, based on income data modelled using a number of sources including CACI, ASHE, the English Housing Survey (EHS) and ONS data, against the cost of suitable market housing (to either buy or rent). Separate tests are applied for home ownership and private renting (in line with the SHMA Guidance) and are summarised below:
- a. Assessing whether a household can afford home ownership: A household is considered able to afford to buy a home if it costs 3.5 times the gross household income – CLG guidance suggests using different measures for households with multiple incomes (2.9×) and those with a single income (3.5×), however (partly due to data availability) we have only used a 3.5 time multiplier for analysis. This ensures that housing need figures are not over-estimated – in practical terms it makes little difference to the analysis due to the inclusion of a rental test (below) which tends to require lower incomes for households to be able to afford access to market housing;
 - b. Assessing whether a household can afford market renting: A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than 30% of gross income. CLG guidance suggests that 25% of income is a reasonable start point but suggests that a higher figure could be used. Given the levels of income at which Housing Benefit might start to be available (more like 40%-45%) it seems prudent to increase the figure slightly from the standard 25%.
- 3.6 It should be recognised that a key challenge in assessing housing need using secondary sources is the lack of information available regarding households' existing savings. This is a key factor in affecting the ability of young households to purchase housing particularly in the current market context where a deposit of at least 10% is typically required for the more attractive mortgage deals. However in many cases households who do not have sufficient savings to purchase have sufficient

income to rent housing privately without support, and thus the impact on the overall assessment of housing need is limited.

3.7 Affordable Housing: The NPPF provides the definition of affordable housing (as used in this report). The following is taken from Annex 2 of NPPF. "Affordable housing includes social rented, affordable rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:

- Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices;
- Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision."

3.8 Within the definition of affordable housing there is also the distinction between social rented affordable rented, and intermediate housing. Social rented housing is defined as:

"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."

3.9 Affordable rented housing is defined as:

"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)."

3.10 The definition of intermediate housing is shown below:

"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."

3.11 As part of our analysis in the SHMA report we have therefore studied the extent to which both social rented, intermediate housing and affordable rented housing can meet housing need in the study area.

4 SURVEY OF ENTRY LEVEL HOUSING COSTS

4.1 An important part of the assessment of affordable housing need is to establish the entry-level costs of housing to buy and rent. This is then compared with the incomes of households within the HMA to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having an ‘affordable housing need.’

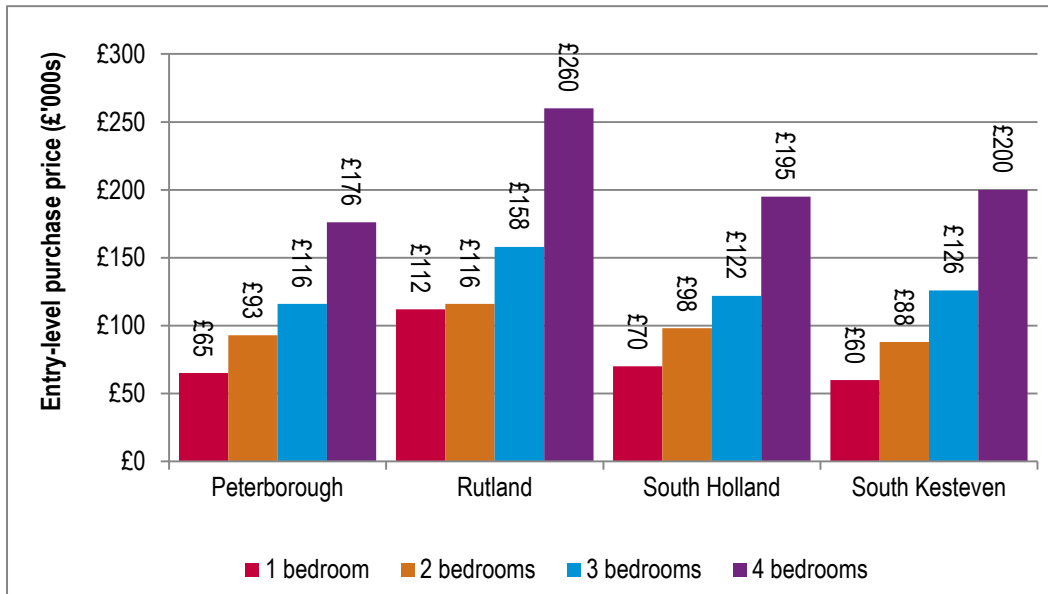
4.2 In this Appendix we establish the entry-level costs of housing to both buy and rent in each of the four local authorities. Our approach has been to carry out a desktop survey using internet sources. We have assessed prices and rents for different sizes of properties from one to four bedrooms in each of the different locations.

Lower Quartile Market Housing Costs

4.3 The figure below shows estimated lower quartile property prices obtained from this search. The prices have been reduced slightly (on average by about 7%) to take account of the difference between asking prices and prices paid for properties based on information from the Hometrack website.

4.4 The data shows some notable differences between local authority districts, with prices in Rutland being notably higher than in any other area. All of the other local authorities have broadly similar prices although there are some variations by size. Overall, prices are estimated to start at about £60-70,000 for a one-bedroom home in a number of locations and rising to over £250,000 for four bedrooms in Rutland. The data excludes shared ownership, retirement and mobile/park homes for the purposes of analysis (although these have been included within the analysis of volumes of homes available by size).

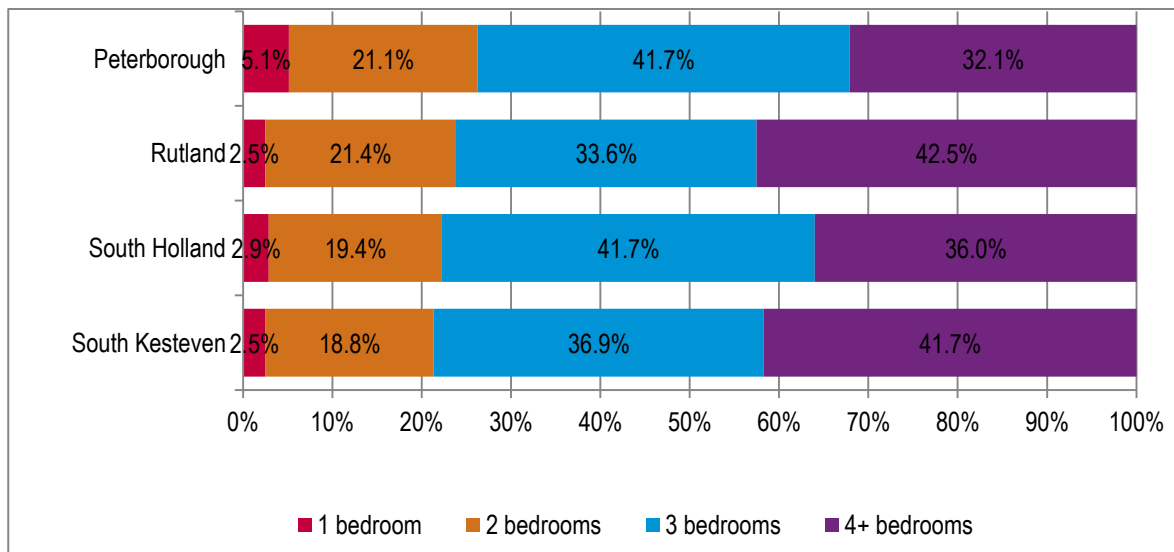
Figure 12: Entry-level Purchase Price



Source: Online Estate and Letting Agents Survey (October 2013)

4.5 The figure below shows the volume of properties for sale in each of the four areas. The data shows in all areas that properties for sale are concentrated on larger (3 or more bedroom) homes. Peterborough has a higher than average proportion of one- and two-bedroom homes whilst in South Kesteven nearly 80% of dwellings available for sale at the time of the market survey had three or more bedrooms (including over half of these being four or more bedroom homes).

Figure 13: Volume of Properties Advertised for Sale

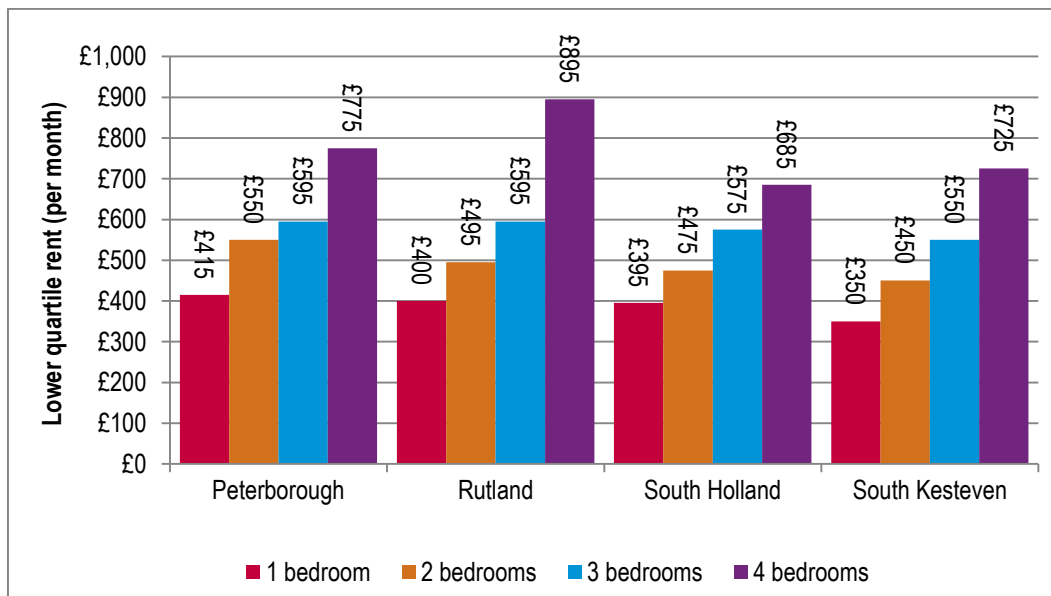


Source: Online Estate and Letting Agents Survey (October 2013)

4.6 The entry-level cost for private rented accommodation is presented in the figure below. This indicates that entry-level rents range from about £350-£400 per month for a one bedroom home in a

number of locations up to around £900 per month for a four bedroom property in Rutland. For rents it is interesting to note that Peterborough tends to have the highest costs – particularly for smaller dwellings. Differences between areas for rents are not as stark as with sales prices.

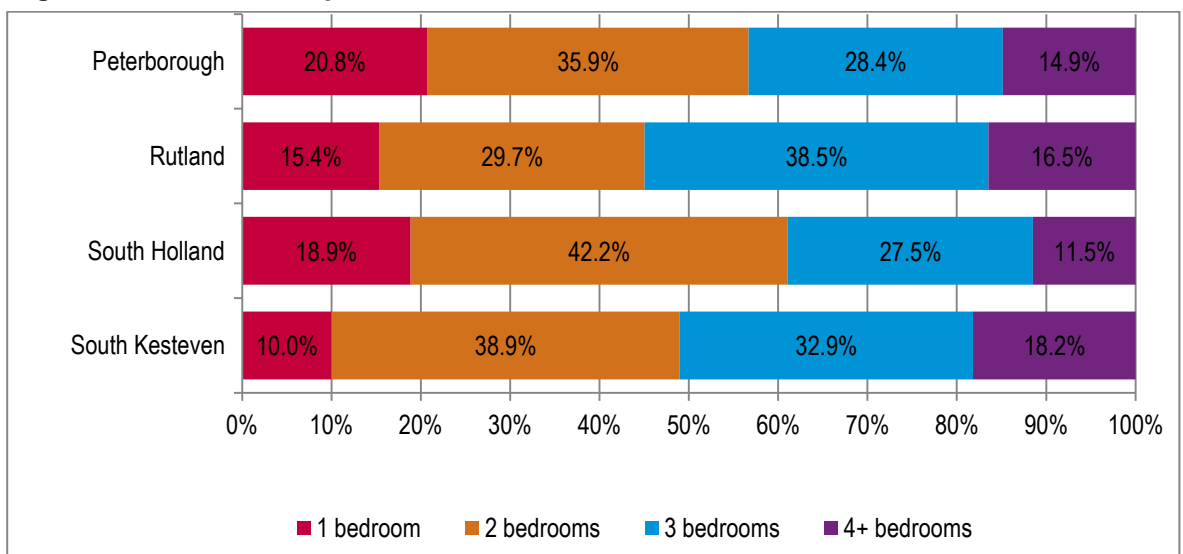
Figure 14: Entry-level Private Rents



Source: Online Estate and Letting Agents Survey (October 2013)

4.7 The figure below shows the volumes of properties available for rent in each of the different areas by size of property. Compared with properties for sale the data clearly indicates a higher proportion of smaller homes being available to rent in all locations. The available properties for rent in South Kesteven and Rutland are still however dominated by three- and four-bedroom homes with over half of homes available in these areas having three or more bedrooms.

Figure 15: Volume of Properties Advertised to Rent



Source: Online Estate and Letting Agents Survey (October 2013)

- 4.8 In addition to rental costs from our internet survey we have looked at the maximum amount of Local Housing Allowance (LHA) payable on different sized properties within the HMA. Maximum LHA payments are based on estimates of rents at the 30th percentile and should therefore be roughly comparable with our estimates of lower quartile costs.
- 4.9 Properties in the HMA fall into a number of different Broad Rental Market Areas (BRMA). All of Peterborough is in the Peterborough BRMA although this does extend across the boundaries into other locations including parts of all of the other local authorities in the HMA. The key settlements in Rutland (Oakham and Uppingham) are within the Leicester HMA whilst much of South Holland falls into a Lincolnshire Fens area. Finally, much of South Kesteven is in the Grantham/Newark BRMA. In addition to these areas, very small parts of the HMA are in each of the Northants Central, King's Lynn and Lincoln BRMAs.
- 4.10 Below we have therefore provided details for the four main BRMAs. The data suggests some differences between LHA rates and the findings of our market survey: the market survey tending to show higher figures than the maximum LHA payable. This does suggest that some households may need to top up LHA through their own resources, and that the potential role of the Private Rented Sector in meeting housing needs may be limited in parts of the HMA. Needs may primarily require to be met in the social/ affordable rented sector.
- 4.11 To the table below we have also added LHA rates for room only accommodation. Generally, the amount able to be claimed for a room is around 65%-75% of the figure for a self-contained one bedroom property. Single households under 35 are now only to claim the Single Room Rate.

Table 29: Maximum LHA payments by Size and Broad Housing Market Area (per month)

Size	Peterborough	Leicester	Lincolnshire Fens	Grantham/Newark
Room only	£249	£256	£248	£244
1 bedroom	£395	£383	£375	£322
2 bedrooms	£495	£475	£470	£425
3 bedrooms	£562	£550	£550	£475
4 bedrooms	£715	£695	£650	£650

Source: VOA data (October 2013)

Cost of Affordable Housing

- 4.12 Traditionally the main type of affordable housing available in an area is social rented housing. The cost of social rented accommodation by dwelling size can be obtained from Continuous Recording (CORE), a national information source on social rented lettings. The table below illustrates the rental cost of lettings of social rented properties by size in 2012/13. As can be seen the costs are generally below those for private rented housing indicating a gap between the social rented and

market sectors. This gap increases for larger properties. The figures in the table include service charges.

Table 30: Monthly Average Social Rent Levels

Area	1 bedroom	2 bedrooms	3+ bedrooms
Peterborough	£327	£386	£397
Rutland	£354	£404	£442
South Holland	£292	£319	£344
South Kesteven	£344	£328	£340

Source: CORE (2013)

- 4.13 Changes in affordable housing provision has seen the introduction of a new tenure of affordable housing (Affordable Rented). 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). In the short-term it is likely that this tenure will replace social rented housing for new delivery, however, the tenure is initially only being trialled for four years and so this situation may change in the future.
- 4.14 Affordable Rented housing can therefore be considered to be similar to social rented housing but at a potentially higher rent. The 80% (maximum) rent is to be based on the open market rental value of the individual property and so it is not possible to say what this will exactly mean in terms of cost (for example the rent for a two-bedroom flat is likely to be significantly different to a two-bedroom detached bungalow). In addition, market rents for new build homes are likely to be higher than within the existing stock and may well be in excess of 80% of lower quartile rents.
- 4.15 The table below shows potential affordable rents at 80% of market cost by size of property (including service charge). The data shows that affordable rents are above social rents for most property sizes and in most locations. For one-bedroom homes affordable rented housing may be below social rents in Rutland and South Kesteven (although it may vary with scheme specifics) with this also being the case for two-bedroom homes in Rutland.
- 4.16 For larger property sizes affordable rents will be notably higher than current social rents, with broadly the gap widening as property sizes get bigger. The affordability of such accommodation should however also be considered, including whether or not the affordable rent level will be within maximum LHA claim amounts. This latter point provides some support for providing affordable rent at below the 80% maximum (particularly for larger properties), but noting that this needs to be balanced against the role which the higher affordable rents could play in supporting development viability and the lack of current funding for social rented provision in the 2011-15 National Affordable Housing Programme.

Table 31: Estimated Cost of Affordable Rented Housing by Size and HMA (per month)

Area	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms
Peterborough	£332	£440	£476	£620
Rutland	£320	£396	£476	£716
South Holland	£316	£380	£460	£548
South Kesteven	£280	£360	£440	£580

Source: Derived from Online Estate and Letting Agents Survey (October 2013)

5 CURRENT POLICY POSITION IN NEIGHBOURING AUTHORITIES

5.1 This appendix reviews policies for housing provision in authorities adjoining the HMA. It sets out in tabular form the status of current plans, their policies for housing provision and supporting evidence. This is compared against the latest (CLG 2011-based) official household projections.

Table 32: Review of Current and Emerging Policies for Housing Provision in Adjoining Authorities

Local Authority	Plan Status	Housing Target and Planned Developments	Evidence/Basis	CLG-2011 Household Projections (2011-21)
East Northamptonshire	North Northamptonshire Core Strategy Adopted June 2008	470 per annum adopted Core strategy 2001-2021	Interim Statement on housing requirement of North Northamptonshire Jan 2014 - 355 pa. Based on OAN and redistributed on RSS Basis	330 per annum
	Emerging Core Strategy Consultation Draft August 2012	395 per annum Emerging Core strategy 2011-2031		
	Emerging Core Strategy will run from 2011 to 2031.			
Corby	North Northamptonshire Core Strategy Adopted June 2008	Average of 840 per annum in adopted Core strategy 2001-2021. Phasing policy included. Emerging Core Strategy proposed 8,900 homes to meet locally-generated needs and a target of 14,200 homes (an average of 710 per annum) to realise strategic opportunities over 2011-31 plan period.	Interim Statement on housing requirement of North Northamptonshire Jan 2014 - 295 pa. Based on OAN and redistributed on RSS Basis	353 per annum
	Emerging Core Strategy Consultation Draft August 2013			

	Emerging Core Strategy will run from 2011 to 2031.			
Harborough	Core Strategy Adopted Nov 2011 Adopted Core Strategy runs from 2006 - 2028	350 per annum adopted Core strategy	Currently Reviewing SHMA GLH 2012 Housing Requirements Study identified need for 440 homes per annum (2011-31) October 2008 SHMA 352 per annum	423 per annum
Melton	Melton Core Strategy publication DPD published Feb 2012 Withdrawn Core Strategy will run from 2011 to 2026. Core Strategy Withdrawn April 2013	226 per annum Core Strategy publication DPD Previous Local Plan from 1999	Currently Reviewing SHMA GLH 2012 Demographic Projections Report identified need for 185-220 Homes per annum (2011-31) October 2008 SHMA 164 per annum	199 per annum
Rushcliffe	Rushcliffe Publication Core Strategy Development Plan Document (DPD) published March 2012 Publication Core Strategy will run from 2011 to 2026. Proposed Modification (March 2012) to run from 2011 to 2028. Currently undergoing consultation.	626 per annum Core Strategy publication DPD 773 per annum Proposed Modifications	Forecasts of Population and Household for Greater Nottingham (Feb 2011). Forecasts of population and households for Nottinghamshire and Derbyshire authorities. Core Strategy Proposed Modifications meet part of identified need for 49,950 homes across the HMA between 2011-28 based broadly on RSS distribution.	464 per annum

Newark and Sherwood	Adopted Core Strategy March 2011 Runs from 2006 to 2026	740 per annum	RSS Based Nottingham Outer SHMA Sept 2007	468 per annum
Fenland	Local Plan Core Strategy Submitted Sept 2013 Plan found sound and adopted May 2014 Local Plan runs from 2011 to 2031.	550 Per annum plus 550 in total through edge of Wisbech development in Kings Lynn and West Norfolk	Derived from the evidence base behind the now revoked RSS, the FNPV study, latest SHMA, past delivery and forecasting work. OAN Paper Sept 2012 suggests need for 600 pa Agreed that Peterborough will meet 1000 homes of Fenland's Need	693 per annum
Huntingdonshire	Adopted Core Strategy 2009 Emerging Local Plan to 2036	Housing Target of 14,000 dwellings 2001-26 (560 per year) Emerging Local Plan proposes 21,000 homes 2011-36 (840 per annum)	OAN Paper Sept 2012 suggests need for 840 pa	765 per annum
North Kesteven	Submitted - Central Lincolnshire Core Strategy withdrawn January 2014 Emerging Local Plan will run from 2011 to 2031.	Withdrawn Core Strategy Housing target of 2,140 per annum for wider Central Lincolnshire Area	New Central Lincolnshire SHMA to be commissioned in 2014. Central Lincolnshire Housing Growth Paper Oct 2013 - Recommends Core Strategy target which is broadly based on	580 per annum

			RSS targets	
	Seeking to Adopted Revised Local Plan by Dec 2016	Previous Local Plan Target of 400 dwellings per annum for North Kesteven		
Boston	Preferred options SE Lincs Local Plan with South Holland DC May 2013 Local Plan will run from 2011 to 2031. Local Plan should have been Submitted by Dec 2013	Preferred Option of OAN 226 dwellings per annum Interim Boston Local Plan 235 per annum between 2001-2021	Coastal Lincolnshire SHMA November 2012 - Boston 226-262 dwellings per annum. Based on RSS and 2008 Based SNHHP Planning for Coastal Flood Risk in SE Lincolnshire SHMA being updated for East Lindsey only	440 per annum
Kings Lynn and West Norfolk	Adopted Local Plan July 2011 Local Plan runs from 2001 to 2026.	660 per annum	Based on RSS target extended to 2026 plus 10% for under delivery Rural East Anglia SHMA produced July 2007 SHMA suggests higher growth possible	585 per annum

6 STAKEHOLDER CONSULTATION FINDINGS

Introduction

6.1 In accordance with the study brief and practice guidance a programme of stakeholder consultation has been designed in to the study methodology in 3 phases:

- Face to face interviews with Estate and Letting agents, new build sales staff;
- One-to-one consultation and fact finding with wider stakeholders and private rented sector landlords (*this is on-going and will inform the final draft report*);
- consultation workshop on the draft study report (*this will occur in the later stages of the project – scheduled for early February 2014*).

6.2 This interim report of the stakeholder engagement process aims to report the key findings of consultation with estate and letting agents and qualitative research into housing market conditions and trends within the housing market area (HMA). The aim is to add a local or bottom up perspective to the study and provide a ‘how and why’ perspective to support SHMA findings.

Estate agents, letting agents and new build on site sales staff

6.3 The following information is based upon face to face interviews with estate agents, letting agents and on site new-build sales staff based in the study area. Interviews were conducted October 2013. These interviews record the perceptions of professionals that service and facilitate the housing market. Most of our interviews have been conducted with independent agents. We mostly base our interviews in service centres with several agents in a single location as this enables us to efficiently gather a range of views about local market conditions rather than relying upon a single view.

6.4 Interviews are designed to answer research questions aimed at broadly understanding local housing market conditions, trends and drivers; which parts of the market serve the needs of important groups such as local people, incomers, first time buyers, investors, those on low income and vulnerable people. The research also explores the interfaces between the sales and letting markets and these markets along with sub market and affordable housing.

6.5 Additional supply is mostly through development of new build housing and it is important to understand the characteristics of new build housing and households that purchase or occupy it. We have only sought to interview volume developers with on-site sales staff. On a smaller scale local builders and self builders develop smaller infill and windfall sites and this will be touched on in our research on custom build. Another source of additional supply is through conversion of larger buildings sometimes involving a change of use.

General Findings from Stakeholder Engagement

- 6.6 The evidence suggests the following general conclusions across the study area:
- 6.7 Peterborough's economy and housing market are important drivers the housing market in the sub-region but the effect is less notable in the Stamford sub-market (Stamford, Oakham and Uppingham) and across South Holland. Nottinghamshire towns and cities influence the Grantham housing sub-market and Leicester and North Northamptonshire influences parts of Rutland.
- 6.8 In Peterborough there is demand for houses and apartments in the City Centre for sale and rent. Agents believe that this should be high quality as there is a great deal of lower value housing in the City Centre, much of it rented, and there is a poor street scene. This has led to a flight of some residents to the suburbs and the surrounding villages.
- 6.9 House sharing is evident mainly in Peterborough which is a common feature of all cities. Young professionals early in their careers will often prefer house sharing to equivalent price self-contained rented housing which tends to be of poorer quality (even when they could afford it).
- 6.10 Peterborough's location and local economy attracts incomers into the new build, resale and rental markets. A proportion of future new build supply will inevitably attract incomers, although there is evidence that cheaper new build will be attractive to local residents especially first time buyers using the Help-to-Buy scheme.
- 6.11 Wealthier incomers often bypass central Peterborough when seeking to relocate from London and its eastern and western commuter belts. These moves are principally driven by employment and retirement and are more prevalent in South Kesteven, Rutland and South Holland to a lesser extent.
- 6.12 The highest proportion of incomers to re-sale housing was at Stamford; and this was mostly retirement driven. A higher proportion of buyers were locally based in Market Deeping and Bourne, where new build was proving attractive to families.
- 6.13 Agents told us that households seeking to live in the Stamford area would also consider Oakham and Uppingham in Rutland. Each town had similar characteristics, although the Rutland towns tended to be a little cheaper.
- 6.14 Grantham's local housing market area also attracted high proportions of incomers, probably because it was closer to larger centres of population notably Nottingham and Newark.
- 6.15 High proportions of Polish workers are evident in the sub-region. Some have chosen to settle in the area for the longer-term. They have established good credit ratings and are starting to buy housing, notably new build housing (especially in Spalding). Polish workers are however still a major part of

demand for rented housing and agents in most towns said that around 30% of demand came from this group. Interestingly agents tended not to regard them as incomers.

- 6.16 Serving members of the armed forces have incentives to buy a home both financially and for the benefit of their families especially when contemplating leaving the services. The evidence suggests that they are attracted to new build housing and demand was noted especially in Oakham and Grantham close to Kendrew Barracks and Prince William of Gloucester Barracks. Other MOD facilities include RAF Wittering in Peterborough. Some will purchase for occupation, others for investment pending them leaving the services. Agents told us there was little demand for private rented sector housing from this group in the HMA.
- 6.17 The rental market continues to experience high levels of demand and shortages in some locations or for specific house types are driving rent increases. Investors are responding by continuing to invest in lower priced re-sale and new build housing. Demand is such that many landlords are showing little interest in housing low income households and those with benefit support. Agents tell us that benefit reform and local authority practice in assisting households with ended or failed tenancies is deterring landlords from housing this group. However in the longer-term the balance of demand from different groups may affect trends; and there is some prospect that improving access to home ownership may influence dynamics.
- 6.18 Estate agents tell us that outside the Stamford area prices have barely recovered and there is little pressure on prices except where there are critical shortages. Agents tell us that they eagerly anticipate first time buyers returning to the market and anticipate that the resale Help-to-Buy scheme will assist this. They also tell us that many households are stuck in their existing housing due to negative equity.
- 6.19 Lincolnshire has a reputation of being a popular retirement destination for older households from the Greater London area and agents are optimistic that demand from this group will resume as the rate of market recovery is faster in the south of England.
- 6.20 Estate and letting agents were asked to consider what 'critical shortages' existed in their market areas. They identified the following (as at late 2013):

Sales Market

- Bungalows to supply the retirement market: Uppingham and South Holland; and
- Mid-priced larger family homes to supply growing families: Central Peterborough; Bourne; Market Deeping; Holbeach; Long Sutton and Stamford if higher price/quality.

Rental Market

- Smaller family homes to support newly forming families for rental: Grantham; Holbeach and Spalding;

- Three bedroom family homes with garden and garage to rent: Oakham; and
- Decent quality apartments affordable to young professionals: Peterborough.

6.21 Interestingly at no point did estate agents highlight demand for second homes or growth in the holiday home sector as might be expected in an area of high landscape value such Rutland or other rural parts of the study area where much premium housing is present.

6.22 Research is on-going into the topics of custom build, the private rented sector, affordable housing and will be reported in a later draft of the report.

Supporting Evidence

The City of Peterborough

6.23 **Estate and letting agents** were interviewed in both the City Centre and the outlying suburbs. New build agents were interviewed in the City Centre and at the Cardea and Hampton Park developments.

6.24 Overall, estate agents estimated that around 30% of recent transactions were made by incomers to Peterborough as a whole, but the market varied considerably depending upon whether city centre or suburban locations were in focus.

6.25 City Centre estate agents described the City Centre housing market as being in transition. East of the railway line there was a great deal of “city flight to the suburbs and beyond” as investors competed for re-sales. Agents believed that some central areas could be up to 70% rented. A high proportion of rentals were converted flats. This impacted on the street scene with un-kept gardens and a proliferation of cars and wheelie bins. This tended to depress values and one agent considered that households who had not left would find it difficult to do so. This affected many people that had purchased at the peak of the market in 2006/7 were likely to be in negative equity as City Centre re-sale prices had not recovered well. Those that were forced to sell because of relationship breakdown or debt problems were selling at low prices and the likely outcome was that the dwelling would be purchased by an investor. Agents said that this had severely eroded the stock of mid-priced re-sale family housing available for owner occupation.

6.26 **House sharing** is evident only in Peterborough. This is a common feature of all cities. Young professionals early in their careers will often prefer house sharing to equivalent priced self-contained rented housing which tends to be of poor quality. At the time of our research there were 388 rooms advertised on the www.spareroom.com website. To put this in perspective, according to the same website, the town with the next highest number of vacancies was Spalding with 20 vacancies. Agents commented that house / flat sharing was a popular choice for younger professionals (especially medics) but this should not be confused with licensed Houses in Multiple

Occupation or sharing arrangements between migrant workers. We noted very few 'rooms to rent' in local newspapers or shop windows right across the study area. Agents said that room sharing was very popular in Peterborough and this was due to the absence of small one-bedroom apartments affordable to young professionals.

- 6.27 Many **Eastern European households** had chosen to settle in the City. A significant number have built up good credit ratings and have become home owners. Agents stated that some had purchased in order to become landlords, whilst others had purchased for owner occupation and were stakeholders in the local economy and community with children in local schools. We noted that the Millfield area of the City was particularly cosmopolitan. Agents there told us that Peterborough was a major domicile for eastern European workers, many of whom were bussed out to work in the agricultural and food processing industries. The concentration of migrant workers is supported by the statistical analysis in Section 5.
- 6.28 Agents commented that earlier development of purpose built apartments (as opposed to flats in converted houses) had attracted young professionals. These would either buy or rent. Most would be locally employed but some would commute to the London area. Again, some of those that had bought at the peak of the market were unable to move on due to negative equity and some households were unsuitably housed as a consequence if they had children. Apartments had been particularly badly affected by the credit crunch with disproportionate losses of value.
- 6.29 Further residential development is envisaged by the **Peterborough City Centre Development Plan** and agents were asked to comment on demand for new build housing in the City Centre. Rental agents said that in their view mixed developments of 2 and 3 bedroom houses and apartments would sell to owner occupiers and investors alike. They believed that a good quality 2 bedroom apartment would attract a rent of £700 pcm. High quality rental properties would be attractive to medical professionals, managers and professionals on short term secondment. They would be of interest to London commuters and those priced out of the Cambridge housing market. Estate agents echoed the view of letting agents in terms of the target market for new build on central sites and identified many of them. They felt that the central area would sell to younger households and had to be priced accordingly. They drew attention to a shortage of supply of 3 bedroom family homes priced at under £200,000 but cautioned that some city centre sites may not prove suitable for families.
- 6.30 In addition interviews were obtained from new build sales and marketing staff in schemes currently under development in the central area of Peterborough. Connect 21 by Kier is located in the south of the river. The first phase of development is now complete and comprised of smaller houses and apartments. This proved popular with local first time buyers most of whom bought using incentive schemes such as NewBuy. A high proportion of sales were to local investors. 90% of recent sales

to owner occupiers are with Help-to-Buy; and there is strong demand from investors. An estimated 50% of demand comes from Polish workers and demand generally is overwhelmingly from people who already live in Peterborough.

- 6.31 Close to this site is Vista at Cripple Sidings by Morris Homes. This is a zero carbon development. The sales director told us that the around 85% of sales had been to local people and that most had bought with the assistance of Help-to-Buy. The site had been popular and had sold quickly. Its location, distinctive design and environmental credentials had all contributed to this and attracted young professionals most of whom worked locally. Only a small number of sales had been made to investors. The initial phase of development was mainly smaller homes including affordable housing owned and managed by Cross Keys Homes – Peterborough’s largest housing association. Currently larger homes for sale were on offer at around £225,000 and some were sold to first time buyers. We asked for views about demand for city centre housing development in future. The sales director told us that there was considerable demand for smaller 3 and 4 bedroom homes located close to the City Centre.
- 6.32 Two developments were visited that were urban extensions outside the City Centre. Firstly, **Hampton Park**. The residential area is part of a 2,500 acre brownfield site that O&H Hampton, the management company, describes this as Peterborough’s 4th township. The township also contains business, commercial and retail planned to provide 12,000 jobs. These have attracted major commercial and retail brands. 7,000 homes and 3 schools have now been mostly provided with housing development being due to complete by 2015. Ten house builders have been involved in the development of the township and interviews were obtained at Barratt Homes and Morris Homes. The sales director of Morris Homes told us it was noteworthy that a large number of sales had been made to households already resident in Hampton Park – seeking to upsize or downsize according to their changing circumstances. The director also told us about the high number of settled Polish households that had purchased homes. She estimated that 85% of sales had been made to local people – from Peterborough City and the surrounding villages.
- 6.33 The Barratt sales staff in contrast said that a high proportion of their sales were to people previously living outside Peterborough. The agent explained that many re-locating households found it easier to purchase new-build housing and valued the freedom of maintenance and the builder’s guarantee. Very few investors had bought into the development and high proportions of sales involved the Help-to-Buy scheme. The agent stated that many incomers valued the good public transport links to the station and were commuting to London on a daily basis. When leaving the township we noted that there were a high proportion of older apartments that were ‘to let’. We asked City Centre letting agents about this. They explained that earlier phases of development coincided with the early stages of the credit crunch and a high proportion of sales had been to investors. The apparent high

level of vacancies was due to churn in the private rented sector rather than signifying a problem. Agents said that the properties let easily.

- 6.34 Self-build plots were for sale in Hampton by the management company from £160,000 each. These are serviced plots with outline planning permission. The plots vary in size from a quarter to a third of an acre. Further details can be accessed online at <http://www.ohland.co.uk/Available-Plots>
- 6.35 Interviews were obtained from Charles Church and Persimmon at Cardea to the south east of the City. This development is in its early stages. A primary school and supermarket has been established in the first phase of development. 70% of sales at the Charles Church development had used the Help-to-Buy scheme. Demand to date was mostly from Peterborough-based people and many of the small proportion of incomers were older people who previously lived in the City and were returning. 4 bedroom homes were most in demand.
- 6.36 Prices at the Persimmon site were cheaper (than those of Charles Church) starting at £93,000 and the sales agent estimated that 85% of sales had been to local first time buyers and overall, Help-to-Buy had supported 90% of recent sales. Interest by investors was limited to the smaller homes.
- 6.37 Returning to **the private rented sector** we spoke at length to a letting agent in Millfield. This area is multi-cultural and the agent described the area as second only to Boston in terms of high concentrations of rentals to in-migrant workers. It is noteworthy that he felt that the rental market had passed its peak in this area in that there was plenty of supply and an increasing number of households were entering home ownership. He said as a matter of policy his company would not get involved in Houses in Multiple Occupation as 'it was too much hassle'. The agent said that he and many of his landlords would accept tenants in receipt of top up benefits (through Local Housing Allowance) with a guarantor but would be reluctant to take on wholly unemployed households of working age.
- 6.38 Council officers provided some contextual information about the private rented sector in Peterborough. The National Landlords Association is very active in Peterborough and the City is seeking to develop a landlords' forum as an outcome of working with the sector on selective licensing. The City is currently consulting on a selective licensing scheme potentially affecting 11,000 properties in areas of the city that have been subject to higher turnover; have the highest proportion of older property and housing in the poorest condition much of which is owned by non-professional landlords.
- 6.39 There are 106 mandatory licensed HMOs spread across the city and 58 additional licensed HMOs in the centre of the city.

- 6.40 The most frequent complaints to the council relate to poor housing conditions, landlords refusing to carry out works, particularly around heating, damp and mould and security. Complaints about professional landlords are mainly in relation to minor issues and the length of time taken to carry out repairs. Tenancy issue complaints i.e. illegal eviction, lack of correct documentation etc. are much more frequent from amateur landlords. Only a small proportion of the stock is owned by absentee landlords.
- 6.41 The council operates a rent deposit scheme and can access the discretionary housing payments fund for tenants at risk of homelessness and in receipt of housing benefit. The council has seen landlords evict their tenants who were affected by the minimum age for one-bed Local Housing Allowance. We have also started to see action being taken against those who have been affected by the benefits cap and are unable to meet the shortfall in their rents.
- 6.42 Council officers were asked to provide insights into supply and demand issues relating to **social rented housing**. Officers explained that Peterborough's former housing stock is owned and managed by Cross Keys Homes. Demand is highest for 1 and 2 bedroom homes. Of the 5,248 applicants on the housing register, 3,216 require 1 bedroom accommodation and 1,412 require 2 bedroom accommodation. Nearly 70% of these applications are placed in the greatest priority bands 1 and 2 out of 5 bands. The City operates a choice based lettings scheme which includes vacancies from the largest registered providers. The critical shortages in supply were for 1 bedroom flats and 2 bedroom houses. Nearly 23% of the 922 homeless presentations made to April 2013 to end January 2014 were as a result of loss of private rented accommodation. Homeless households and those in need excluded from the housing register are assisted to find suitable housing in the private rented sector. The Council has policies to award additional preference to households who fall into a reasonable preference category and contribute to Peterborough's local economy.

South Kesteven

- 6.43 Towns visited within the district included Grantham, Stamford, Bourne and Market Deeping.
- 6.44 At Bourne and its surrounding villages, **estate and letting agents** estimated that around 20% of re-sales and rentals were made to incomers. This is a lower proportion than at Peterborough. Most incomers were from the London and counties to the north of this (Bedfordshire Essex and Hertfordshire). Agents said that this was driven by a number of factors. Clearly house prices in Lincolnshire were cheaper, but also most of the incomers were families or 'empty nesters' seeking to re-connect with parents or children for support. High quality local schools were also a factor. Agents pointed out that the District's local housing market fell into two categories: the distinguishing factor being that the north of the district had cheaper prices because there was 'no gas and no railway'.

- 6.45 Local people found employment most frequently in Bourne, Grantham and Peterborough. There was interest from investors at the lower end of the market (£100k-£120k), with agents suggesting that demand was high and landlords were getting good returns. High levels of rental demand were being sustained by shortages of supply affordable to local people; although estate agents acknowledged that new build in Bourne was enabling many first time buyers to purchase homes. They commented that the absence of first time buyers to the re-sale market was a concern as chains could not complete. There was intense competition between first time buyers and investors at the lower end of the market. First time buyers of resale housing were at a disadvantage because deposit levels remained high and households had to have 'squeaky clean' credit histories if lower deposits and cheaper mortgage deals were to be accessed.
- 6.46 Bourne letting agents estimated that around 30% of lettings were to Polish workers. Agents did not feel that the market had peaked. There was growth in both supply and demand. Volumes of lettings were increasing but rents largely static as new supply was keeping up with demand. Letting agents said that investors were buying into the local new build supply.
- 6.47 Estate agents at Stamford estimated that a high proportion (over 50% of sales) were to outsiders. The drivers of this were the quality of both public and private schools and the quality of life offered by the town and the surrounding countryside. Stamford was attractive to older down-sizers, both local and incomers. Many of these people were not retired and were planning ahead for retirement. Agents stated that prices were generally above 2006/7 peak prices and this was entirely due to shortage of supply. As one agent put it 'this is due to purchasers and agents chasing too few properties.' Only about 140 homes were on sale at the time of the assessment within a 5 mile radius. Agents said the key shortage was 3 and 4 bedroom detached homes and a small number of apartments. Agents stressed that the quality of the dwelling was a paramount factor in most transactions, as Stamford was a sought after location.
- 6.48 Some of Stamford's stock was noticeably cheaper for example ex local authority housing. This was of interest to investors who would pay up to £160,000 for properties. Recently some small new build apartments had sold for around £175,000 via agents and many were sold with Help-to-Buy.
- 6.49 Estate and letting agents concluded that young adults mostly needed financial support if they were to live independently locally. Small flats and apartments at lower rents were very hard to find.
- 6.50 Letting agents tended to operate across a wider area than the town and into Rutland but not Grantham.
- 6.51 Council officers provided some contextual information about the **private rented sector** in South Kesteven. They told us that the landlord's forum met quarterly. There are 21 licensed HMOs across

the District and these are located mostly in Grantham. Complaints from tenants were mostly about heating issues and related matters such as mould from condensation. We were told that an accreditation scheme is currently being set up across the county run by a voluntary sector organisation called DASH: 'Decent and Safe Homes' (DASH), which is a joint-working initiative with Local Authorities, property owners, landlords and tenants. DASH aims to improve housing conditions in the private sector, with particular emphasis on the private rented sector.

- 6.52 We attended a meeting of the local landlord forum in Grantham and this is reported within a further section regarding the private rented sector at the end of this chapter.
- 6.53 The new build estate, Bowman Mews by Kier, in Stamford was visited and an interview obtained. This was the only new development we could find in Stamford with on-site sales staff. The agent said that most purchasers had been downsizers seeking a high quality low maintenance home.
- 6.54 At Market Deeping, the estate agent interviewed indicated that around 30% of homes were purchased by incomers. The agent said that the main driver for this was that incomers were families or 'empty nesters' seeking to re-connect with parents or children for support. This is the same as previously mentioned at Bourne. They described the town as a 'mini Stamford'. However prices were lower and prices had not recovered to peak values and were currently not on an upward trend.
- 6.55 Estate agents told us that re-sale housing in the Grantham sub market attracted a higher proportion of incomers than anywhere else in the study area except Stamford. They told us that, like Peterborough, it was on the East Coast Main Line but was closer to the A1 for access to Newark and Peterborough. In addition the A52 provided access to Nottingham. Agents told us that up to 40% of recent purchases were made by incomers, notably from the South of England and Nottingham. Estate agents told us that generally house prices were still below pre credit crunch levels and had not fully recovered. However there is a great deal of premium housing around Grantham and its villages and prices for premium property had not been affected by the credit crunch as much as mid-market housing. There was no upward pressure on house prices at the present time as demand was suppressed because many first time buyers could not raise the deposits needed. Potential first time buyers were in their mid to late 30s and had children. Agents eagerly anticipated the arrival of Help-to-Buy for the re-sale market. Investors were very active in the market and 2 bedroom houses were the most sought after. Estate agents told us that there was a critical shortage of 3 bedroom family homes for the resale market at the £200,000 price point. There is however potentially a sufficient supply of smaller terraced homes for first time buyers priced between £70,000-£120,000 as and when first time buyers are able to return to the market.

- 6.56 Lettings agents spoke of the same critical shortage of supply to meet the needs of families that had outgrown their flat or 2 bedroom terraced house. Letting agents spoke of peaks in demand coming at the start of school terms as teachers took up jobs in local schools and sought rented housing. They also spoke about sustained high levels of demand from Polish workers, many of whom saw Grantham as the first stop when seeking work in Lincolnshire. Demand remained strong from newcomers from Poland but those that had arrived some years ago were now seeking to become home owners as they had settled, married and achieved good credit ratings.
- 6.57 One agent suggested the level of lettings to those on LHA had fallen; the agent estimated that around on fifth of lettings had been to benefit claimants but now the figure was much smaller. This was due to tenants being advised to stay put after their tenancies had ended, forcing landlords to take legal action before the council would re-house.
- 6.58 Interviews were achieved with **new build sales staff** at Saxon Village (Barratt) and The Mallard Quarter (Bovis) in Grantham. Both schemes estimated that about 60% of sales were to local people and between 50% and 60% with Help-to-Buy assistance. The balance of residents had bought using the developers' part exchange schemes or had been investors. Investors had been particularly interested in town houses and apartments. Notably a high proportion of local sales had been to serving members of the armed forces most of whom were owner occupiers but a small proportion chose to let out until needed for their own use. Such interest was from Lincolnshire bases as well as those in Rutland.
- 6.59 New development at the Brambles by Persimmon were visited and an interview with sales staff was obtained. The sales agent described the typical customer as 'Stamford overspill' and 90% of transactions were local to Stamford, Market Deeping and the surrounding villages. Purchasers were from among young and growing families as would be expected from size of home and price point on offer, typically £225k to £250k. Less than 20% of sales were assisted with Help to Buy: most sales had used the company's part exchange scheme. The second phase of development would be smaller homes and apartments and the agent anticipated that Help to Buy would figure significantly.
- 6.60 New build agents told us that purchasers from outside Grantham came from 'all over' citing cases from India, Poland, Scotland and all parts of the UK.
- 6.61 Housing options officers provided some contextual information about **social housing** in South Kesteven. The social rented stock built by the council is owned and managed by the council. One-bedroom accommodation is in short supply following the introduction of the changes to the eligibility of Housing Benefit for working-age households. Generally there is high demand and short supply in Stamford. Around 50% of the households presenting as homeless are due to ended or failed private

rented sector tenancies. The council assists with rent deposits, guarantees and tenancy support as the social rented tenancies are generally in short supply.

Rutland

- 6.62 **Estate and letting agents** and new build sales staff were interviewed at Oakham and Uppingham although smaller settlements of interest were visited such as Cottesmore.
- 6.63 We were interested in whether Stamford, Oakham and Uppingham acted as a local housing market. Local agents suggested that this was the case. At a superficial level these market towns have a similar appearance and attributes and are all located in areas of high landscape value. Accordingly one of our questions to re-sale agents concerned the extent to which all three towns were generally in the same area of search for moving households, and was the a point at which the influence of the Peterborough housing market was eclipsed by other towns and cities. Agents explained that prices at Oakham and Uppingham were a little cheaper than Stamford. This was because Stamford was nearer to Peterborough and its access to the East Coast main line and the A1(M). That said the railway line connected Stamford and Oakham and ran from Birmingham to Cambridge and Stansted Airport. However Oakham and Uppingham were smaller towns than Stamford and some potential residents would prefer this, especially older people.
- 6.64 In general terms around 20-25% of sales across all three towns were made to people from outside the area, but agents said it was notable that a higher proportion of sales to older people occurred at Oakham. Agents stated that in essence the market served local people whether wishing to upgrade or downsize.
- 6.65 The agent at Uppingham said that incomers included people moving from Leicester and Northampton and that the town was a popular retirement destination. It was also attractive to families because of the reputation of local schools. The agent in Uppingham was clear that the biggest gap in the market was a lack of supply of bungalows. These were much sought after by local people wishing to downsize for their retirement. The agent also commented that chains were unable to complete due to the inability of first time buyers to raise deposits. Those that could were competing with investors for lower priced housing. Both factors have contributed to sales volumes being down by 40% and the lack of supply was generally leading to pressure on prices.
- 6.66 Agents in both Oakham and Uppingham said that people re-locating from the Greater London was always a steady source of demand.
- 6.67 Estate agents in Oakham said that prices had partly recovered from credit crunch lows but were currently static. Agents said that compared to a few years ago there were more viewing and offers

were getting closer to asking prices but asking prices had to be realistic. However the view in Uppingham was that that prices had just about recovered.

- 6.68 Letting agents in Oakham marketed homes across Rutland and Stamford. One agent in Stamford said that the Oakham branch was the hub for its lettings operation. Accordingly it was possible to obtain an overview of the lettings market. Overall it should be noted that there are two local rental markets affecting Rutland and Stamford. This report focuses on the mass market segment however there is a premium market segment and considerably higher rents. Mass market rents were generally a little cheaper in Oakham than Stamford. Rents were cheaper in the surrounding villages especially to the south of Uppingham. There was upward pressure on these rents due to shortage of supply however conditions were good for investors and new supply was always coming forward. Overall there is a shortage of homes to rent. One agent told us that on the day of our visit there were only 5 homes available to let. Demand was such that vacancies would be let as soon as they were notified. Many would not even be advertised. The agent said that there was a particular shortage of 3 bedroom semi-detached housing to rent with a garden and garage. Demand for these homes was been driven by working families unable to buy at present. Agents explained that a joint income of £33,000 would be needed to be considered for such a home with a rental of £600 pcm. A rare entry-level one bedroom dwelling would command a rent of £400 pcm and agents would require an income of £14,000 which is above a single income minimum wage. A letting agent at Oakham estimated that around 20% of lettings would be taken by people outside the local housing market area and the driver for this would be either retirement or work-related. The agent was keen to point out that local landlords had opted out of anything to do with housing benefit due to stopping direct payments to landlords. The agent also said that he was disappointed at the low level of demand from armed forces personnel.
- 6.69 Council officers provided some contextual information about **the private rented sector** in Rutland. They told us that new Landlords Forum was planning to meet January 2014 and that only 1 licensed HMO existed across the county. Complaints from tenants were mostly about heating issues and related matters such as mould from condensation. Officers were concerned that a growing number of people who were having to choose between 'heating and eating'. Officers put the above issues into context noting that Rutland is a high value property area and most rented housing is kept in reasonable condition.
- 6.70 It was apparent that there had been recent **new build** in Oakham and that large scale development was currently underway on the northern fringe of the town near the showground. Interviews were achieved with Larkfleet and Charles Church sales agents.
- 6.71 Larkfleet developers were also developing in Bourne. At Oakham the development was high quality and designed to be as environmentally sustainable as possible featuring timber frame structure,

solar panels and even allotments for residents. The development offered a range of sizes and price points, from a 1 bedroom apartment at £110,000 to a 5 bedroom home offered at £465,000.

- 6.72 The agent told us that there was a great deal of interest from serving members of the **armed forces**. Soldiers with families found new build attractive as they were largely maintenance free and had the protection of a guarantee. This meant that families could enjoy a settled way of life when soldiers were on a tour of duty; and the quality of life was seen by some as preferable to living in married quarters attached to a base. Some families were also seeking to secure housing for when they left the armed forces and a small number would let the dwelling in the meantime. The agent spoke about national schemes to assist serving members of the forces to buy a home and some had used Help-to-Buy. On the subject of housing for the armed forces, we visited nearby Cottesmore and observed married quarters within the secure area of the base. We also noted recent development outside the secure area. In accordance with the brief for the SHMA we asked about demand from armed forces serving personnel. The only responses of any note were obtained from Oakham estate letting and new build agents.
- 6.73 In addition to demand from the forces the agent told us that demand for most new dwellings on-site were from older people formerly resident in the surrounding villages and Uppingham seeking to downsize. The agent said that there were a small number of families too, seeking larger homes as their families grew. The character of Oakham and the quality of local schools attracted incomers and retained local people.
- 6.74 The Charles Church site was in the early stages of development so information related to enquiries more than sales. The agent could only provide limited information but indicated that enquires had been received from forces personnel based at both Cottesmore and Luffenham, but most interest had been from local households who were also investigating the support available from Help-to-Buy.
- 6.75 Regarding **social housing**, council officers explained that the former Council stock had been transferred to Spire Homes some years ago. Spire Homes also operates across Northamptonshire and is part of the Longhurst Group. A choice based letting scheme is not operated. There is a general lack of 1 bedroom housing for single persons as well as 4/5 bedroom homes for larger families. Around 50% of all people presenting as homeless are a result of a failed private rented sector tenancy or one that has ended. The council offers a rent deposit scheme for people that are homeless or threatened with homelessness but there is a general shortage of affordable private rented sector homes and the schemes can be extended to households seeking accommodation in Leicestershire or Lincolnshire. The Government's changes to eligibility for Housing Benefit for working-age households is putting pressure on the 1 bedroom stock and leading to 3 bedroom flats being hard to let in some locations.

South Holland

- 6.76 The towns of Spalding, Holbeach and Long Sutton and Sutton Bridge in South Holland District were visited. These market towns and their surrounding villages are set within the Fenland landscape and their local economies are driven by agriculture, food processing and packing.
- 6.77 **Estate agents in Spalding** told us that between 15-25% of sales were to incomers and these would typically be people re-locating to the area after their retirement. They defined the area which they serve as a 10 mile radius from the town excluding Holbeach. Agents pointed out that much of rural Lincolnshire was a sought after retirement destination due to its landscape quality, rural way of life and exceptional value for money. Elderly downsizers would find good quality bungalows and small homes for around £160,000 enabling them to release equity if they previously owned housing in the south of England.
- 6.78 Market entry prices were around £110,000 and at this price point there was keen competition between first time buyers and investors. Approximately 10% of all sales were to investors as there was strong demand for rentals from local people and migrant workers. Nearly all investors were local.
- 6.79 Agents were clear that the critical shortage of supply was for bungalows. They understood that bungalows resulted in low occupancy density but demand for them was excessive. This mismatch was driving up prices in a housing market that was otherwise not showing signs of price growth.
- 6.80 The **lettings agent** told us that rents were rising. Demand was considerable, there was unmet demand and new supply was not occurring fast enough to keep pace. Entry level rents were around £425 pcm for 1 bedroom flats but the greater part of the demand was for family housing. Agents estimated that around 30% of all lettings were made to Polish workers employed in local industries, although the most recent lettings had been made to indigenous households unable to buy.
- 6.81 There was evidence of recent **new development** in the town and interviews were sought at current developments: Kier Homes (Kingfisher Court) and Taylor Wimpey (Pilgrims Chase). Both agents reported strong sales many with Help-to-Buy support. At Pilgrims Chase, much of the early interest was from Polish workers who had purchased with the assistance of Help-to-Buy or earlier schemes. Here demand from incomers was currently estimated to be around 40% of sales and most of these were working households. The agent cited an example of a former Buckinghamshire household able to work from home and bought at half the price of the equivalent new build in their former location. Prices at Kingfisher Court were lower than some on Pilgrims Chase and the agent told us

that demand was very strong from Polish households moving out of the rental sector. Of the most recent 27 sales, only one had been to a household previously living in the south east, the rest had been to households previously living in Spalding of which 50% were of Polish origin. There was little or no demand from investors on either site.

- 6.82 Estate Agents at **Holbeach** reviewed their recent data and told us that 50% of recent sales had been achieved by incomers. These were typically retired households as described above. Agents were serving a relatively small market in terms of both volume and geography as agents were present in nearby Spalding and Long Sutton. Therefore there was limited scope for investors to purchase. Agents told about factors that were causing the market to stagnate. Those households that had bought when the market was approaching its peak were now stuck – unable to move due to negative equity. Other households with equity were choosing not to sell as they perceived that they would not achieve their potential sale prices. Further, until recently demand from incomers had been much lower. The agent estimated that the gap in supply was 3 and 4 bedroom homes to enable growing families to move on and to supply potential demand from incomers. We were directed to a brownfield development site near the town centre which was awaiting development.
- 6.83 The letting agents at Holbeach stated that much of the lettings market took overspill of Polish workers from Spalding. Around 30% of lettings were made to Polish workers. These workers would be transported to their place of work by mini-bus. The balance of lettings was to local households unable to buy. Demand was such that landlords could be choosy and they avoided households claiming benefits. The agent said that there was an acute shortage of 2 bedroom homes to rent and this was pushing up rents.
- 6.84 Finally at **Long Sutton** the estate agent said that there was scope for more 3 and 4 bedroom family homes to meet local demand and the small demand from incomers mostly from the nearer parts of Norfolk, just east of the river. Similar to Holbeach, demand from the south east had faltered but was now starting to recover. He remarked that the real demand was for bungalows but conceded that these were unlikely to be built. He explained that demand for these was such that prices were being driven up. This was the only sector of the market where prices were rising. We noted the development of homes for sale and affordable rent to the west of the town.
- 6.85 We contacted a planning agent who we understood to be involved in self build and custom build. The interview revealed that the agent worked across the South Holland and Boston area and observed that the affordable housing (planning) policy of the councils was not aligned and this was affecting the supply of market for new build from small builders. His message to South Holland District was that the policy threshold of 3 dwellings (5 in Boston) was too restrictive. As a consequence he told us that the new build market for small builders in South Holland is specialised

and up market. In his opinion the policy means that builders are avoiding smaller less expensive units so as not to trigger the affordable housing policy.

- 6.86 Council officers provided some contextual information about **the private rented sector** in South Holland. There is no landlord's forum but the council keeps landlords informed of issues of general interest via email. There are 24 licensed HMOs across the district and these are located mostly in Spalding. Complaints from tenants were mostly about heating issues and related matters such as mould from condensation. We were told that an accreditation scheme became operational in October 2013 run by a voluntary sector organisation called DASH; 'Decent and Safe Homes (DASH) is a joint-working initiative with local authorities, property owners, landlords and tenants. DASH aims to improve housing conditions in the private sector, with particular emphasis on the private rented sector. Finally officers commented that the demand for shared accommodation amongst seasonal workers has pushed the cost of rooms in HMOs above the £57 p/w LHA rate.
- 6.87 Regarding **social housing**, officers explained that the social rented stock is owned and managed by the Council. The council does not operate a choice based lettings scheme and its allocations scheme included strict local connection criteria. Officers explained that 1.6% of the stock is 1 bedroom general needs housing and there are only fourteen 4 bedroom dwellings across the district. The most critical shortage is of one and two bedroom homes and the council finds it hard to let larger homes in some areas. This is due to the housing benefit eligibility changes for working-age households and demand from the housing register for single people and childless couples. Further pressure on 1 bedroom housing comes from homeless applicants in priority need. However officers have pointed out that letting family homes in remote locations can be problematic. The Council is reviewing its allocations policy and is considering the option of allocating housing that is larger than needed to households on the register that can afford it. Linking to the previous paragraph, regarding the private rented sector it is noteworthy that 45% of all homeless acceptances where the full duty of homelessness was accepted were the result of the loss of private rented sector accommodation.

Further consultation on the Private Rented Sector

- 6.88 In addition to our survey of agents we have engaged with local authority enforcement officers, landlords and their representatives. This was aimed at providing further insights into the sector and its capacity to meet demand for rented housing.
- 6.89 We attended a meeting of the South Kesteven Landlords' Forum. Around 30 landlords were present and we were given the opportunity to ask questions to the group.

- 6.90 Regarding their portfolios, most landlords owned between 3 and 20 homes. One or two landlords owned fewer homes and the same number owned more than 50. Most were local to South Kesteven but a small number had property in Nottingham, Sheffield and Swansea mostly associated with the student market in those cities. None had property in Peterborough, Rutland or Stamford.
- 6.91 A key question was about whether landlords would continue to invest in the local housing market. Whilst the answer was that market conditions were generally supportive of further investment, it was clear that individual circumstances were a factor especially for smaller landlords. One landlord we spoke to was investing in student housing elsewhere, to support their teenage children at university. Others saw their presence in the market purely as an opportunity to get better returns than other forms of saving and investment and would review their presence in the market. Some with larger portfolios were also active in other cities – especially in student housing.
- 6.92 Landlords seemed more open to housing households in receipt of benefit than the agents we interviewed. A number of landlords spoke about meeting prospective tenants and making a decision on the basis of their own assessment of trustworthiness and risk. Only a small number of landlords expressed any interest in housing young benefit claimants in shared housing; and those that did said that they were aware of the high level of support they needed to give their tenants. However landlords also pointed out that as the local economy recovered and household income improved housing benefit claimants would find it harder to access tenancies.
- 6.93 Regarding critical shortages, landlords felt that semi-detached 3 bedroom homes with car parking and garden were most in demand and supply was insufficient. They believed that this was mostly due to households being able to raise the high deposits required by lenders.
- 6.94 Landlords told us that they thought that Local Housing Allowance rates were too low and that housing benefit administrators sometimes did not as open with information as necessary and were perceived to cite data protection restrictions when asked for information about their tenants.
- 6.95 We are grateful to the representative of the National Landlords Association (NLA) who provided us with further insights regarding private rented sector dynamics in Peterborough.
- 6.96 We asked if in his view the growth in the private rented sector in the housing market area could be sustained. He thought not. Tenants were tending to move less frequently and some neighbourhoods had no more capacity. That said, he did not see the sector shrinking in size either. After many years have passed since the credit crunch people have had time to save for deposits, but choose not to. He referred to a recent survey of 90 new tenants undertaken by the NLA locally. This revealed that 70% chose to rent rather than buy. He saw additional supply coming from new

build housing favouring smaller homes at around 160-180 sq.m. He also thought that sites near to the town centre (in Peterborough) would be most favoured by investors.

- 6.97 Regarding Millfield, (Peterborough) he acknowledged that standards were sometimes low and thought that additional licensing was appropriate. He also believed that some landlords would choose to disinvest. This would bring in new landlords and standards would improve. Landlords would be incentivised by the opportunity to achieve capital growth – not always possible with new build citing Hampton as an example. He brought our attention the problems experienced by ex-prisoners who found themselves in cheap and badly managed housing. He was concerned that these were often vulnerable people and were sometimes the victims of illegal evictions.
- 6.98 The representative thought that the critical shortage of rented supply was for 2 and 3 bedroom family homes which would rent for between £550 and £650 p.c.m. He urged the Peterborough City Council to do more to bring the City Centre back to life believing that this would uplift Peterborough's housing market as a whole.

Self Build or Custom Build

- 6.99 SHMAs need to investigate the contribution that self-build makes toward the local supply. It is referred to in the NPPF and in 'Laying the Foundations – a Housing Strategy for England 2010'. The strategy states that only one in 10 new homes in Britain was self-built in 2010 that the barriers for the sector to grow are lack of land, limited finance and mortgage products, restrictive regulation and a lack of impartial information for potential custom home builders. However the Government aspires to make self-build a 'mainstream housing option' by making funding available to support self builders and by asking local authorities to champion the sector. Up to £30m of funding has been made available via the Custom Build programme administered by the HCA to provide short-term project finance to help unlock group custom build or self-build schemes. The fund can be used to cover eligible costs such as land acquisition, site preparation, infrastructure, S106 planning obligations etc.
- 6.100 Recent research into the self-build market is limited. The Joseph Rowntree Foundation report '*The current state of the self-build housing market (2001)*' provides some information. However market conditions have changed since then and government schemes such as Help-to-Buy and increased competition amongst house-builders has arguably removed some of the motivation from potential self builders.
- 6.101 Interestingly, the media has focussed on custom build. We are aware of many popular radio and TV programmes that have made case studies of custom build projects. The genre is also

significant from an investment point of view given that there have been very poor returns on personal or business deposits since 2008.

- 6.102 Since the publication of the NPPF we have carried out bespoke qualitative research into self build as part of our SHMA methodology. We have sought information from local authority planning departments; estate agents, the internet and a small number of self builders. We have adopted a wide definition of self-build and conclude that the term 'custom build' is probably a better description of the sector. This is because the initiator can be involved in construction, produce or project manage the project or simply commission a project for professionals and house builders to deliver. The initiator may not be the occupier, seeing the project as an investment for sale or rent.
- 6.103 Quantitative information is hard to come by. Planning officers are not required to keep records as and frequently draw our attention to the fact that a custom build classification is not included on the national 1APP planning forms and/or the building regulations forms. Information from local authority planning officers is therefore anecdotal. Most officers tell us that activity as a percentage of completions is low, ranging from 'next to nothing' to 10% although most say that the level is under 5%. They tell us that dwellings can have design merit but can require more input from planning and building control officers. We are aware of self-build plots for sale at Hampton. These are serviced plots on offer for £160,000 each Officers also refer to the construction of annexes. These will be stand alone self contained dwellings and are often constructed for employees or family members some of whom may be frail or disabled in some way. Planning officers told us that planning conditions are mostly applied to ensure that occupancy is connected to the main dwelling in some way.
- 6.104 Estate agents tell us that they are frequently involved in valuations where there is potential for 'intensification', for example the potential for constructing dwellings on large gardens or corner plots. Local planning policy may be adopted to restrict this if it is considered that an area is in danger of being over developed. Lack of open space and problematic car parking and infrastructure capacity have been cited as considerations. Agents involved in the re-sale of custom built housing tell us that they rarely encounter problems with lenders as surveyors are always involved in the process. Estate agents tell us that older low density estates can attract custom builders. They have cited areas where small low value dwellings on large plots have been demolished and new dwellings established. They tell us that custom build tends to occur mostly in areas that are becoming fashionable and within rural settlements and in coastal areas and some will be second homes.
- 6.105 Whilst most new housing is constructed by the volume house builders we have come across many local house builders who develop small plots for individual clients – many for the rental market. Landlords have told us that this is a more cost effective route than purchasing off volume builders.

Some landlords generate significant cash surpluses from their portfolio and choose to invest in this way as returns are more attractive than other investments. At the other end of the scale we have interviewed entrepreneurs and individuals with large savings who will use their local knowledge and skill to acquire individual vacant plots and custom build. Two such entrepreneurs we came across were planning to use the dwelling in the tourist rather than residential sector. We have also engaged with a medium size regional house builder whose key selling point is that he will customise his products for the purchaser and was offering dwellings within the Help to Buy scheme.

- 6.106 Finally we have reviewed a number of websites dedicated to advising and assisting people to self build. Some assist in the brokerage of individual building plots and this is part of our SHMA information gathering.
- 6.107 Overall the evidence we have collected across England suggest that this is a niche sector, but one that is not necessarily only delivering high value bespoke homes. It is clear that much activity is undertaken by entrepreneurs aimed at more modest homes for sale or rent and in doing so making better use of land that may detract from the local environment. It is also clear that the role of a local champion for the sector is a step that needs to be taken if further interest is to be generated. It is noteworthy that all of the examples of custom build we have come across have been commissioned by individuals or entrepreneurs with savings, rather than borrowings. These points will need to be addressed if custom build is to become 'a mainstream option'.
- 6.108 From a development point of view key issues with this market are associated with skills and risk: whilst there may be notable number of people with an 'interest' in self-build, there is in some circumstances a notable financial outlay, risk and time-cost associated with self-build. We would expect most new delivery to be on small windfall sites; although there is some potential through policy to encourage developers of larger schemes to designate parts of these as plots available for custom build. However it is likely to be difficult to demonstrate concrete evidence of demand at a local level; albeit that local authorities could develop and maintain registers of those with an interest in doing so.